

"FCOS – The Evolution of Chip Card Modules"

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Multi-Markets



Never stop thinking.

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

Business Groups

Applications

AIM

Automotive,
Industrial &
Multimarket



Car Electronics (powertrain, comfort management, safety management, infotainment), Power Conversion (power supplies, drives), Security and Chip Card applications, RFID

COM

Communi-
cations



Broadband and Carrier Access, high speed line cards for metro and long-haul optical networks, Networks, mobile handsets, cellular basestations, communications

MP

Memory
Products



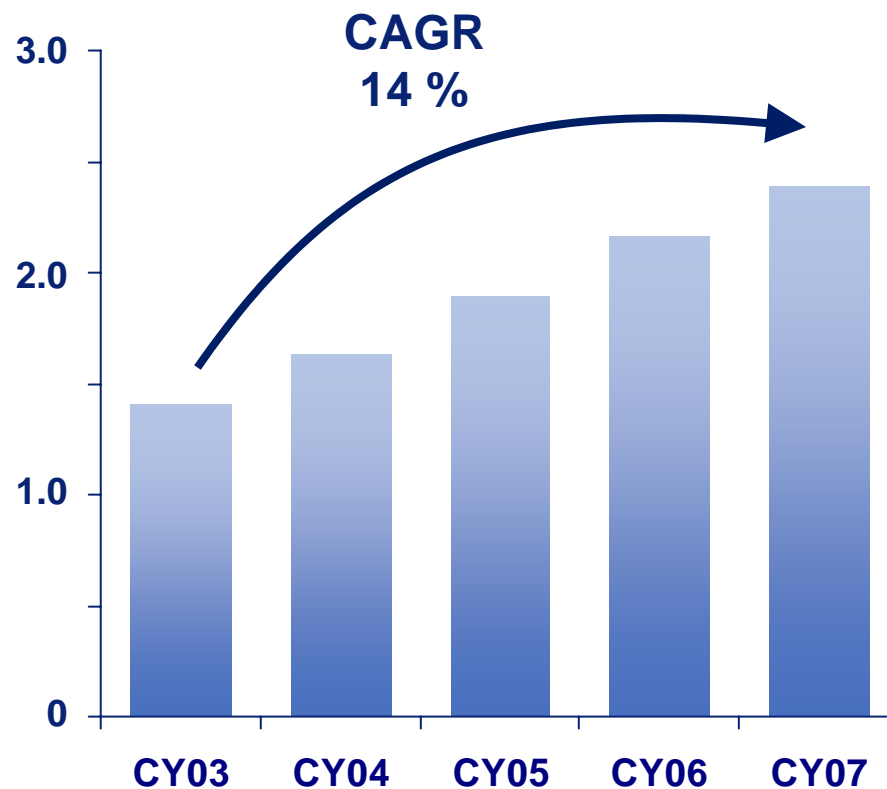
PC and notebooks, PC-upgrades, workstations, infrastructure (servers and networking), PDA's, SMART phones, computer peripherals, Removable-Solid-State-Memories (Flash-Cards)

Customers

Chip card ICs: strong growth ahead

Chip card IC market revenue development

[US dollar in billion]



Key market drivers

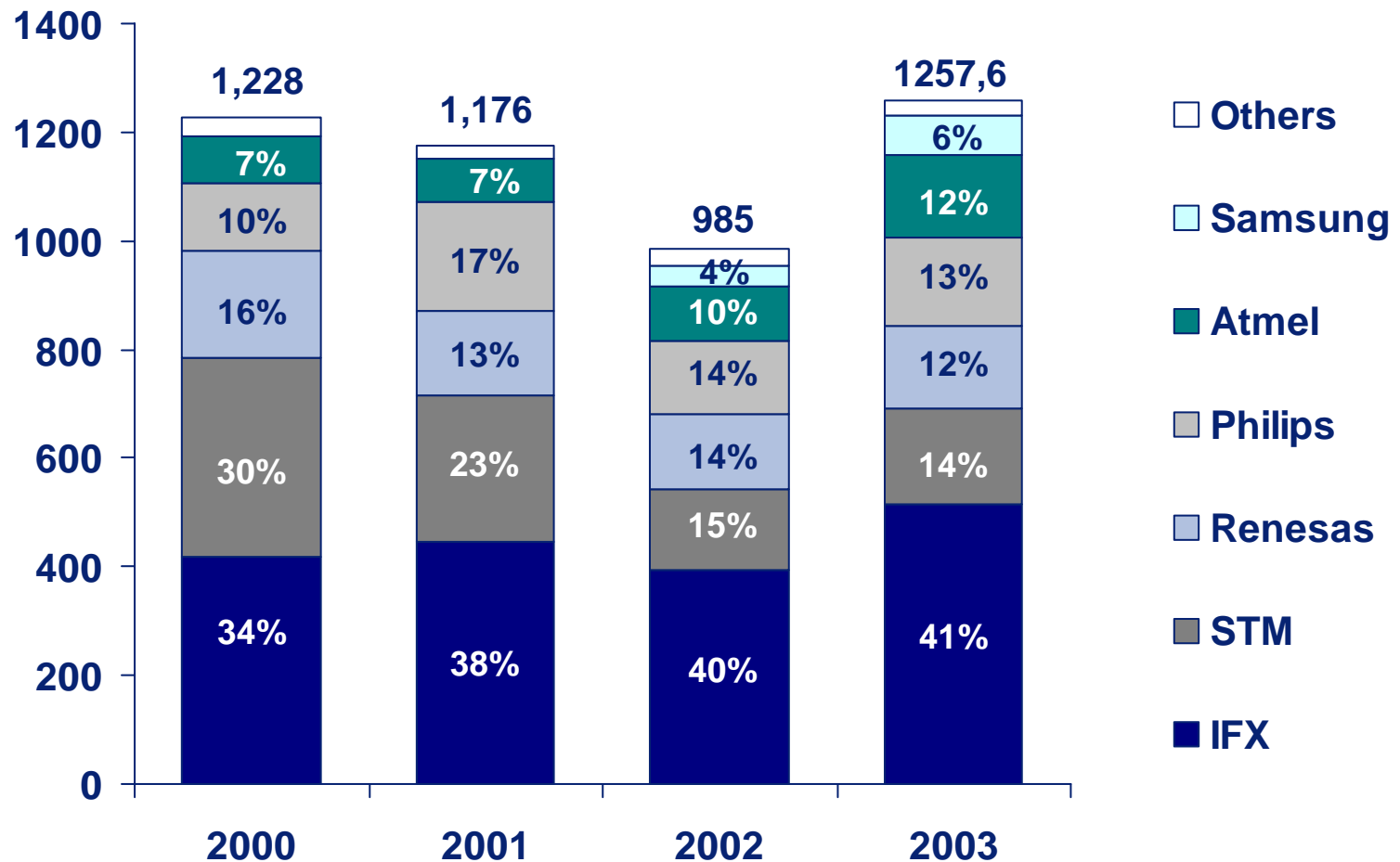
- **Mobile Communication**
 - High-end SIM ICs
 - Subscriber growth
- **Government ID projects**
 - Passports
 - National ID
 - Healthcare cards
- **Contactless technology**
 - Secure travel documents
- **Banking**
 - EMV migration push

Market shares

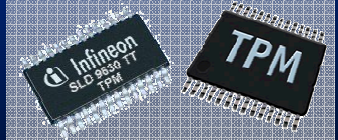
Infineon continues to distance from competition

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

Memories

Counter
Telecom



Data Carrier
Identification



Microcontrollers (μCs) for Chip Cards

Low-end μC



ID, Finance

Mid-range μC



MobCom, ID,
Finance, Pay-TV

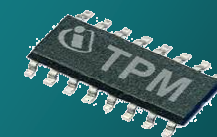
High-end μC



MobCom,
Multi-Appl.

TPM

Trusted Platform
Modules (μC)



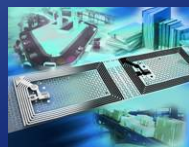
Notebooks

Contactless memories & RFIDs



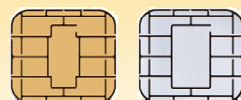
Object ID, Transport
ISO 15693

Identification
ISO 14443

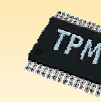
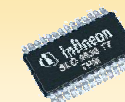


C'less μC (incl. dual-interface)
Identification, Transport, Finance

ISO14443 (13.56MHz) - est.
standards A, B, C/Felica

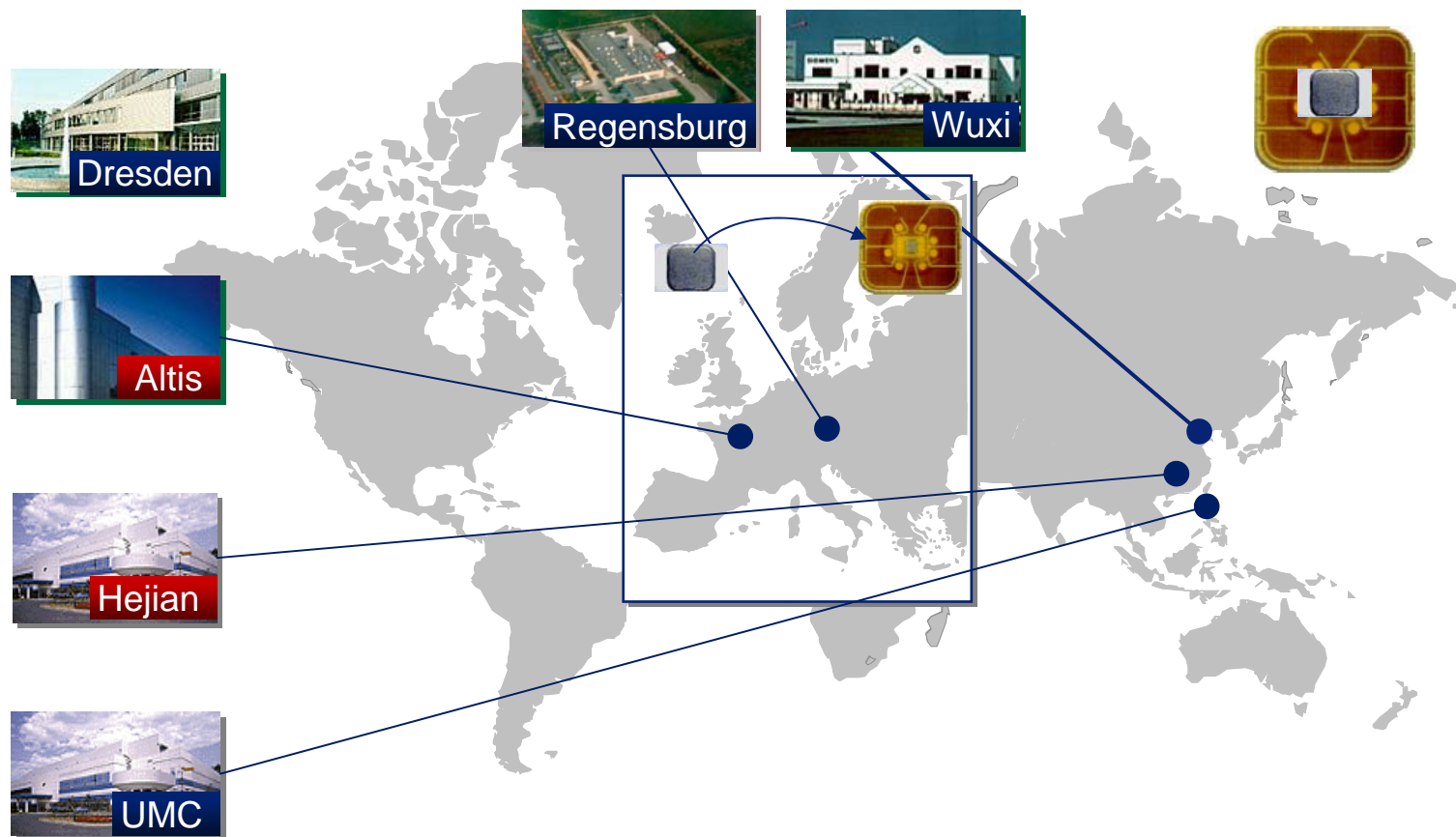


Modules & Standard Packages



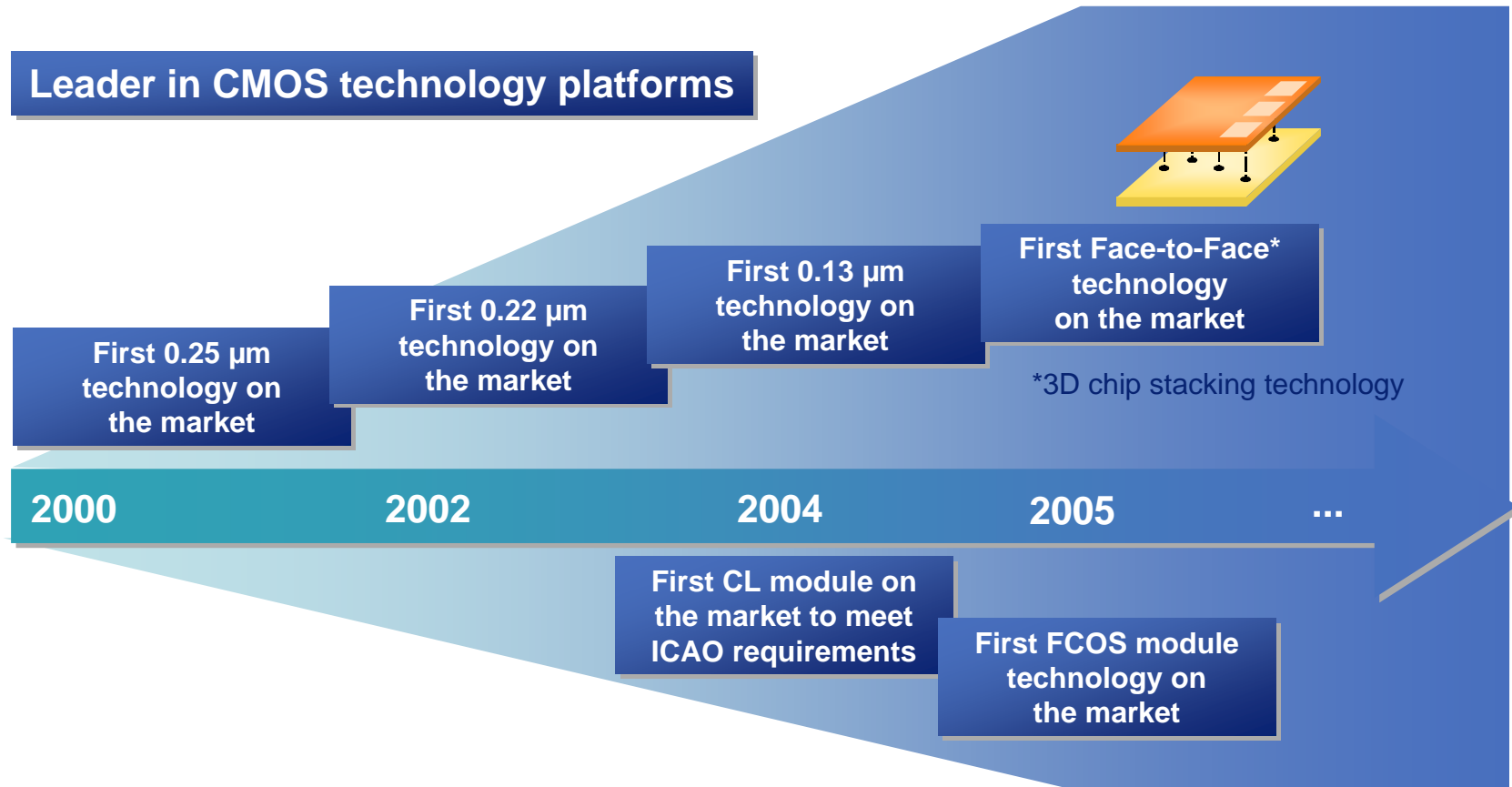
FAB cluster concept

Certificated manufacturing concept within Infineon



Infineon is a proven technology leader in chip cards

Leader in CMOS technology platforms



Prepared for new technology trends in the future

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