International Trade Press Briefing, Munich

September 28, 2006

Dr. Wolfgang Ziebart
CEO Infineon

Never stop thinking

Profitable Growth:
Our Measures to Date

Infineon at a glance

- Infineon Logic: Revenues of Euro 3 billion in the first nine months of fiscal year 2006
- Approx. 29,100 employees (incl. 5,400 R&D staff)
- Strong technology portfolio with about 22,800 patents and applications; more than 35 major R&D locations worldwide
- Focus on automotive and industrial electronics, security and chip cards, communication solutions
- Majority holding of Qimonda

Market-oriented business structure

Business Groups		Applications
AIM Automotive, Industrial & Multimarket		**Car Electronics** (powertrain, safety management, body & convenience, infotainment), **Power control** (distributed power generation, automation / motor control, traction, power supplies), **Chip Card & Security** (communications payment, identification, entertainment)
COM Commu-nication Solutions		Mobile telephone systems for major standards (GSM, GPRS, EDGE, UMTS), cordless telephone systems for major standards (WDCT, DECT), RF connectivity solutions (Bluetooth, GPS, etc.), cellular base stations, traditional telecom and enterprise equipment, broadband access solutions for central office and customer premises equipment, home networking equipment (ADSL, VDSL, VoIP).

Customers

never stop thinking

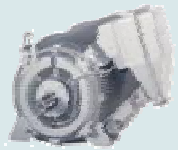
Business Group AIM and its 7 Business Units

Automotive, Industrial & Multimarket

Automotive

- Microcontroller
- Automotive Power
- Sense & Control

Industrial & Multimarket



- Power Management & Drive
- Discrete Semiconductors

Security & ASICs

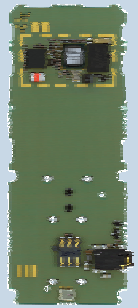
- ASIC, Design & Security
- Chip Card & Security ICs

Business Group Communication Solutions and its 7 Business Units

Communication Solutions

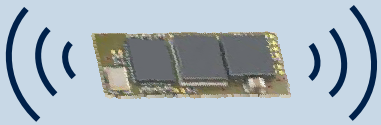
Mobile Phone Platforms

- Feature Phones
- Entry Phones
- Mobile Software

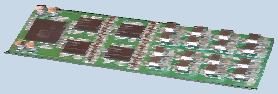


RF Solutions

- RF Engine
- Tuner Systems
- Connectivity



Broadband

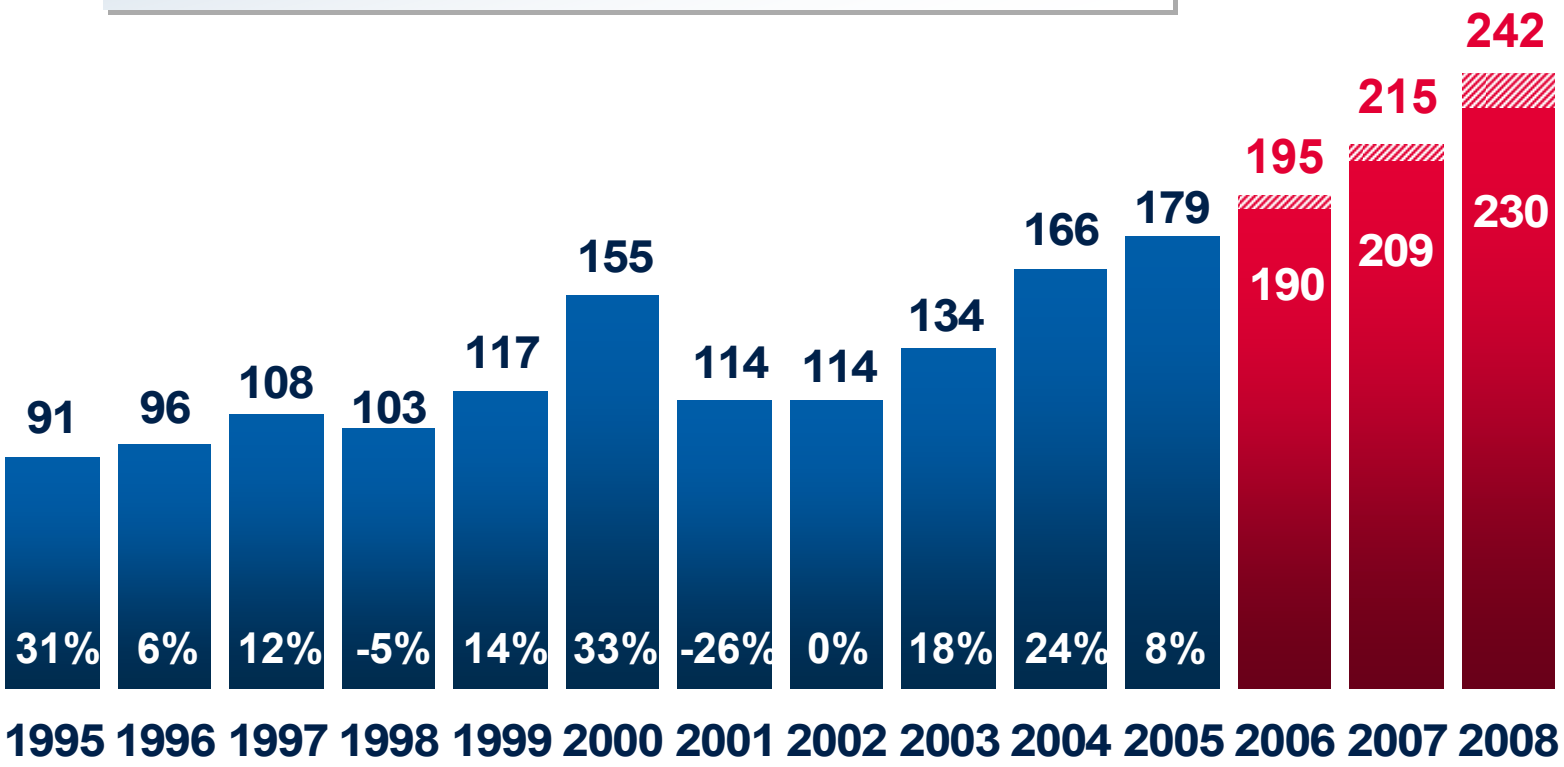


- Access & CPE

Semiconductor market development and forecasts for Logic*

Forecasts**	2006	2007	2008
iSuppli	+ 6 %	+ 10 %	+ 10 %
Gartner	+ 9 %	+ 10 %	+ 13 %
WSTS	+ 9 %	+ 10 %	+ 13 %

[USD bn]



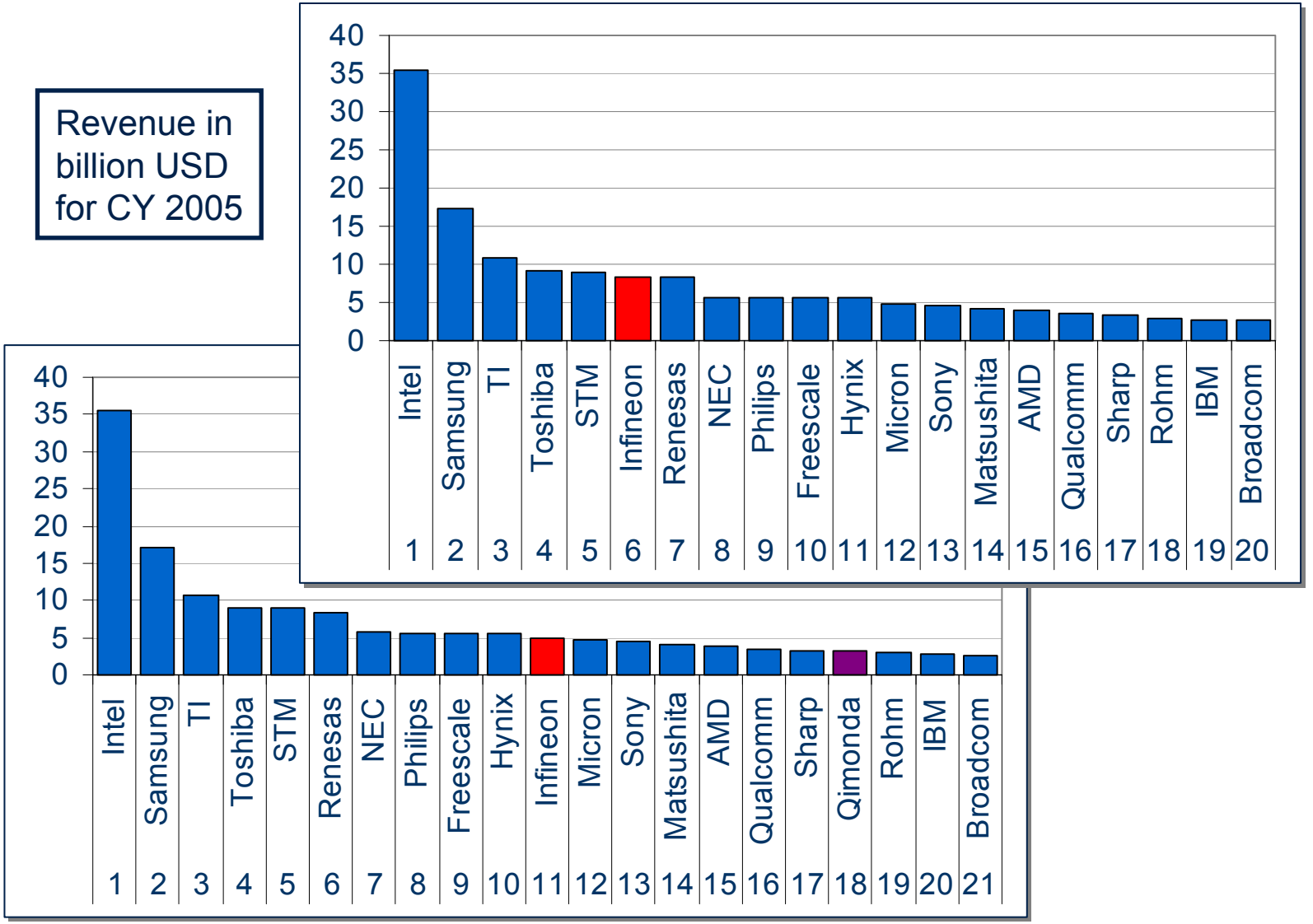
Source: WSTS for historical data

* Total semiconductor market without memory

** As of July 2006

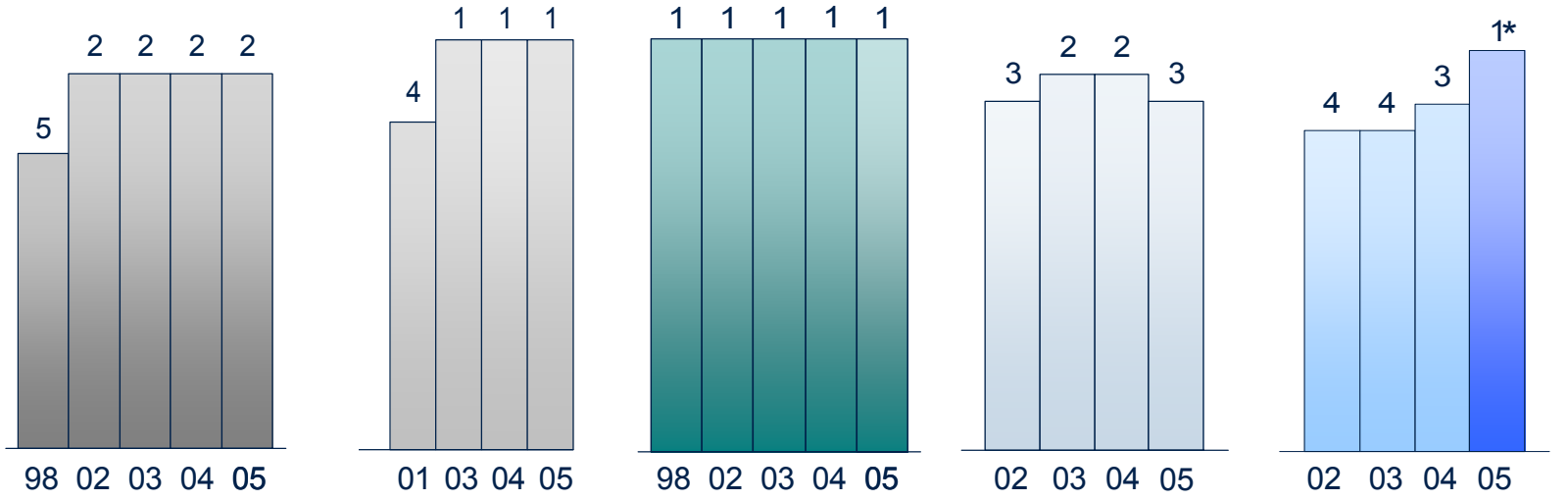
Ranking prior and after the carve-out of Qimonda

Revenue in billion USD for CY 2005



Source: iSuppli 2006

Ranking in global target markets



Automotive	Power	Chipcard	Communication	
			Wireless	Wireline
Market Share* 9.3% (Strategy Analytics 2006)	Market Share* 9.3% (IMS Research 2006)	Market Share* 35% (Frost & Sullivan 2006)	Market Share* 6.7% (iSuppli 2006)	Market Share* 19% (Gartner 2006)

* Infineon share of total market

Memory and Logic Business:
Two different business models in one company

Memory Business

Process-centric Model

- Commodity Type Business Model – with Moore's law as key driver
- Process- and technology oriented innovation model
- Differentiation mainly derived from cost / price and service / logistics – less from products

Logic Business

Customer-centric Model

- Differentiation by solving customer-specific problems
- Customer-centric innovation model
- Complex optimization of overall system performance and cost leads to competitive advantage

Core competencies at Infineon

Application expertise AIM	Four Core competencies	Application expertise COM
Automotive Electronics 	Analog/ Mixed Signal	Mobile Phone Platforms 
Industrial Electronics Power Management	RF Power	RF Solutions 
Chip Card & Security 	Embedded Control	Broadband Access 

Efficient energy management - major global trends

Dwindling Resources Require Efficient Energy Management

- Dwindling energy resources combined with a rising demand for energy worldwide will force us to use energy wisely in our daily lives.
- Saving energy is therefore fast becoming a standard issue for all areas of public and private life, be it industrial, traffic or household applications.

Higher Pollution, Emissions and Potential Damage to the Climate Require "Clean" Solutions

- Pollution as well as environmental and climate protection have become global concerns.
- Reducing pollution by minimizing energy consumption is fast becoming a standard requirement for all areas of public and private life, be it industrial, traffic or household applications.

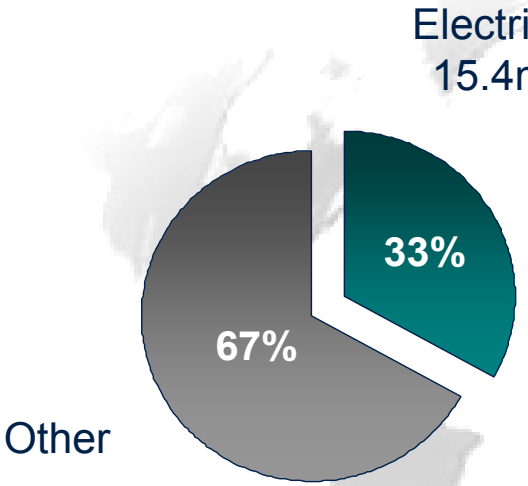
Infineon's Contribution to an Efficient Energy Management and the Effective Reduction of Pollution and Emission

- Infineon delivers innovative high performance solutions with best-in-class technologies that help save energy and reduce pollution.
- Infineon's products are the basis for intelligent and optimal use of energy resources. Infineon helps to use the resources available as efficiently as possible.

Global electricity consumption 2004: 15.4 million GWh
USA and China are the biggest consumers

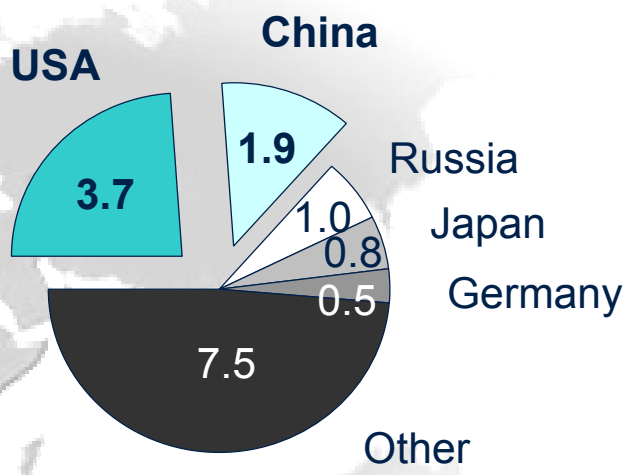
1/3 of all energy consumed worldwide is electricity

Global energy consumption 2004

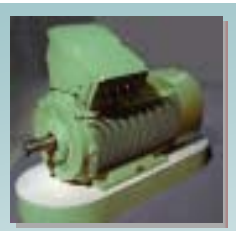


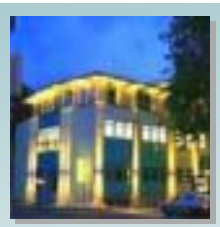
USA and China are the biggest consumers

Global electricity consumption 2004
Total: 15.4m GWh



The biggest power consumers by application

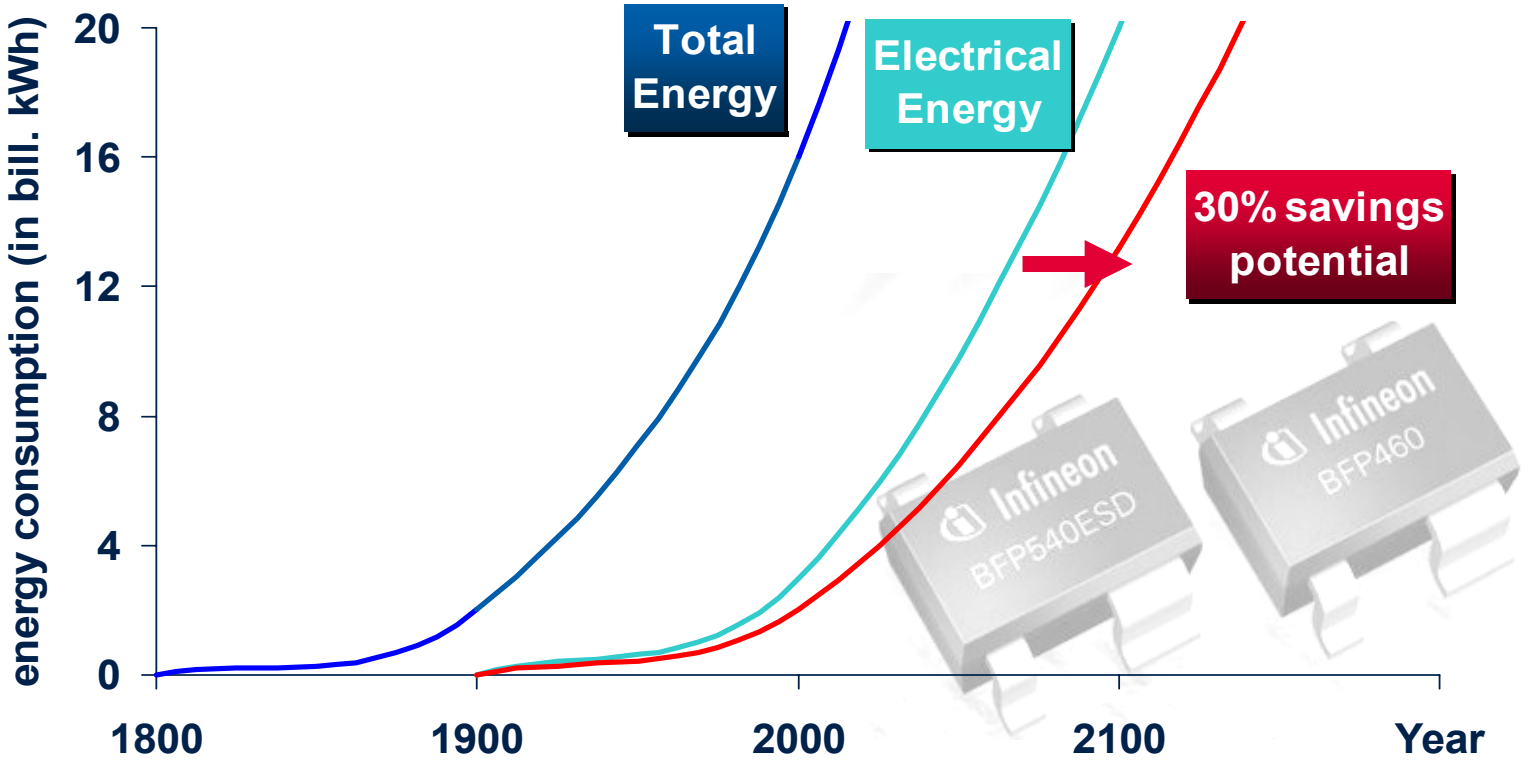

Motors ~40%


Lighting ~15%


Power supply ~6%*

*US figures
Source: BP World Energy Report; EIA – International Energy Outlook 2005

Electricity Demand & Consumption: 25-30% Potential Savings



According to several surveys using power electronics 25-30% energy savings are possible

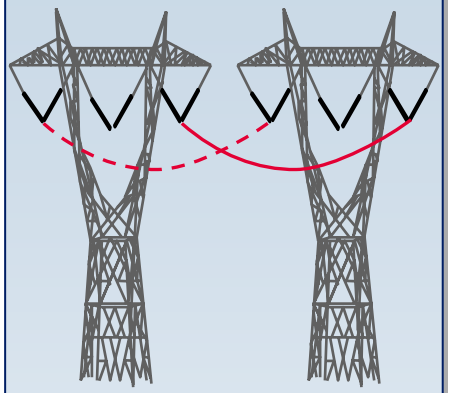
25% savings from current electrical energy consumption equivalent of 250 power plants ww

Source: fraunhofer institute, iisp, LES-Flyer 2004

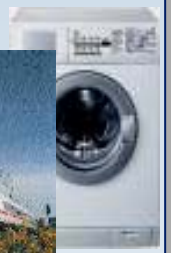
Infineon supplies products for efficient energy management along the entire power supply chain

Generation

Transmission



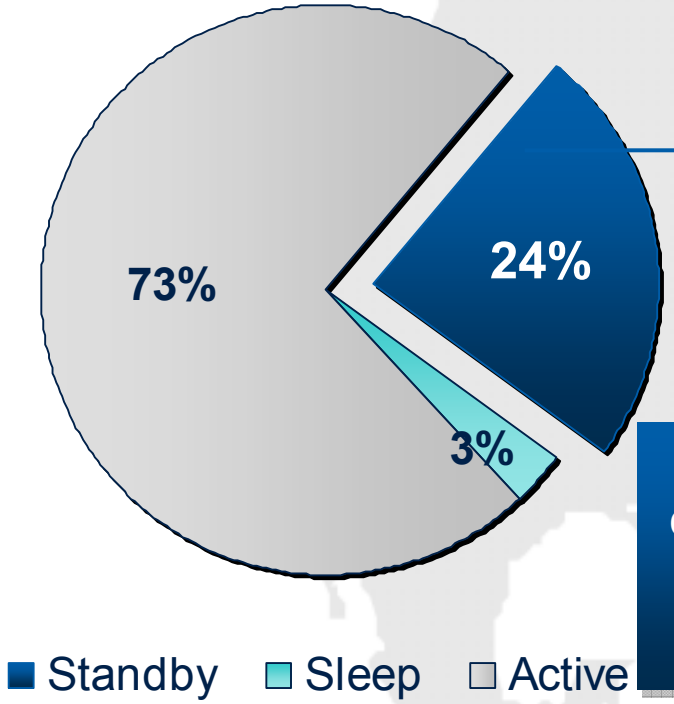
Consumption



Standby operation uses enormous amount of power in USA

Total US electricity flowing through power supplies

207 billion kwh/year worth about $17 billion/year at least 6% of US electricity use!



Energy loss reduction of 90% due to consequent use of standby efficiency controllers would result in ~3.7 bn US$ cost savings in the USA

Source: Chris Calwell and Travis Reeder, Ecos Consulting; Carrie Webber, LBNL at Power Supply Workshop PEC hosted by Pacific Gas & Electric (PG&E), the Environmental Protection Agency (EPA), Lawrence Berkeley National Laboratory (LBNL), and the Natural Resources Defense Council (NRDC), San Francisco, CA January 14, 2002.

Broad portfolio of dedicated components for Hybrid Electric Vehicles offered by Infineon

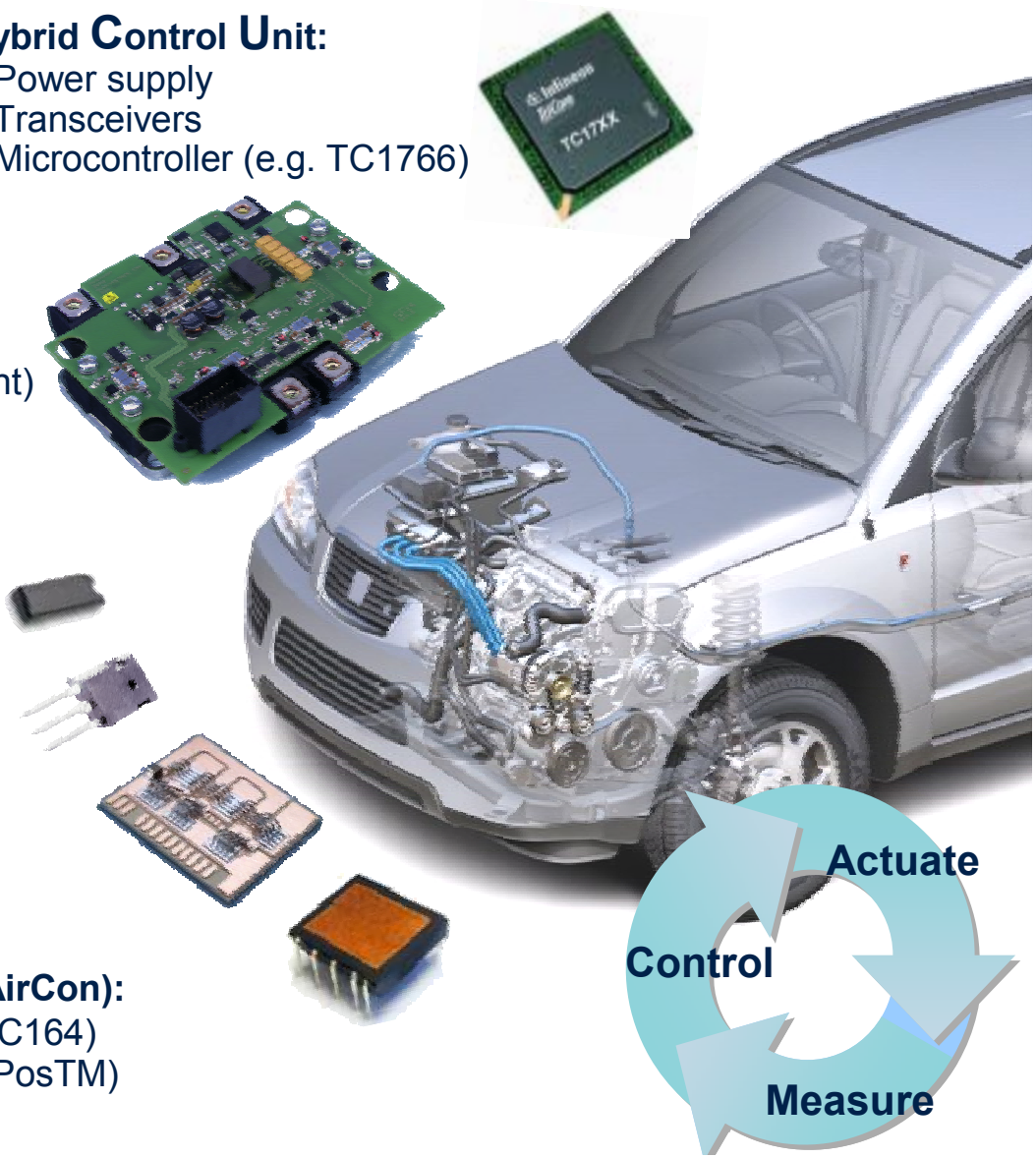
Motor Control Unit:
- Power supply
- Transceivers

DC/AC Converter
- Driver IC´s
- Power modules – IGBT´s, diodes
- HAL-Sensors (position & current) Microcontroller (e.g. TC1766)
- Safety Micro (e.g. XC800)

DC/DC Converter
- Microcontroller (e.g. XC164)
- Discretes - CoolMOSTM
- Driver IC´s

Battery Management:
- Power supply
- Transceiver Microcontroller (e.g. XC164)
- Smart battery switch

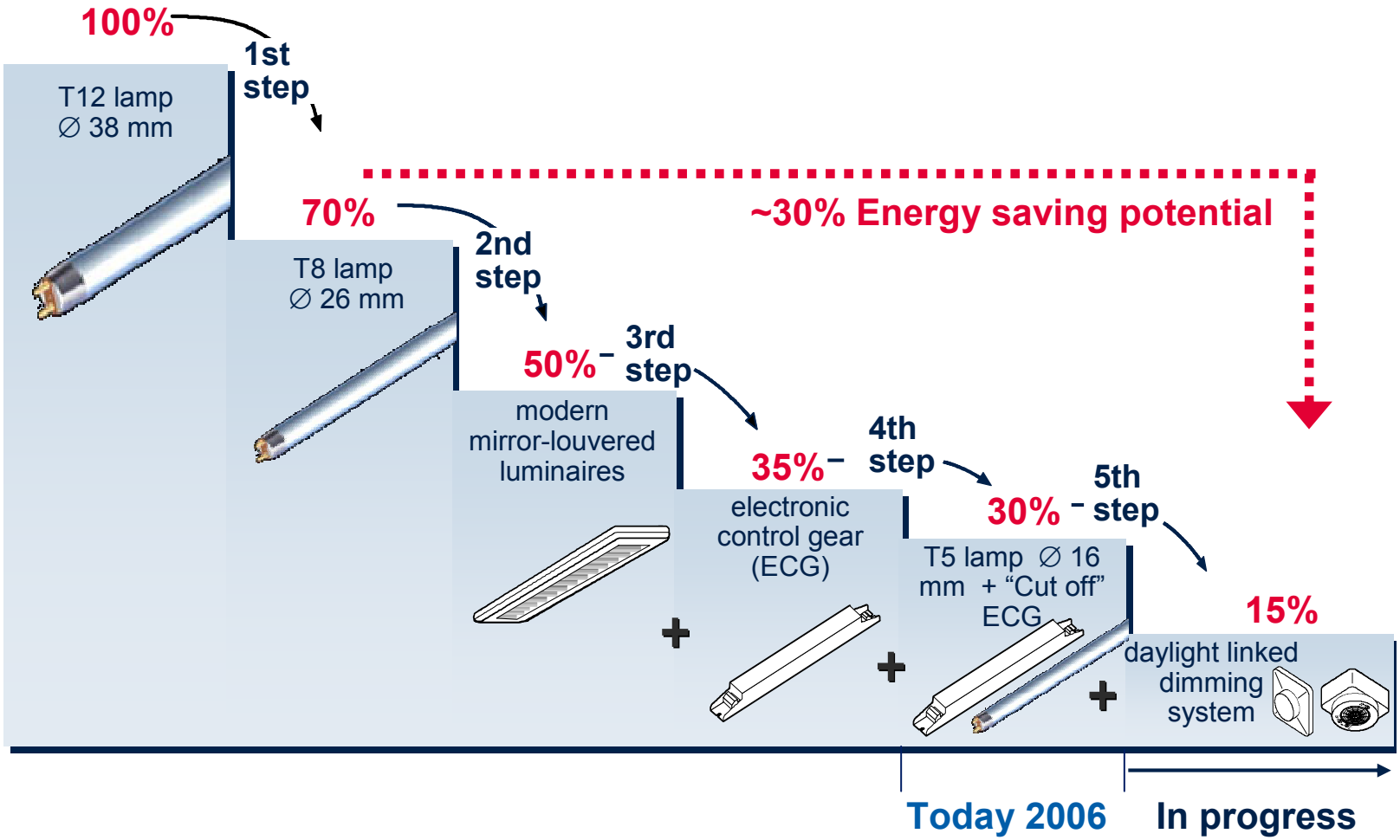
Hybrid Control Unit:
- Power supply
- Transceivers
- Microcontroller (e.g. TC1766)



Auxiliary Drives (e.g. AirCon):
- Microcontroller (e.g. XC164)
- Power module (e.g. CiPosTM)

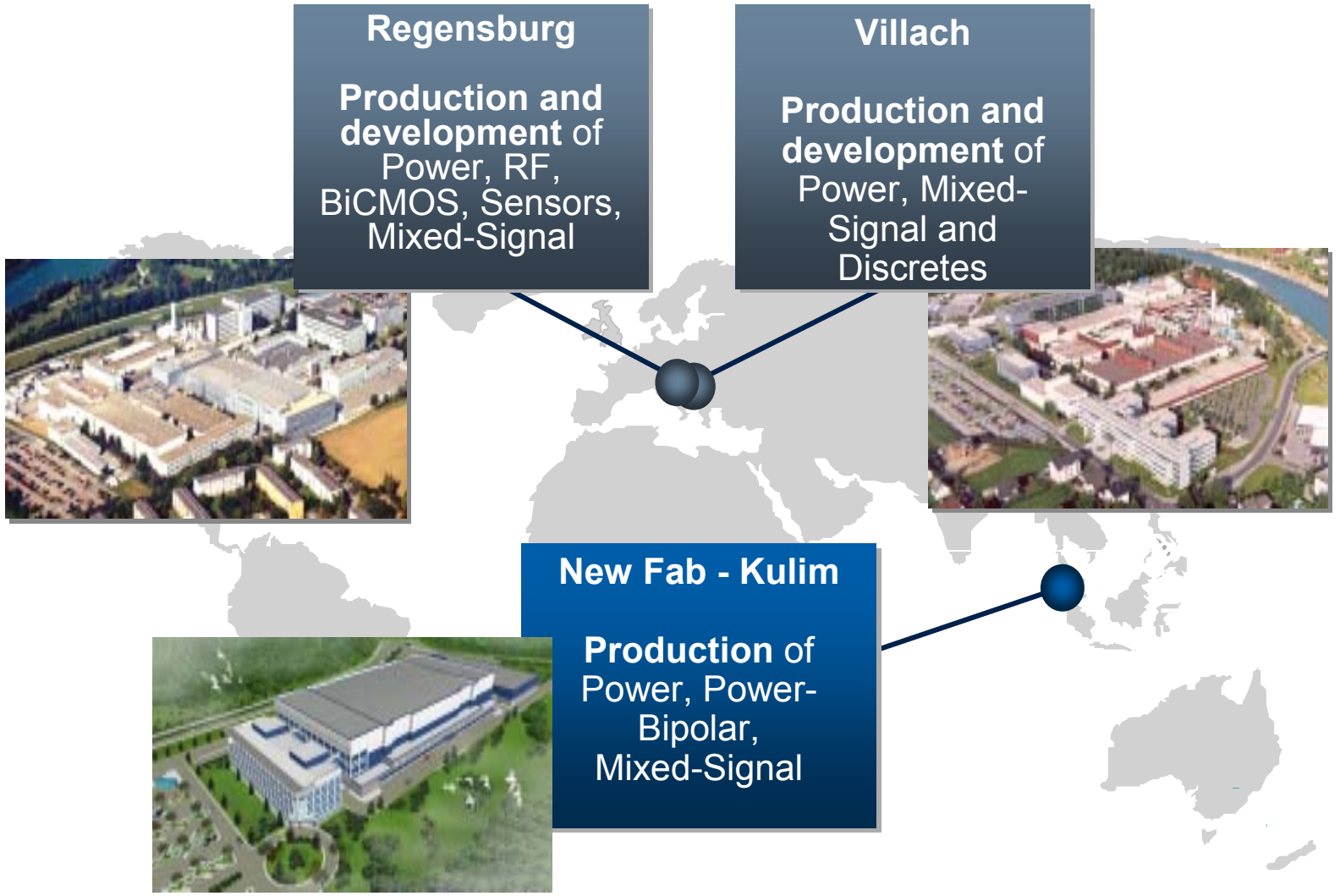
Large reduction potential with new lamp types and ECGs - Saving potential in lighting applications

Relative Energy consumption



Source: OSRAM; CLEMA: Lamp Ballast Guide; Infineon 2006

Infineon's power logic fab locations



Additional capacities at silicon foundries: ASMC, Chartered, TSMC and ZMD

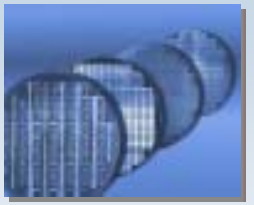
Infineon's first front-end fab in Asia is based in Kulim

Techno-logy

- Power and Logic Chips used in Industrial and Automotive sectors

Capacity & Facility

- Capacity of 100,000 Wafer Starts Per Month (WSPM) for 8" wafer
- 2 modules, each 5,000 m^2 Class 10 clean room with Class 1 Lithography
- Targeted 1,700 employees at full capacity (Approx. 70 % direct functions; approx. 30 percent engineers and admin)



Site

- Kulim Hi-Tech Park, Kedah, Malaysia
- Size of landplot 260,000 m^2 (26 hectares)

Invest-ment

- Total investment of RM 3.8 billion (USD 1 billion)

Timeline

- 8 Dec 2004 Announcement of Infineon's expansion in Kulim Hi-Tech Park
- 27 Jan 2005 Incorporation of Infineon Technologies (Kulim) Sdn Bhd
- Feb 2005 Groundbreaking at Kulim Hi-Tech Park
- 24 Aug 2005 Signing of Lease Agreement with Kulim Technology Park Corporation Bhd
- Feb 2006 Equipment move-in and start of transfer
- Aug 2006 Productive ramp-up

Infineon: Energy, Mobility and Security

Automotive, Industrial & Multimarket

Communication Solutions

Energy efficiency
Infineon provides solutions for the secure, energy-conscious use of different energies. In wind energy, solar or other power plants, in power transmission lines, in household power supply, in power supplies for kitchen appliances or other electrical equipment.

Mobility & Connectivity
Infineon provides solutions for all types of mobility. We make people, data and goods mobile. In mobile communications or broadband networks, in the car or in public transport: neatly hidden from view, chips from Infineon supply safe, energy-conscious mobility.

Safety & Security
Infineon provides solutions for secure communications, for safe cars, for forgery-proof identity documents and for the safe utilization of all types of energy.

Priorities for the Next 12 Months

Successful turn-around of the Chipcard Business Unit

Successful turn-around of the loss making COM Business Group

Stronger growth than the market in profitable areas and continued expansion of leading market positions

Never stop thinking.