

Company Information

September 2005

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Group Senior Vice President & General Manager

Automotive, Industrial & Multimarket

Chief Executive Officer Infineon Technologies Austria AG



Never stop thinking.

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Semiconductor market development and forecasts 1993 - 2006

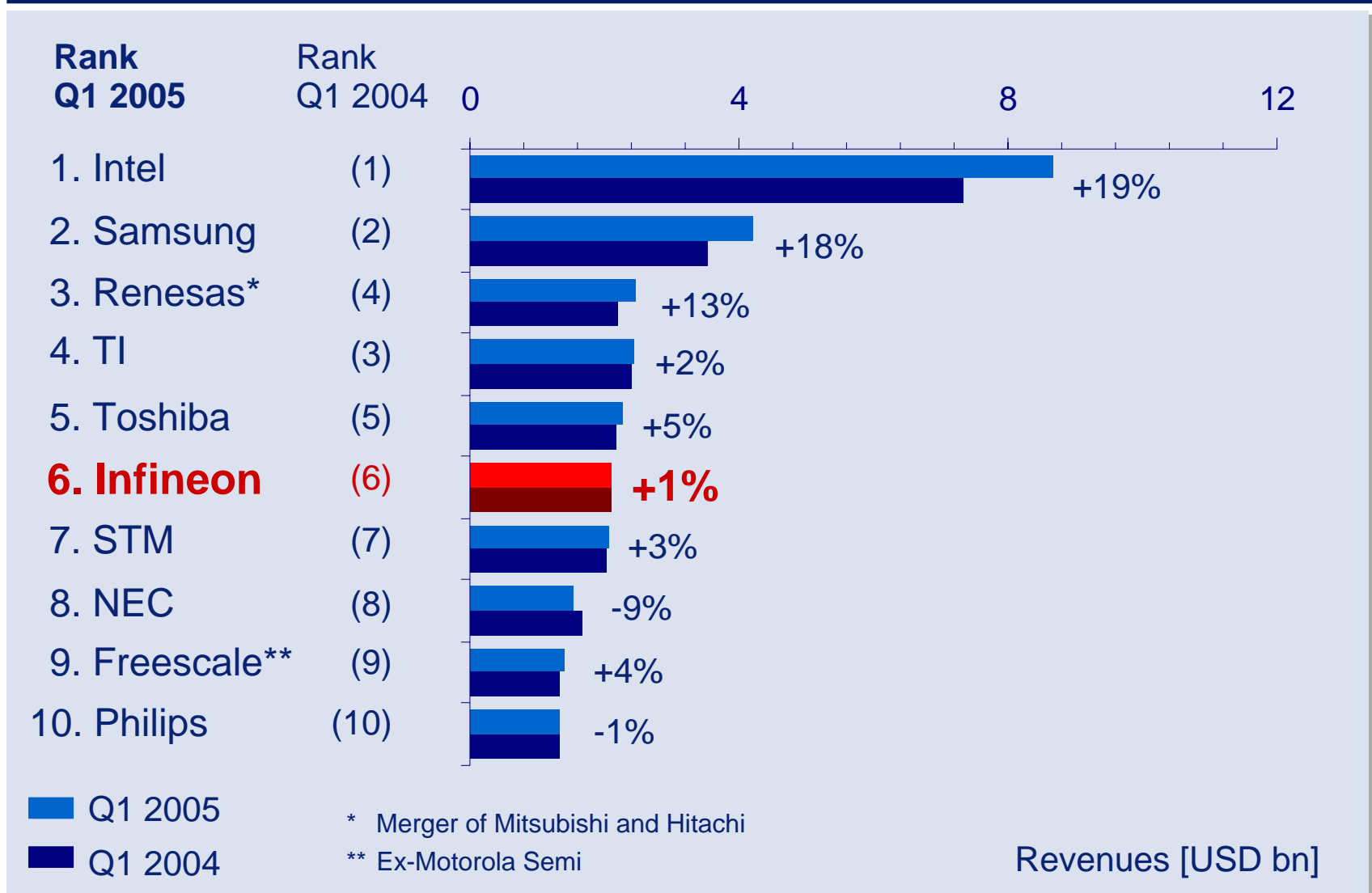


Source: WSTS for historical data

* As of July 12th, 2005

** incl. Update 1Q CY 2005

Worldwide semiconductor ranking Q1 2005 and Q1 2004



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Infineon at a glance

- Infineon – the No. 6 semiconductor company worldwide
- Revenues of Euro 7.2 billion in the fiscal year 2004; revenues growth of 17% year-on-year
- Approx. 36,000 employees (incl. 7,300 R&D staff) as of June 30, 2005
- Strong technology portfolio with about 41,000 patents and applications; more than 35 major R&D locations worldwide
- Most advanced fab cluster in 300mm production
- Focus on automotive and industrial electronics, security and chip cards, communication and memory products

Infineon – Market-oriented business structure

Business Groups

Applications

Ranking*

AIM

Automotive,
Industrial &
Multimarket



Car Electronics (powertrain, safety management, body & convenience, infotainment),
Power control (distributed power generation, automation / motor control, traction, power supplies)
Chipcard & Security (communications, payment, identification, entertainment)

#2 Automotive
#1 Power
#1 Chipcard

COM

Communi-
cation



Mobile Solutions, Cellular Base Stations, Broadband and Carrier Access, Metro Ethernet Access, Local / Personal area wireless, GPS, CPE, Tuner

#5 Wireline
#3 Wireless

MP

Memory
Products



Desktop and notebook PCs, workstations, infrastructure (servers and networking), computer peripherals, PDAs, SMART phones, consumer products, Removable-Solid-State-Memories (Flash-Cards)

#4 DRAM

* Application-specific semiconductor
Source: Gartner Dataquest (March 2005); iSuppli (March 2005)

Market

Company overview

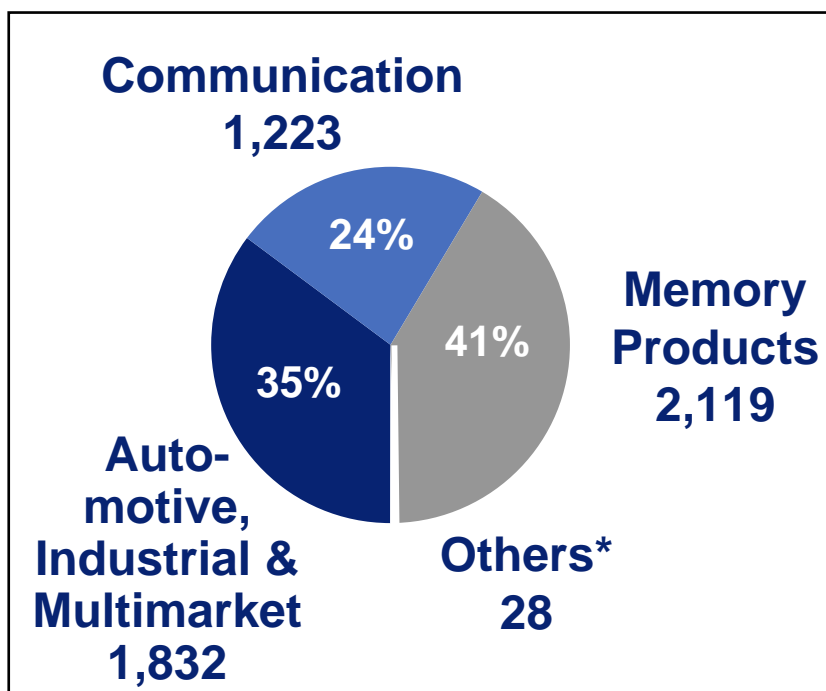
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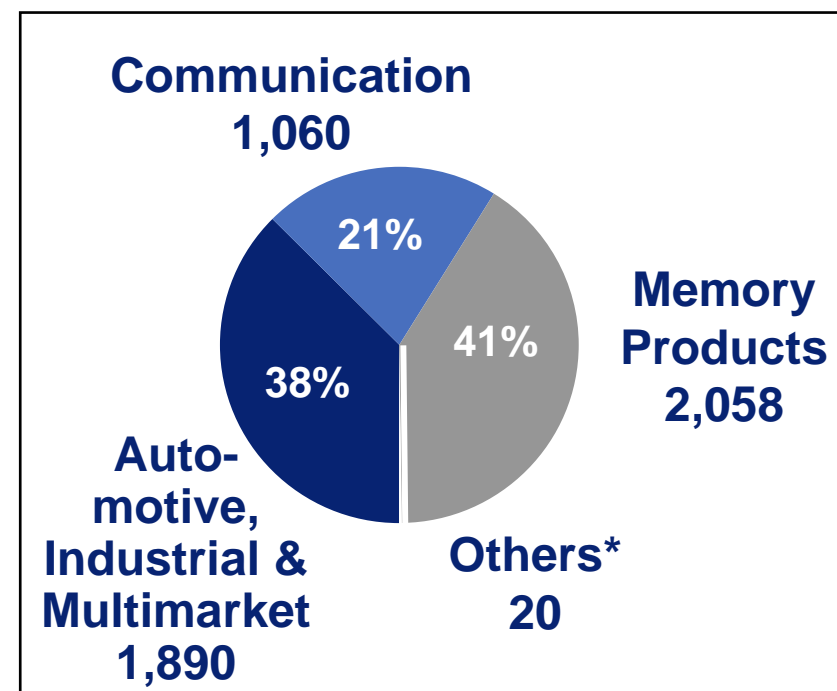
Sales by segments, 9 months FY 2004 and 9 months FY 2005

9 Months FY 2004



Total: EUR 5,202 m

9 Months FY 2005



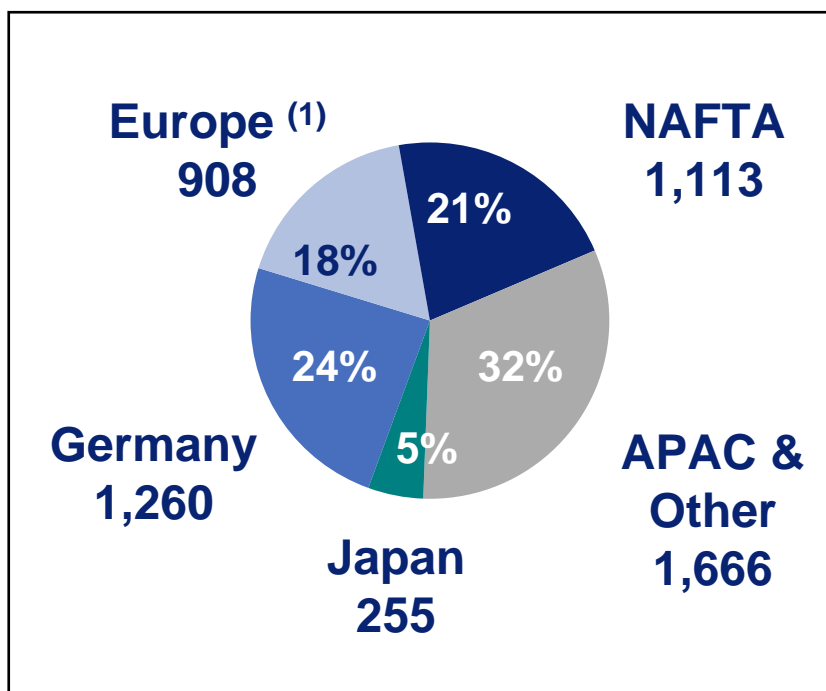
Total: EUR 5,028 m

(according to US GAAP)

* Includes Corporate & Reconciliation and Other Operating Segments

Sales by region, 9 months FY 2004 and 9 months FY 2005

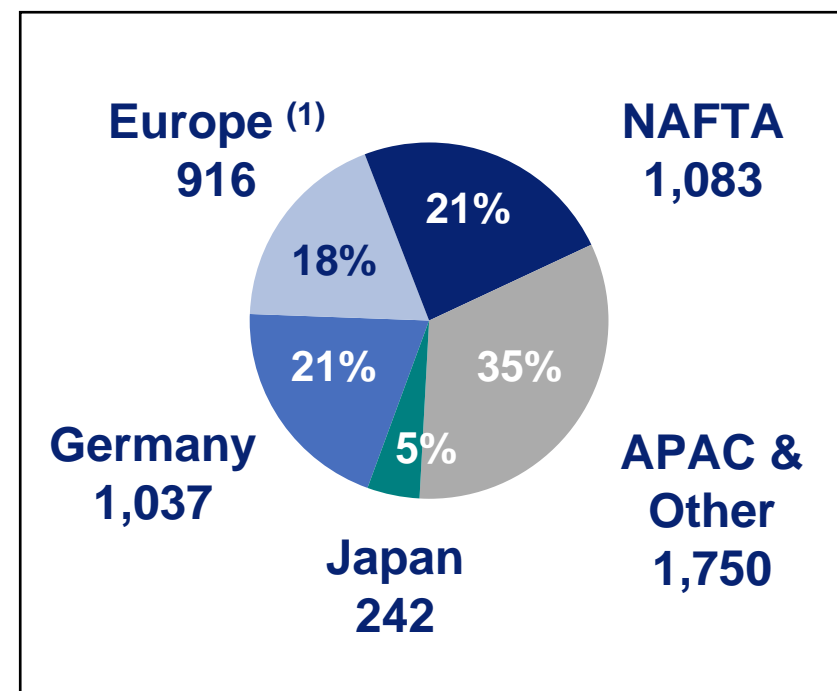
9 Months FY 2004



Total: EUR 5,202 m

(1) Excluding Germany

9 Months FY 2005



Total: EUR 5,028 m

(according to US GAAP)

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Infineon – Business groups

AIM



**Automotive, Industrial
& Multimarket**

COM



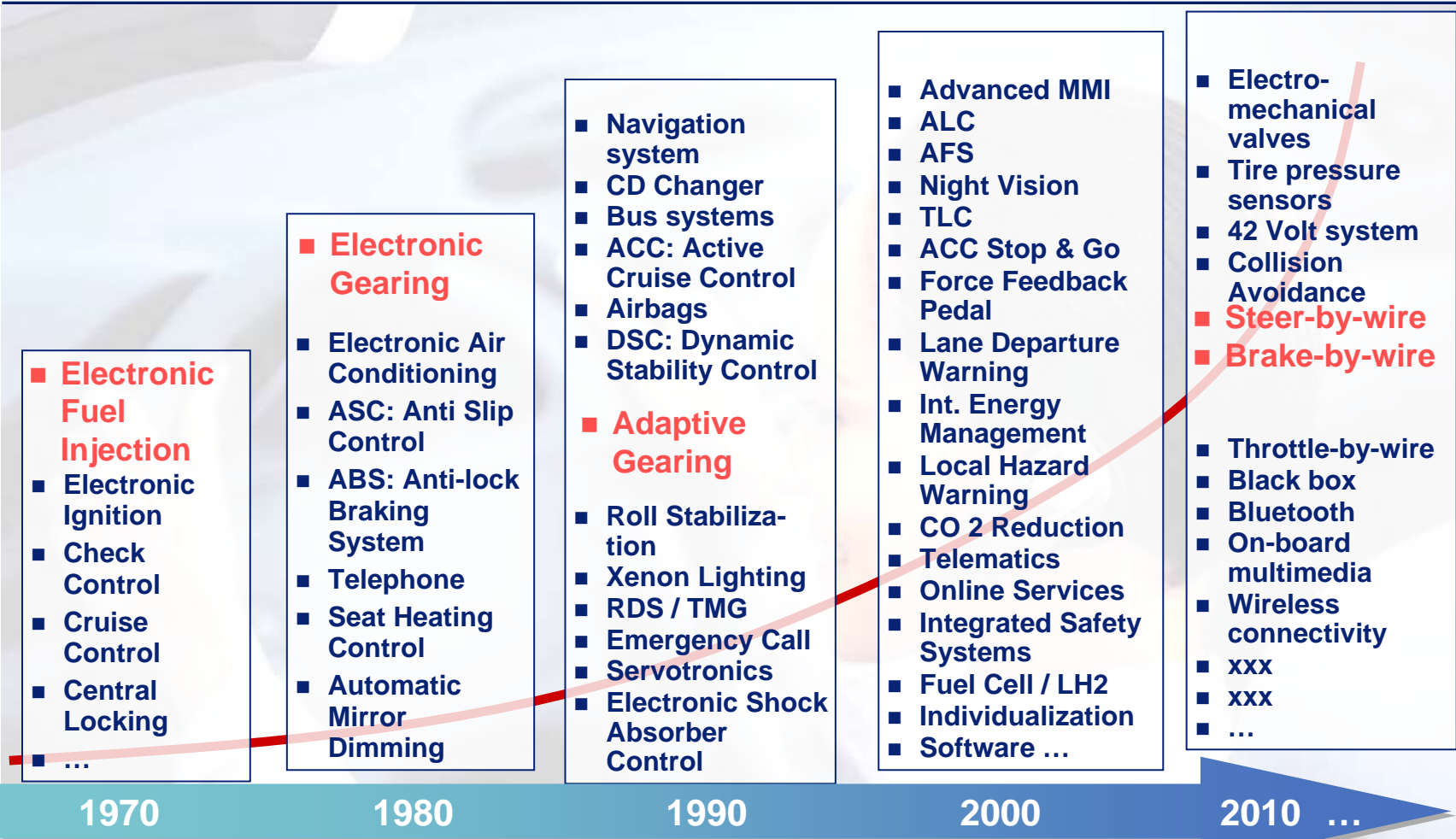
Communication

MP



Memory Products

Automotive Electronics will remain a major driver in performance and differentiation



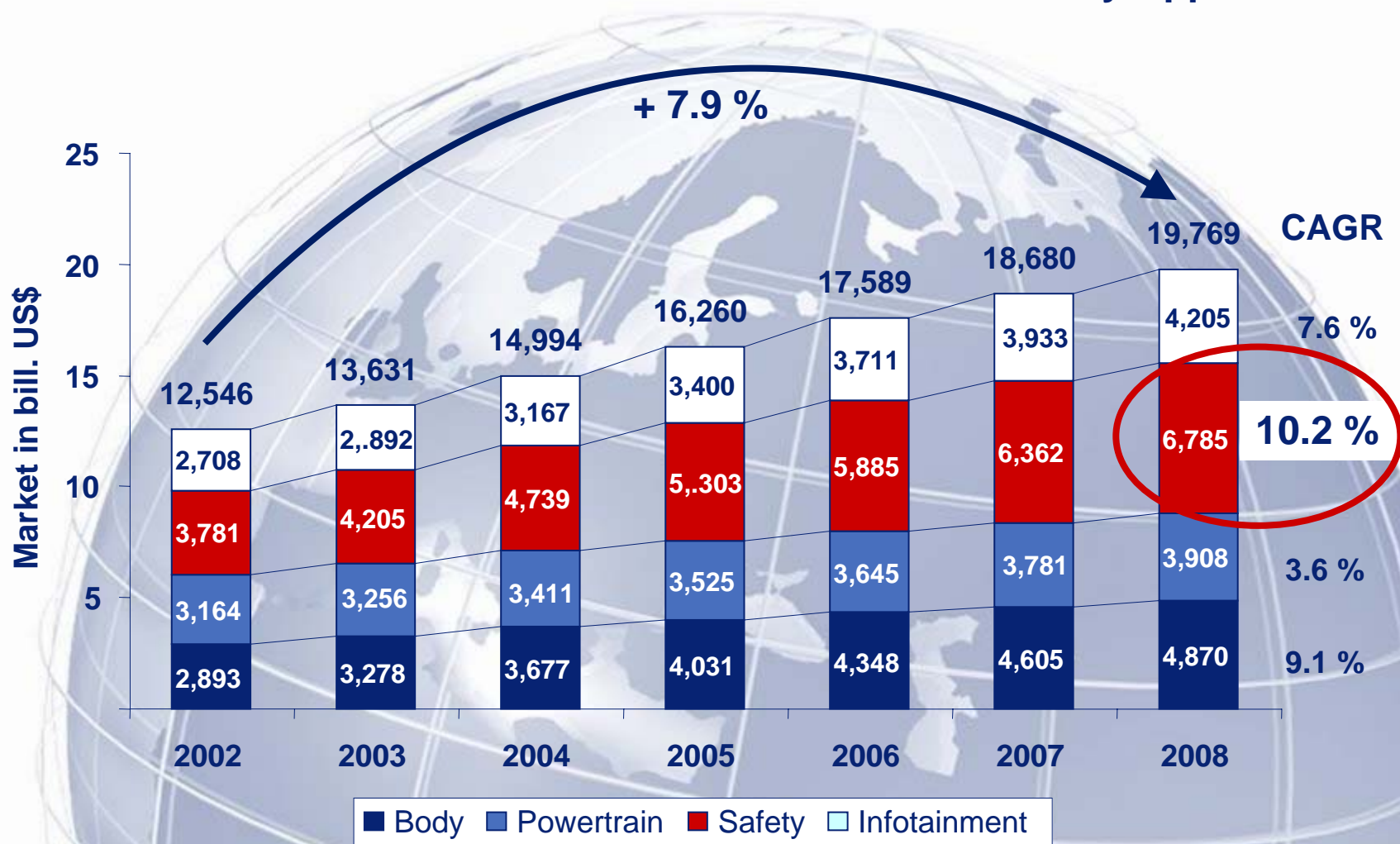
Computing Power

4004

Source: BMW

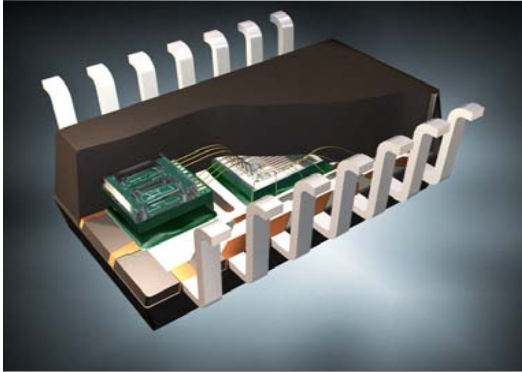
Safety is the Largest and the Fastest Growing Segment!

Worldwide Automotive Semiconductor Market by Applications



Automotive Electronics Need Full Spectrum of Semiconductor Technologies

Silicon Sensors



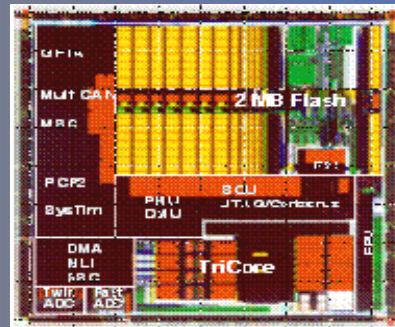
Special processes
High precision
Great robustness

**Smart
Sensors**

Computing



Microcontrollers



50 m transistors
Non-volatile memory

Power Semicon



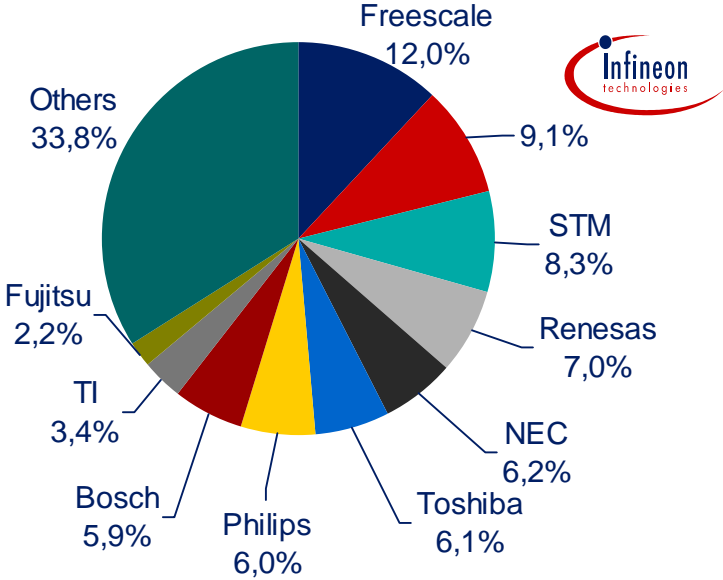
High current
High voltage
High temperatures

**Smart
Power**

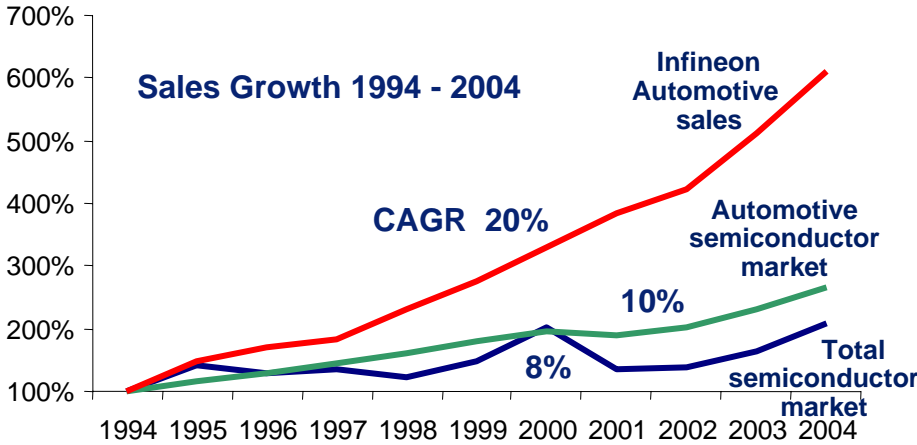
Infineon Automotive ranks No.2 worldwide by continuously outperforming the market

Infineon Automotive 2004
No. 2 World No.1 Europe No. 3 US

Continuous Outperformance



■ Market: 15,102 mil. US\$
 ■ CAGR: 7-8%



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

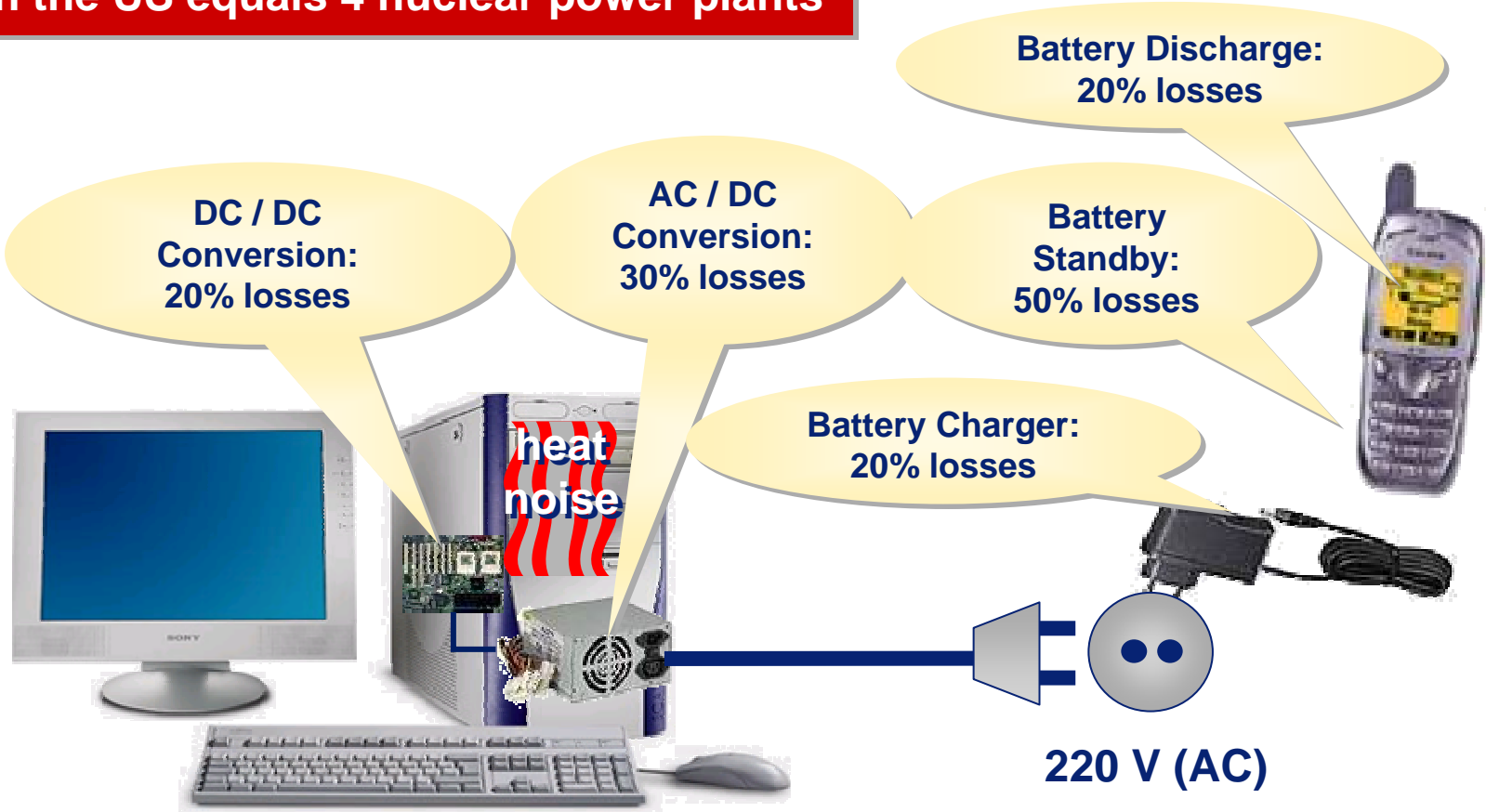
Strong market position in Europe secures technological leadership

Source: Strategy Analytics





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High energy-saving potential through improvement of efficiency and minimization of standby losses

**Standby consumption
in the US equals 4 nuclear power plants**



Infineon is very good positioned in the important application fields with the existing core competencies

Application Field		Market requirements	Infineon's core competencies
Power Supplies		<ul style="list-style-type: none"> • Energy savings • Higher power density • Miniaturization • Cost savings 	<ul style="list-style-type: none"> • Technology leader (CoolMOS, SiC) • Solution provider with ICs und MOSFETs • Chip-by-Chip package technology • comprehensive system understanding
Automation, Industrial Motor Control		<ul style="list-style-type: none"> • Innovative products • High quality • High reliability • Flexible logistic processes 	<ul style="list-style-type: none"> • Leading chip- & package technology • Broad range of power semiconductors • Dedicated microcontroller portfolio • Excellent technical customer support
Traction		<ul style="list-style-type: none"> • High quality • High reliability • Innovative technology 	<ul style="list-style-type: none"> • Power semiconductors optimized for traction • excellent strategic and technical access to market leaders (Alstom, Bombardier, Siemens)
Power Generation & Distribution		<ul style="list-style-type: none"> • System solutions • Major projects 	<ul style="list-style-type: none"> • Bipolar products with highest reliability • Single supplier of light triggered thyristors with integrated protection function

Infineon achieved Worldwide Market Leadership for Power Semiconductors in 2003 and keeps this position in 2004

Global Power Semiconductor Market Ranking

Rank 2004	Rank 2003	Supplier	2004	2003	Change
1	1	Infineon & Eupec	8.4%	8.1%	0.3%
2	2	IR	7.8%	8.0%	-0.2%
3	4	Fairchild	7.7%	7.6%	0.1%
4	3	STM	7.2%	6.7%	0.5%
5	5	Toshiba	6.7%	7.4%	-0.7%



- Market Size 2004: US\$ 11.18 billion (US\$ 9.21 billion in 2003)

Source: IMS Research, Global Market for Power Semiconductors, August 2005

Chip Card and Security applications

Infineon is well-positioned to serve the key growth markets

Contact-based chip cards

Contactless chip cards, RFID

Security ICs



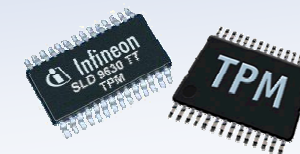
Communications
Prepaid
Mobile



Payment
Credit / Debit, e-purse
Transport, Ticketing



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



Entertainment
Pay-TV, Gaming
Video/Audio



Challenges and developments in the banking market

Chip Card Security expands the value chain for banks

Demand for Chip Security

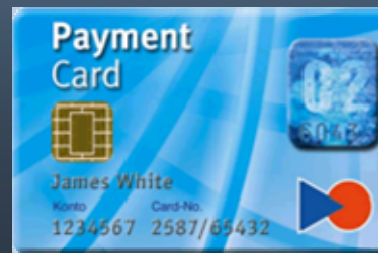
Substitution of Magstripe Banking cards

Minimum requirement of
EMV mandate by VISA
and Mastercard



More Added Value for Banks and Customers

Contactless interface for
comfort / public
transportation
EMV DDA, loyalty
applications, e-purse, etc.

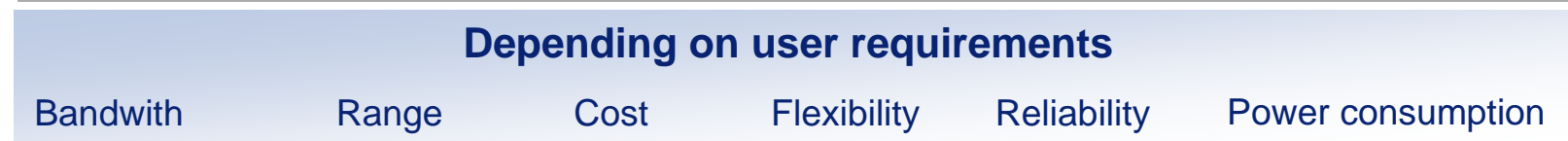
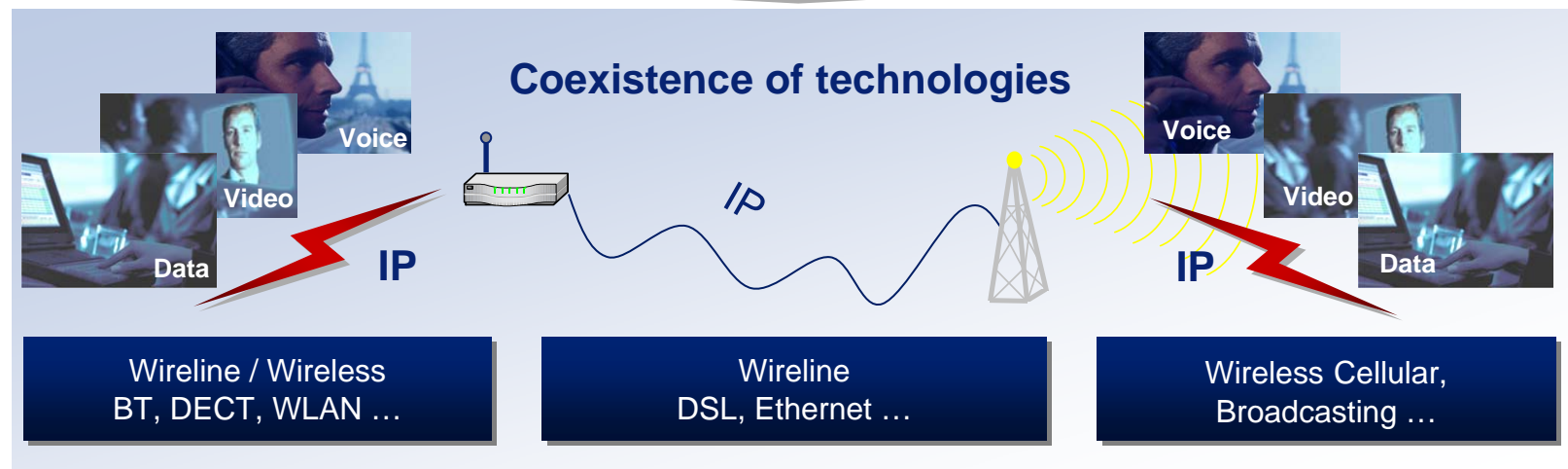
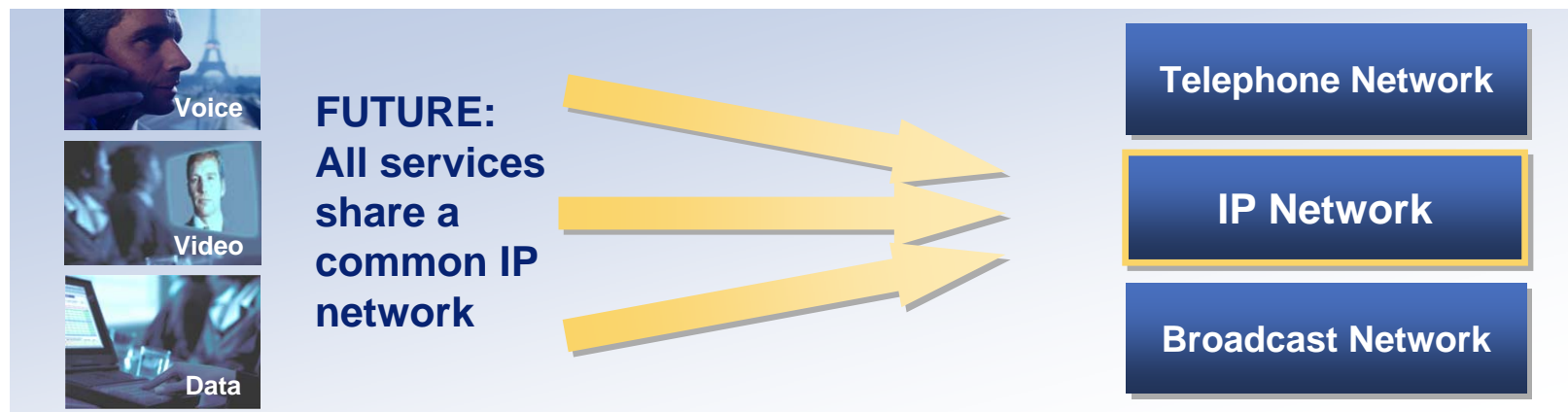


Banks will be the Trust Centers of Tomorrow

Secure Home Banking
PKI / digital signature
enabled by the Bank
(e.g. as Job Card, Health
Care Card, Citizen Card,
etc.)

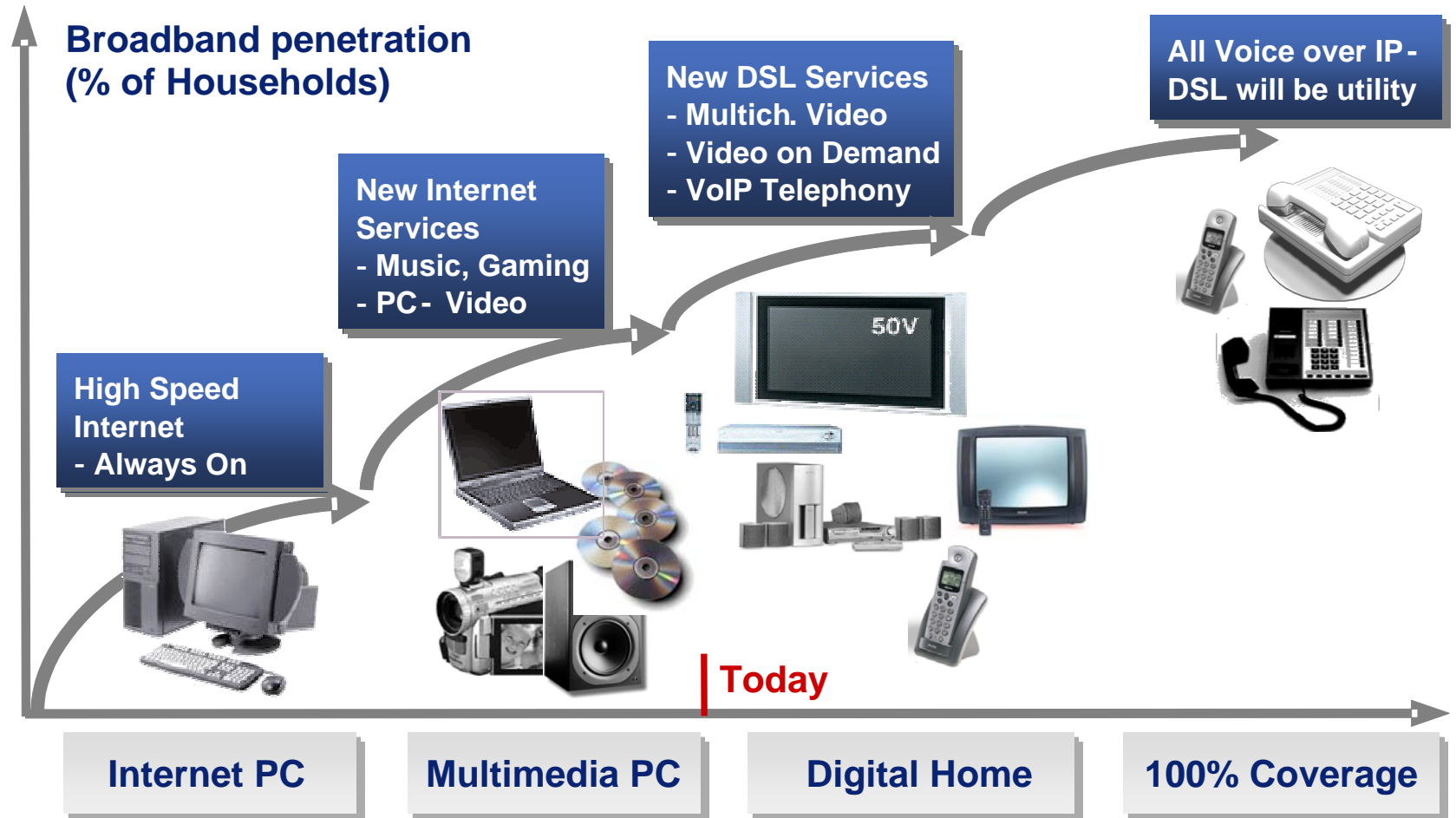


We drive the convergence of voice, video and data communications

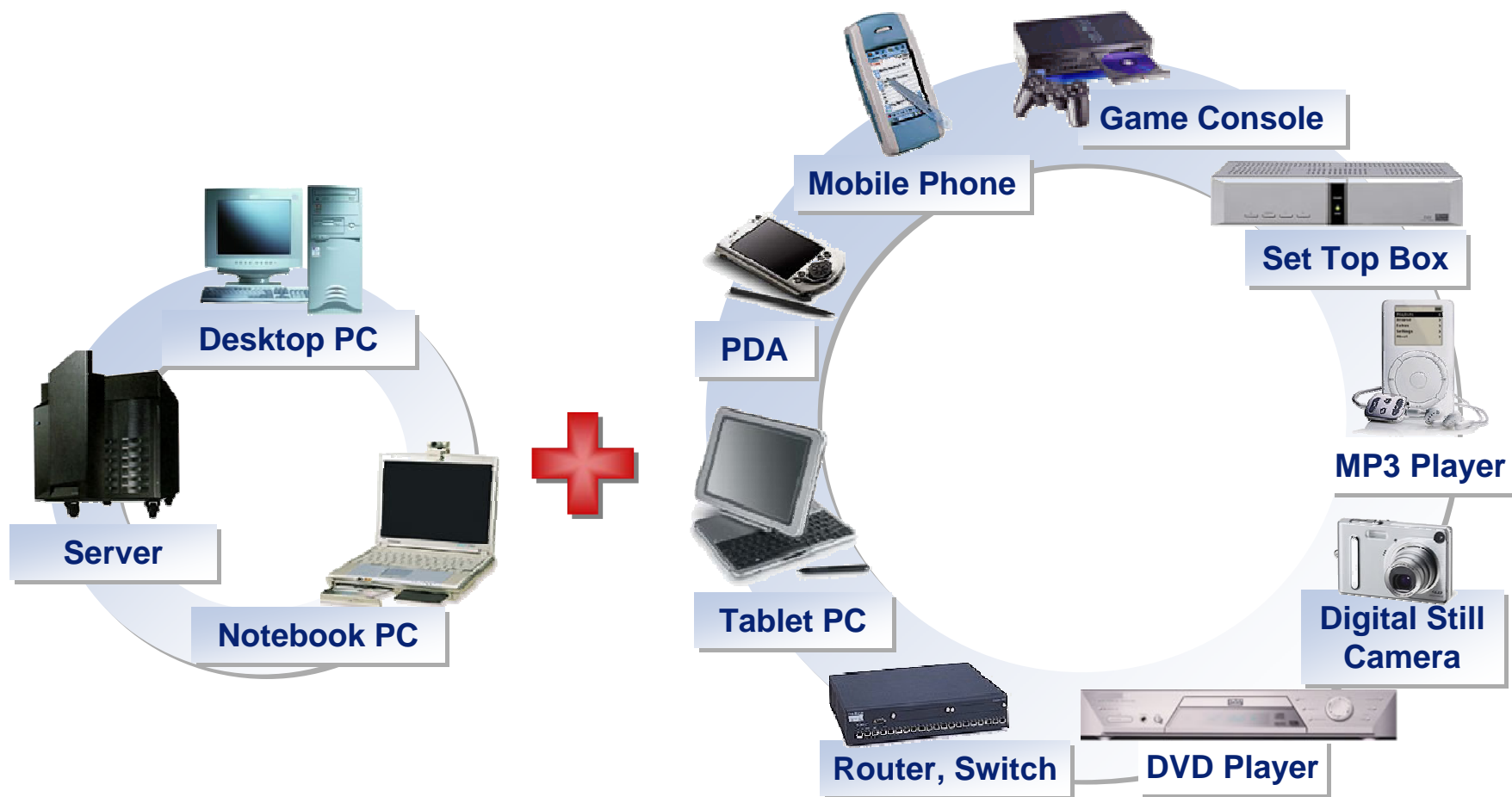


Broadband access - DSL semiconductor market growth is strongly driven by Voice over IP (VoIP)

Broadband Markets



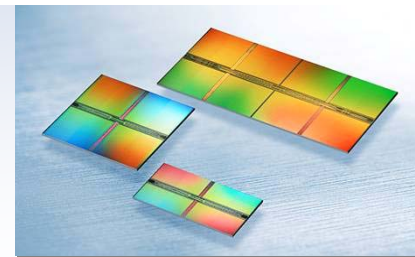
The market place – new Memory applications



MP – strengths

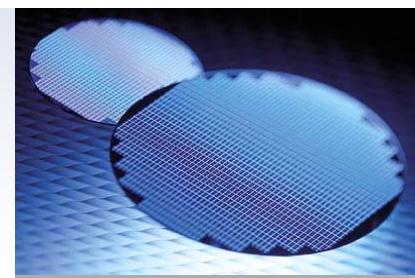
Technology leadership

- Commercial production based on 90nm technology started: 512M DDR and 512M DDR2 products on 90nm available
- First product prototype on 70nm technology



Manufacturing leadership

- Most advanced global fab cluster
- Leader in manufacturing on cost efficient 300mm wafers



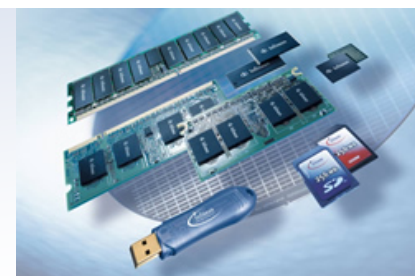
Strong technology and manufacturing alliances

- Joint technology development to improve economies of scale
- Improve market position with reduced capital requirements
- Flexible capacity increase through foundries



Expanding product portfolio

- Expanding module portfolio for mobile PCs and infrastructure
- Increasing focus on consumer and specialty DRAMs
- Including expanding portfolio for NAND-compatible Flash



Market

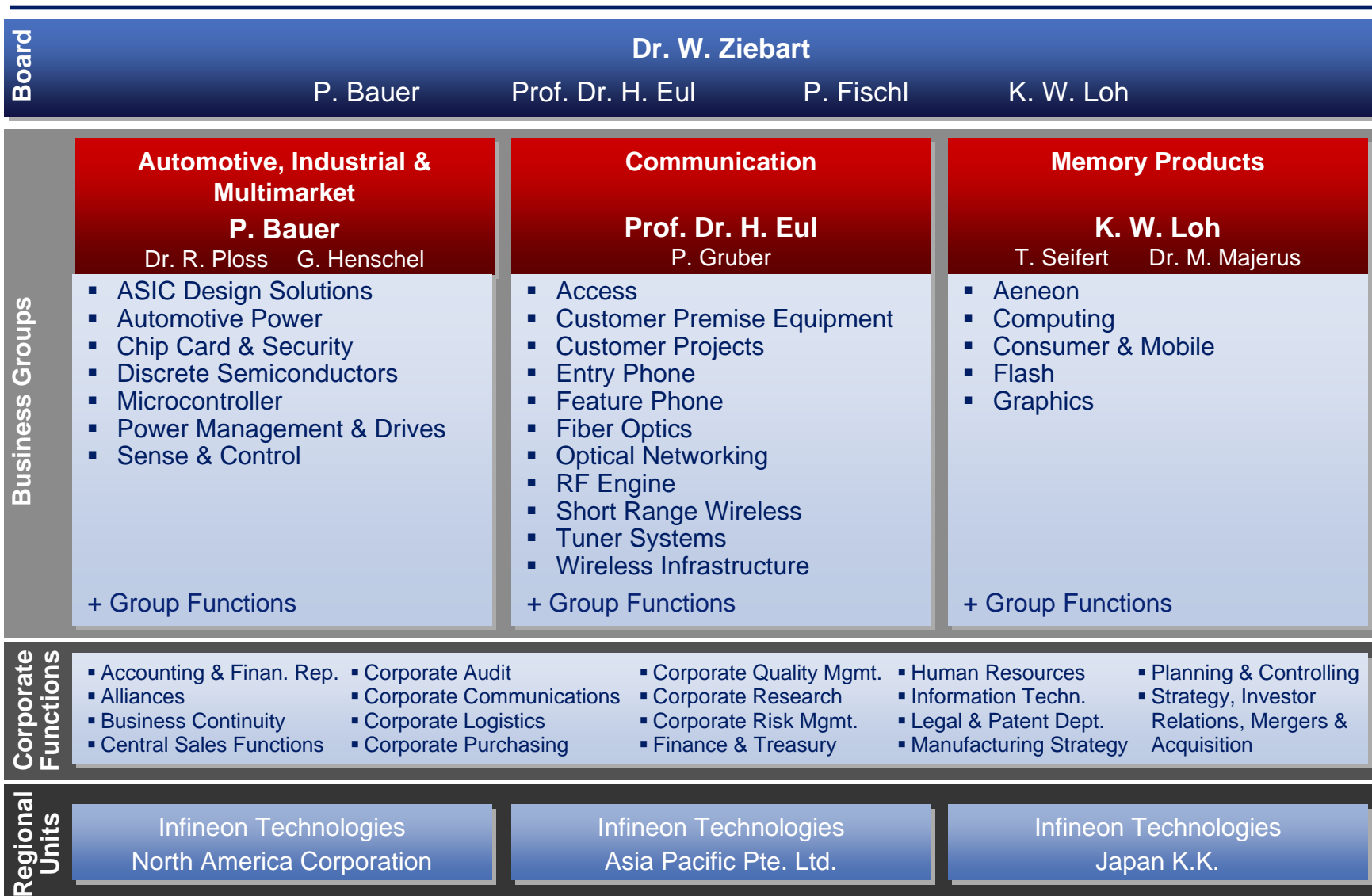
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Infineon organization



Infineon has 36,151 employees worldwide*

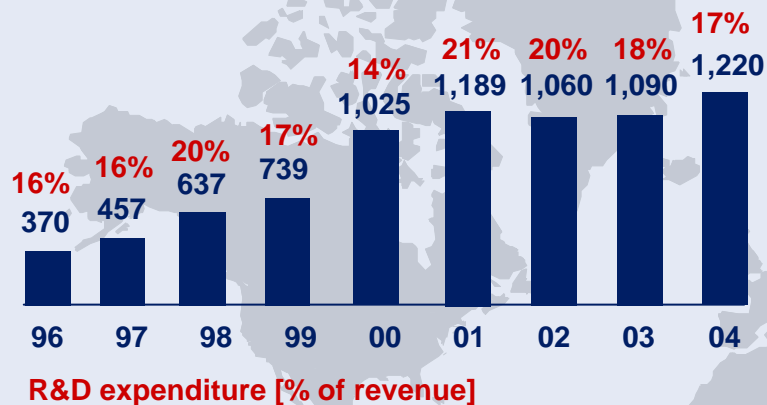


* as of June 30th, 2005

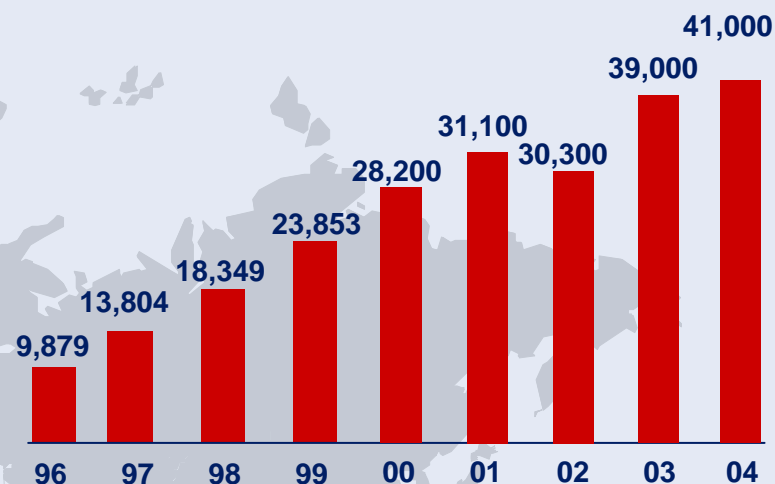
** incl. ESAS MA

Continuous investment in R&D

**R&D Spending
FY 1996-2004 [EUR m]**

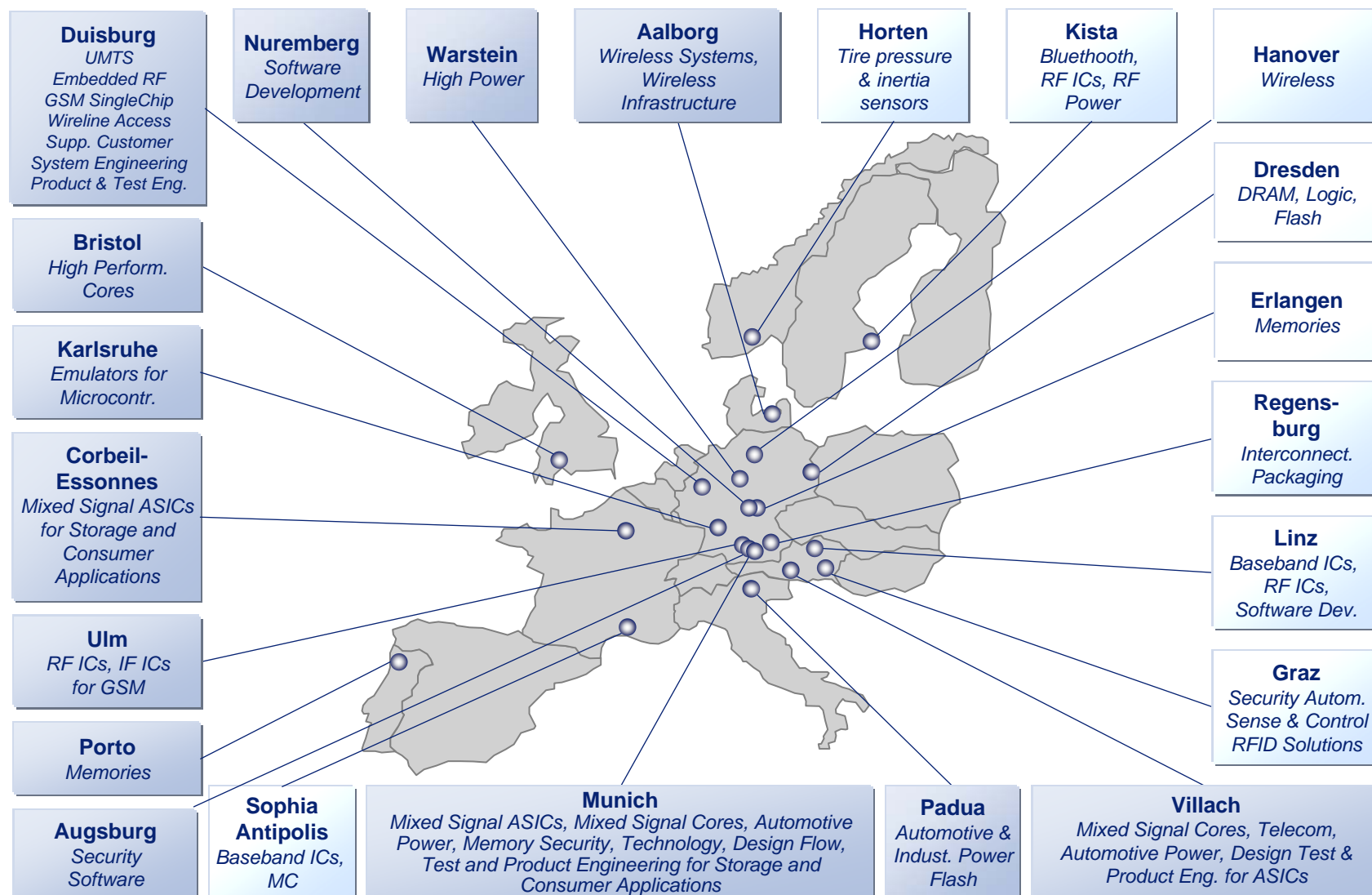


**No. of Patents and Patent
Applications (FY 1996-2004)**

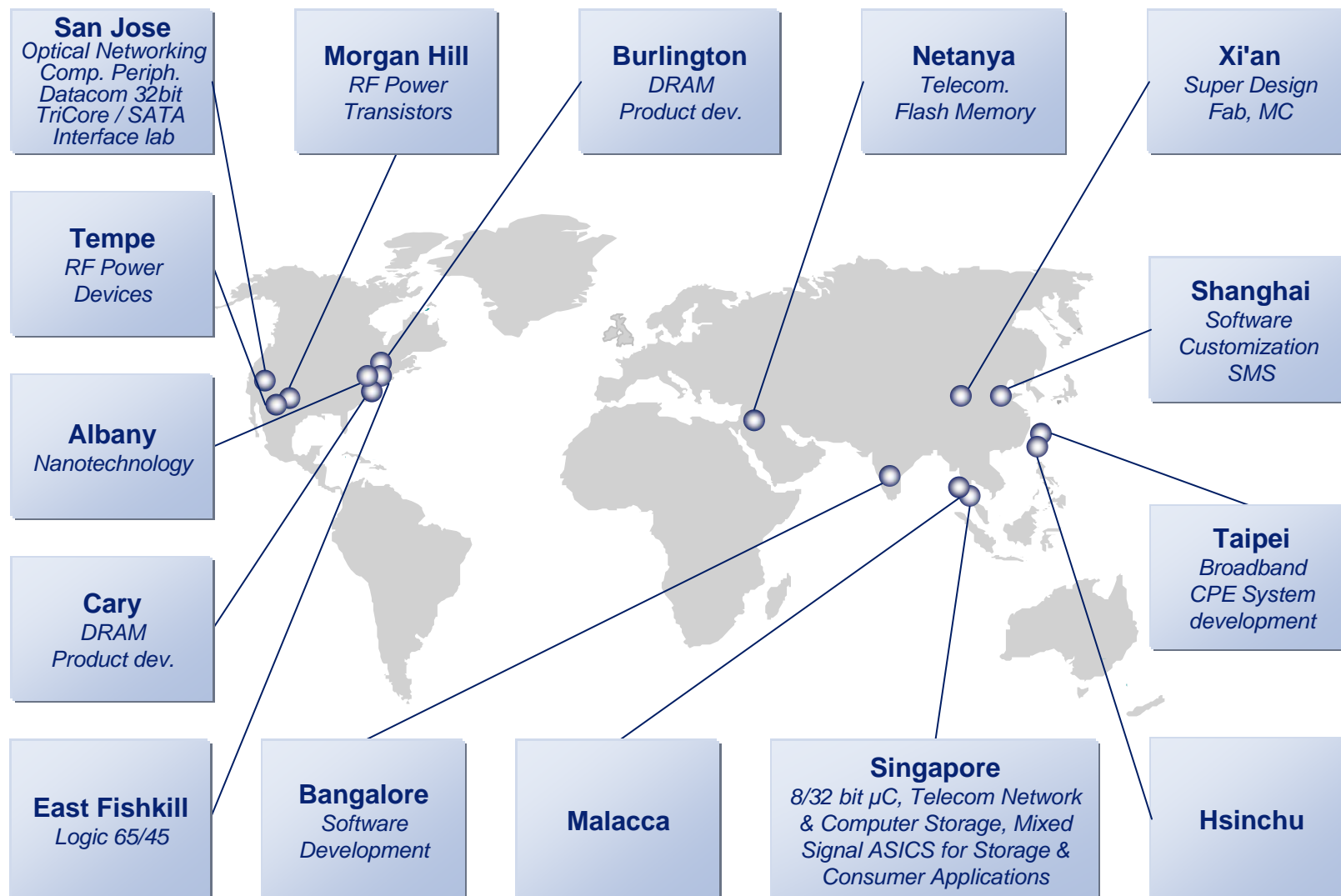


- About Euro 1.2 billion for R&D expenditure in FY 2004
- More than 35 major R&D locations worldwide
- 7,300 R&D employees
- Currently about 41,000 patents / patent applications

Infineon – R&D network in Europe



Infineon – Worldwide R&D network (excluding Europe)



Infineon – partner of the worldwide electronics industry

Main Customers

Automotive, Industrial & Multimarket

- | | | |
|---------------|-----------|-------------|
| ■ Autoliv | ■ Emerson | ■ Micronas |
| ■ Axalto | ■ Gemplus | ■ Microsoft |
| ■ Bosch | ■ G&D | ■ Motorola |
| ■ Continental | ■ Hella | ■ Oberthur |
| ■ Delphi | ■ HGST | ■ Siemens |
| ■ Delta | ■ Kostal | ■ TRW |
| ■ Denso | ■ Lear | ■ Visteon |

Communication

- | | | |
|------------|--------------|-----------------|
| ■ Alcatel | ■ LG | ■ Samsung |
| ■ BenQ | ■ Lucent | ■ Siemens |
| ■ CCT | ■ Matsushita | ■ Sony-Ericsson |
| ■ Ericsson | ■ Motorola | ■ Sony |
| ■ Fujitsu | ■ NEC | ■ ZTE |
| ■ Huawei | ■ Nokia | |

Memory Products

- | | | |
|-----------|------------|------------|
| ■ Acer | ■ Fujitsu | ■ Kreton |
| ■ Asustek | ■ Siemens | ■ Lenovo |
| ■ ATI | ■ HP | ■ Nvidia |
| ■ Cisco | ■ HTC | ■ NEC |
| ■ Dell | ■ IBM | ■ Spansion |
| ■ EMC | ■ Intel | ■ Sony |
| | ■ Kingston | ■ Sun |

■ Main channel partners:

Arrow, Avnet,
Fujitsu
Devices,
Silicon
Applications

■ Electronic Manufacturing Services:

Celestica,
Elcoteq,
Flextronics,
Hon Hai,
Jabil,
Sanmina-SCI



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