"FCOS – The Evolution of Chip Card Modules"

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business unit Chip Card & Security ICs
business group Automotive, Industrial & Multi-Markets
Infineon at a glance

- Infineon – the No. 4 semiconductor company
- Revenues of Euro 7.2 billion in the fiscal year 2004; revenues growth of 17% year-on-year
- First quarter revenues were Euro 1.82 billion, down 9% sequentially
- Approx. 36,000 employees (incl. 7,300 R&D staff) as of Dec. 31, 2004
- Strong technology portfolio with about 41,000 patents and applications; more than 40 major R&D locations worldwide
- Most advanced fab cluster in 300mm production
- Focus on communications, automotive and memory products
Overview first quarter fiscal year 2005

- First quarter revenues were Euro 1.82 billion, down 9% sequentially
- Improvement year-on-year of 12%
- Net income of Euro 142 million, up from Euro 44 million in Q4 FY 2004
- EBIT increased to Euro 211 million, up from Euro 113 million in previous quarter.
- Results of both quarters were affected by non-recurring effects, e.g. non-recurring license income of Euro 118 million resulting from the settlement with ProMOS in Q1.
- Results negatively effected by the decline of the dollar
- Sales volumes in the three logic segments declined mainly due to lower demand driven by inventory corrections by customers.
- Announcement of new fab for power logic in Malaysia.
- Company re-organization for greater efficiency and flexibility
- Agreement to sell Venture Capital activities to Cipio Partners
Infineon - Business Groups

<table>
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<tr>
<th>Business Groups</th>
<th>Applications</th>
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<tbody>
<tr>
<td><strong>AIM</strong></td>
<td>Car Electronics (powertrain, comfort management, safety management, infotainment), Power Conversion (power supplies, drives), Security and Chip Card applications, RFID</td>
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<tr>
<td>Automotive, Industrial &amp; Multimarket</td>
<td>Broadband and Carrier Access, high speed line cards for metro and long-haul optical networks, Networks, mobile handsets, cellular basestations, communications</td>
</tr>
<tr>
<td><strong>COM</strong></td>
<td>PC and notebooks, PC-upgrades, workstations, infrastructure (servers and networking), PDA's, SMART phones, computer peripherals, Removable-Solid-State-Memories (Flash-Cards)</td>
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<tr>
<td><strong>MP</strong></td>
<td>Memory Products</td>
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Chip card ICs: strong growth ahead

Chip card IC market revenue development

[US dollar in billion]

CAGR 14%

CY03 CY04 CY05 CY06 CY07

Key market drivers

- Mobile Communication
  - High-end SIM ICs
  - Subscriber growth
- Government ID projects
  - Passports
  - National ID
  - Healthcare cards
- Contactless technology
  - Secure travel documents
- Banking
  - EMV migration push

Source: Frost & Sullivan, 2004
Market shares
Infineon continues to distance from competition

Market shares (US dollar in million)
source: Gartner, April 2004
Infineon is well-positioned to serve the key growth markets of chip card and security applications.
Security business unit
Strategy overview

FOCUS on sustainable and growing market segments
- Communications
- Identification
- Payment
- Entertainment

LEVERAGE and enforce core competencies
- Security expertise
- High-volume production in NVM technologies
- Module assembly
- Focused system know-how
- Engineering excellence
- Strategic partnerships

SHAPE the market with leading products
- Chip Card ICs
- Contactless Systems
- Security ICs
## Product portfolio of Chip Card & Security ICs

### Controllers for Enhanced Security, C'less for Convenience

<table>
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<tr>
<th>Memories</th>
<th>Microcontrollers (µCs) for Chip Cards</th>
<th>TPM</th>
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<tbody>
<tr>
<td>Counter Telecom</td>
<td>Low-end µC</td>
<td>Mid-range µC</td>
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<tr>
<td>Data Carrier Identification</td>
<td>ID, Finance</td>
<td>MobCom, ID, Finance, Pay-TV</td>
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<tr>
<td>Contactless memories &amp; RFIDs</td>
<td>C'less µC (incl. dual-interface)</td>
<td>ISO14443 (13.56MHz) - est. standards A, B, C/Felica</td>
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<tr>
<td>Identification ISO 15693</td>
<td>Identification, Transport, Finance</td>
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<tr>
<td>Identification ISO 14443</td>
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FAB cluster concept
Certificated manufacturing concept within Infineon
Infineon is a proven technology leader in chip cards

Leader in CMOS technology platforms

First 0.25 µm technology on the market
First 0.22 µm technology on the market
First 0.13 µm technology on the market
First Face-to-Face* technology on the market
*3D chip stacking technology

2000 2002 2004 2005 ... 

First CL module on the market to meet ICAO requirements
First FCOS module technology on the market

Prepared for new technology trends in the future

- New NVM technologies are under development with various partners: NROM, FeRAM, MRAM