

Business highlights for the second quarter of the 2006 financial year

Automotive, Industrial and Multimarket

- Infineon was the first automotive semiconductor manufacturer worldwide to begin volume production of advanced 32-bit embedded flash microcontrollers using 130-nanometer technology. Bosch and SiemensVDO are among the first customers using these microcontrollers from the company's AUDO-NG family, which are developed for use in engine and gearbox control systems in cars, trucks, and motorcycles.
- In the second quarter, Infineon experienced continued strong demand for its high-voltage MOSFET products CoolMOS and CoolFET, which are used, amongst others, in consumer applications, such as DVD recorders, LCD television screens, and set-top boxes. Growth is driven by overall high demand for consumer products supported by major events like the World Soccer Championships in June 2006.
- In its security and chip-card business, Infineon's families of advanced security microcontrollers have successfully passed the world's most stringent security tests for chip card applications, and have received the "Evaluation Assurance Level 5 Plus" certificate. This certificate refers to all eight contact-based 16-bit security microcontrollers in the 66PE family used for secure payment transaction and identification applications, as well as two high-security 32-bit security microcontrollers in the 88 family.
- From a total of 1,000 suppliers, Infineon was amongst the top three to be recognized by Siemens Medical Components for the best performance in logistics and quality in the 2005 financial year.
- In January 2006, Infineon opened its new development center in Bucharest, Romania. It is expected to eventually employ approximately 120 developers by the end of the 2006 financial year, mainly concentrating on power semiconductors used in automotive and industrial applications and chip card security controllers.
- Infineon's new production facility in Kulim, Malaysia, reached the "ready for equipment" milestone on schedule in March 2006. The front-end facility is built mainly for power semiconductors to be used in automotive and industrial power applications, and is expected to start volume production in the first quarter of the 2007 financial year.

Communication Solutions

- In the second quarter, T-Com, the fixed network business unit of Deutsche Telekom AG, announced that it will base the rollout of its VDSL2 network entirely on broadband access systems using Infineon's VINAX™ chip-set. In the second quarter, Infineon delivered more than 500,000 VDSL2 lines.
- Samsung has selected Infineon's single-chip CMOS Radio Frequency (RF) transceiver SMARTi PM for its new EDGE mobile phones. In addition, the company achieved design wins with its RF transceivers at two other major customers.
- Infineon started volume shipments of its single-chip GSM/GPRS RF radio-baseband, E-GOLDradio, and secured a new design win for its EDGE multimedia platform, MP-E, at a major customer.
- At the 3GSM in Barcelona in February 2006, Infineon announced various new products:
 - Panasonic Mobile Communications has chosen Infineon's platform MP-EU for its new 3G mobile handsets.
 - Infineon introduced the E-GOLDvoice™, a single-chip mobile phone solution that combines a baseband processor, a RF transceiver, a power management unit, as well as SRAM and makes it possible to produce Ultra Low-Cost (ULC) handsets with a combined bill of materials of approximately 16 US dollars.
 - The company announced the availability of samples of Infineon's latest baseband processor, the S-GOLD3H, which supports HSDPA (High-Speed Downlink Packet Access) data rates of up to 7.2 megabits per second. The company provides all key elements of a 7.2 megabit per second HSDPA mobile phone solution: a baseband processor, RF transceiver, power management IC, protocol stack, application framework software and connectivity solutions.

Memory Products

- The company achieved design-ins for its Fully Buffered Dual In-Line Memory Module (FB-DIMM) at major customers.
- The development of 75-nanometer DRAM trench technology continued and remained on schedule in the second quarter.
- The ramp-up of volume production of memory chips at Infineon's 300-millimeter facility in Richmond, Virginia, remained on track in the second quarter, reaching more than 20,000 wafer starts per month already during the second quarter.
- The company's joint venture with Nanya Technology Corporation, Inotera Memories, Inc., successfully concluded an Initial Public Offering (IPO) on the Taiwanese Stock Exchange on March 17, 2006.