Infineon On The Move

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Disclaimer

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Such risks and uncertainties include, but are not limited to the Risk Factors noted in the Company's Earnings Releases and the Company's filings with the Securities and Exchange Commission.

Agenda

- **Quarterly Update & Financials**
- **Automotive, Industrial & Multimarket**
- **Communication**
- **Memory Products**
- **Outlook**

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Overview – Market Environment And Results in F3Q

Infineon Group

- **Stable revenues** compared to F2Q w/ increased memory sales
- **Significant ASP-decline** in memory market of approx. 30%
- **Rapid decline of market demand** in security and chip card IC area
- **EBIT loss increased** to EUR234mn incl. EUR81mn one-off charges

AIM

- Slightly lower revenues due to higher than expected pricing pressure in security and chip card business

- Sales to automotive & industrial industry increased slightly

- Lower EBIT due to very strong pricing pressure at chip card ICs

COM

- Revenues decreased slightly due to pricing pressure and further decline in demand from baseband customers

- Significant improvement of EBIT because of reduction of idle capacity costs, lower inventory charges, and lower R&D costs

MP

- Higher revenues and strong FLC reduction due to 45% bit-shipment growth based on bit-production growth of ~15% and inventory decrease by ~2 weeks

- EBIT decline due to ASP decline (see above) and ramp-up costs for 300mm fab in Richmond/VA

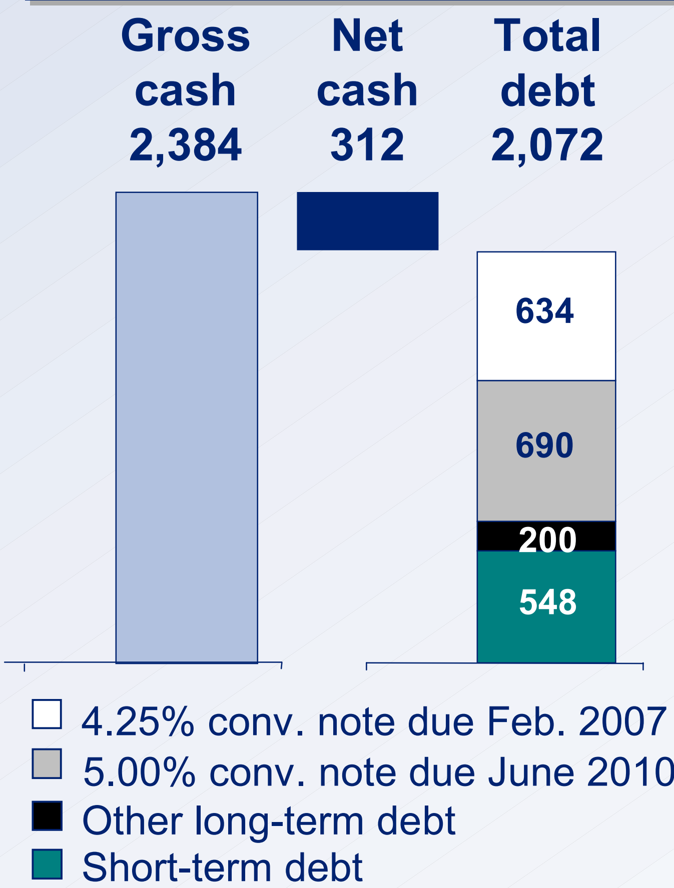
Results For Q3 FY05 Vs. Q2 FY05

[EUR m]	Q2 FY05	Q3 FY05	Change
Net sales Growth	**1,606**	**1,606**	**---**
Gross margin	**27%**	**16%**	
R&D in % of sales	**354** 22%	**320** 20%	**-34**
SG&A in % of sales	**164** 10%	**157** 10%	**-7**
EBIT	**-117**	**-234**	**-117**
EBIT excl. reorganization charges in % of sales	-43 3%	-153 10%	-110

Maintaining A Solid Financial Cash Position

[EUR m]	Q1-Q3 FY05
Operating cash-flow	789
Capex	(1,135)
Other investments [1]	80
Free cash-flow	(266)

June 30, 2005



(1) Excluding purchase/sale of marketable securities

Recent Business Highlights – AIM and COM

Automotive, Industrial & Multimarket

- Increased market share in car electronics from 8.7% in CY03 to 9.1% in CY04 (Source: Strategy Analytics, June 2005)
- IFX to supply secure chips, package & more for German e-Passport
- Agreement with a leading HDD manufacturer to develop a product for fast-growing mobile applications market

Communication

- MP-E GPRS/EDGE → one of smallest multimedia phone platform incl. all HW/SW components required for high-performance and advanced multimedia functionality; true 3-chip solution consists of multimedia baseband, power management unit and CMOS RF chip
- Panasonic/PMC → uses MP1-G multimedia platform now for GSM/GPRS phones; 3-band functionality and camera support, polyphonic-ring tones, color displays and Java capability
- SMARTi 3G → world's first CMOS RF transceiver chip for UMTS applications; single-chip for 6-band solution makes UMTS phones usable worldwide; various design wins already
- VINAX → industry's first fully standard-compliant VDSL2 end-to-end solution; established leading position wrt to Triple Play services

Recent Business Highlights – MP and Corporate

Memory Products

- Start of commercial production based on 90nm DRAM trench technology; products available: 512M DDR and 512M DDR2
- Increased share of specialty DRAMs (Graphic and Mobile RAM)
- Sampling started of customized 8GB (Gigabyte) DDR2-400 Tall registered DIMMs based on dual-die technology
- First to provide DDR3 devices with full interface functionality to major PC enabler
- Only company to offer complete in-house solution for next generation server modules (FB-DIMMs), including DRAM module, AMB-Chip and heat spreader

Continuing IFX's commitment to restructuring

- Corporate Research functions to be integrated in Business Groups
- eupec GmbH to be integrated into IFX AG but maintaining brand
- Wearable electronics activities spun off by MBO
- RFID software solution activities spun off by MBO

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Recent Management Changes

Mr. Kin Wah Loh – Now Head of Memory Products

- **Member of Management Board** of IFX AG since 2004
- **President** of Infineon Technologies **Asia Pacific** 1999-2004
- **General Manager** of various production sites of Siemens Semi
- **25 years of experience** in semiconductor and manufacturing
- **Engineering and Business** degrees

Mr. Hermann Eul – Now Head of Communication

- **New Deputy Member of Management Board** (July 28th, 2005)
- **Group VP and GM** of Communication Business Group since 2004
- **Professor for RF-Technology and Radio-Systems** at University of Hanover/Germany
- **GM** of various Business Units **at IFX AG and Siemens AG**
- **18 years of experience in R&D and management functions** in communications and RF technologies
- **PhD in Electrical Engineering**

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Infineon's Business Groups

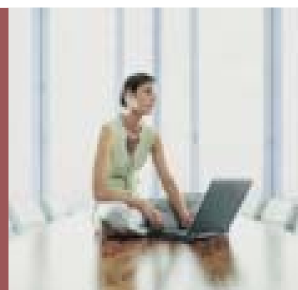
AIM

Automotive, Industrial & Multimarket

COM

Communication

MP



Memory Products

Customers

Automotive, Industrial & Multimarkets:
#2 in Car Electronics, #1 in Power ICs, #1 in Card ICs

AIM

Microcontroller
Sense & Control
Power Management & Drives
Discrete Semiconductors
ASIC & Design Solutions
Automotive Power
Chip Card & Security ICs

COM

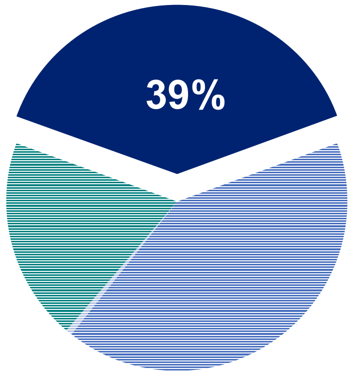
Communication

MP

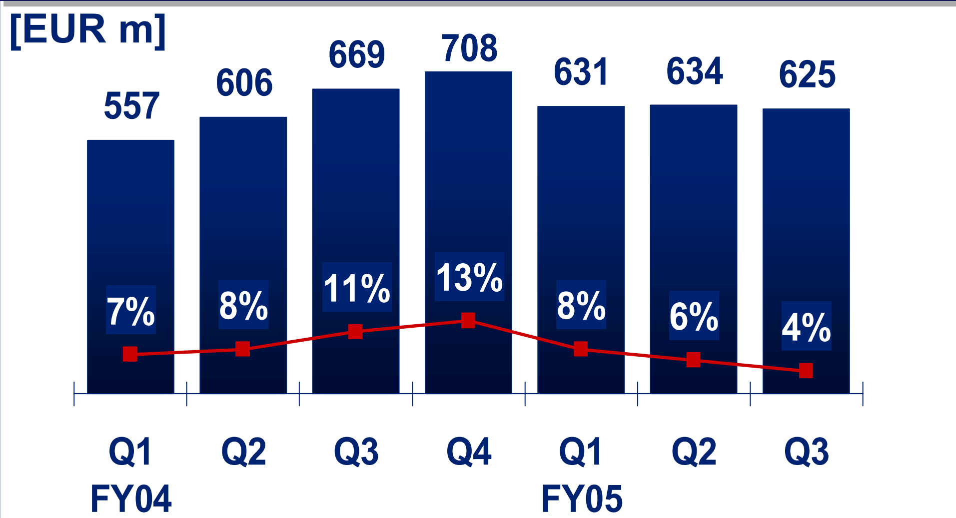
Memory Products

AIM: Revenue And EBIT Development

Revenue share Q3 FY05



Revenues and EBIT margin

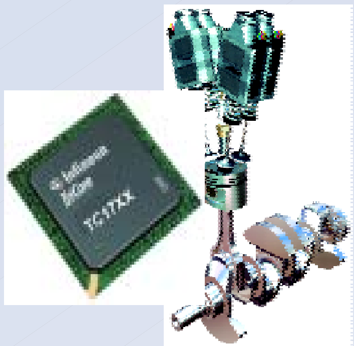


Automotive, Industrial and Multimarket BG's outlook for Q4 FY05:

- Estimating revenues and EBIT to remain stable sequentially
- Awaiting benefits from seasonal strength in Auto and Industrial businesses
- Continued price pressure at security & chip card ICs
- Continued focus on productivity improvements
- Planned phase-out of production in Munich and start-up costs for new site in Malaysia to negatively impact EBIT through end of CY 2006

Maintaining Profitability in Automotive & Power Business With Complete Coverage of Customers' Needs

Defining automotive intelligence



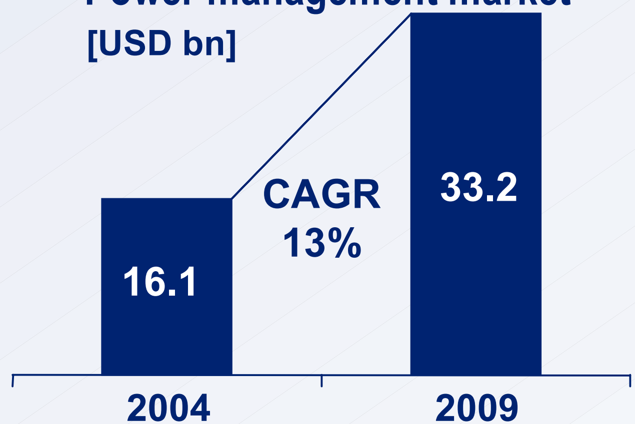
Applications:
- Powertrain
- Safety management
- Body & convenience
- Infotainment

Products:
- Sensors
- Microcontrollers
- Power devices
- Wireless chipsets
- Silicon discretes

Converting and controlling power

Key trends for power management
- DC/DC
  - Cost /footprint per ampere
  - Solution business in PC motherboard and notebook
- AC/DC
  - Miniaturization of power supply
  - Higher switching frequencies

Power management market
[USD bn]



Sources: iSuppli, WSTS, InStat, Infineon

Keeping Leadership in Security and Chip Card ICs Despite Difficult Market Environment

Addressing broad application base with approx. 40% market share

Ongoing productivity measures

- Volume roll-out of 130nm process
- Focus on new 32bit emerging applications
- Accelerated shift to MicroSlim technology
- Shift to Flip-Chip-on-Substrate (FCOS) packing

Communication:
Driving Convergence of Technologies and Applications

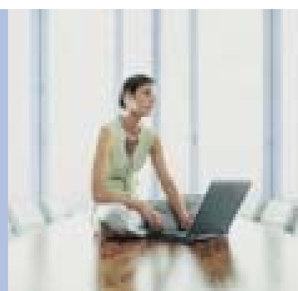
AIM

Automotive, Industrial & Multimarket

COM

Broadband Access – Access and CPE
RF Connectivity – RF Engine, RF Power, Tuner System, RF Custom, SR Wireless
Mobile Phones – Entry Phone, Feature Phone, CP Siemens, Software

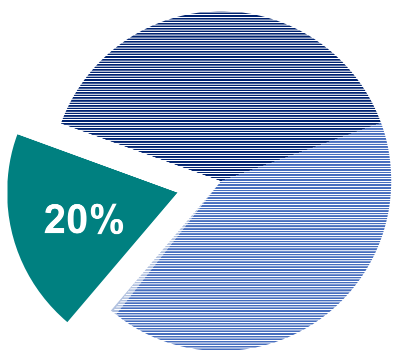
MP



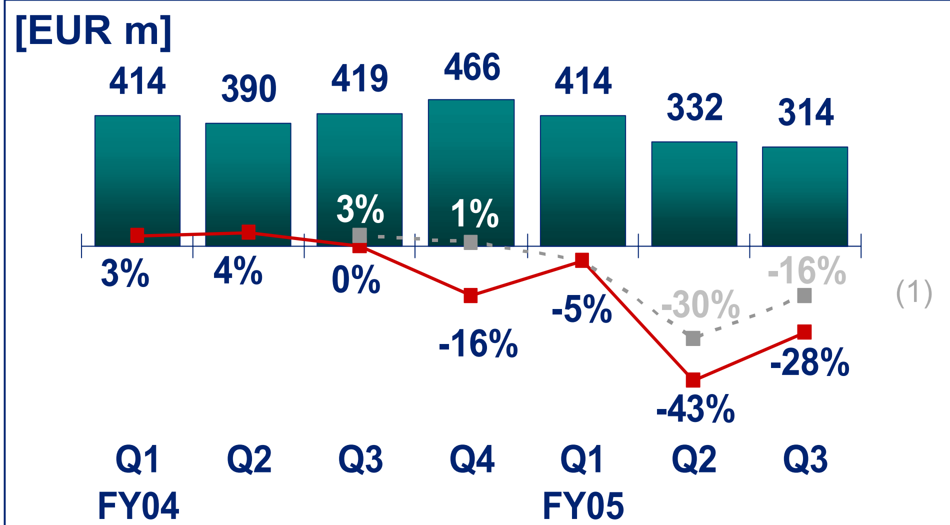
Memory Products

COM: Revenue And EBIT Development

Revenue share Q3 FY05



Revenues and EBIT margin



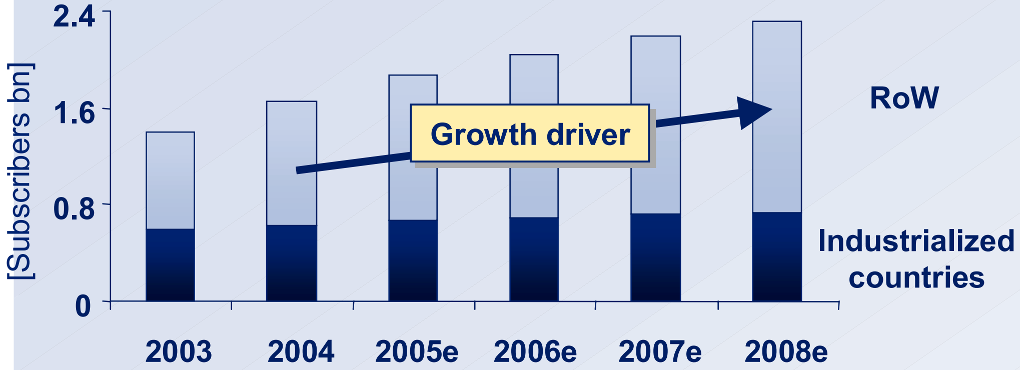
Communication BG's outlook for Q4 FY05:

- Expecting revenues to remain stable or increase slightly sequentially
- Anticipating EBIT to remain stable or improve slightly compared to 3rd quarter EBIT (excl. impairment charges)
- Awaiting wireline business to be profitable by end of CY 2005

(1) Excl. acquisition related expenses and net charges resulting primarily from reorganization measures.

Emerging Markets Remain Unit-growth Drivers; Shift Towards Feature-driven Replacement Sales

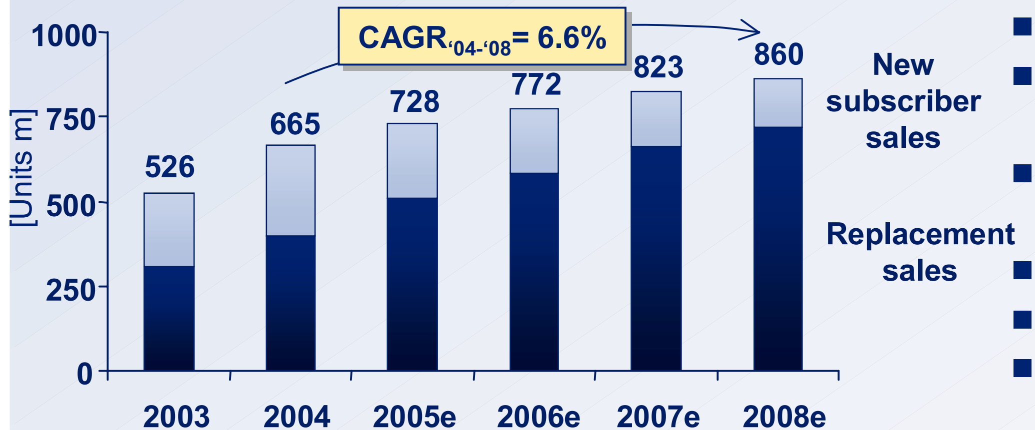
Worldwide cellular subscribers



Emerging markets

- 3.5 billion “non-connected" people living within mobile network coverage area
- Affordable handset
- Intuitive user interface
- Long stand-by time

Worldwide cellular phone sales

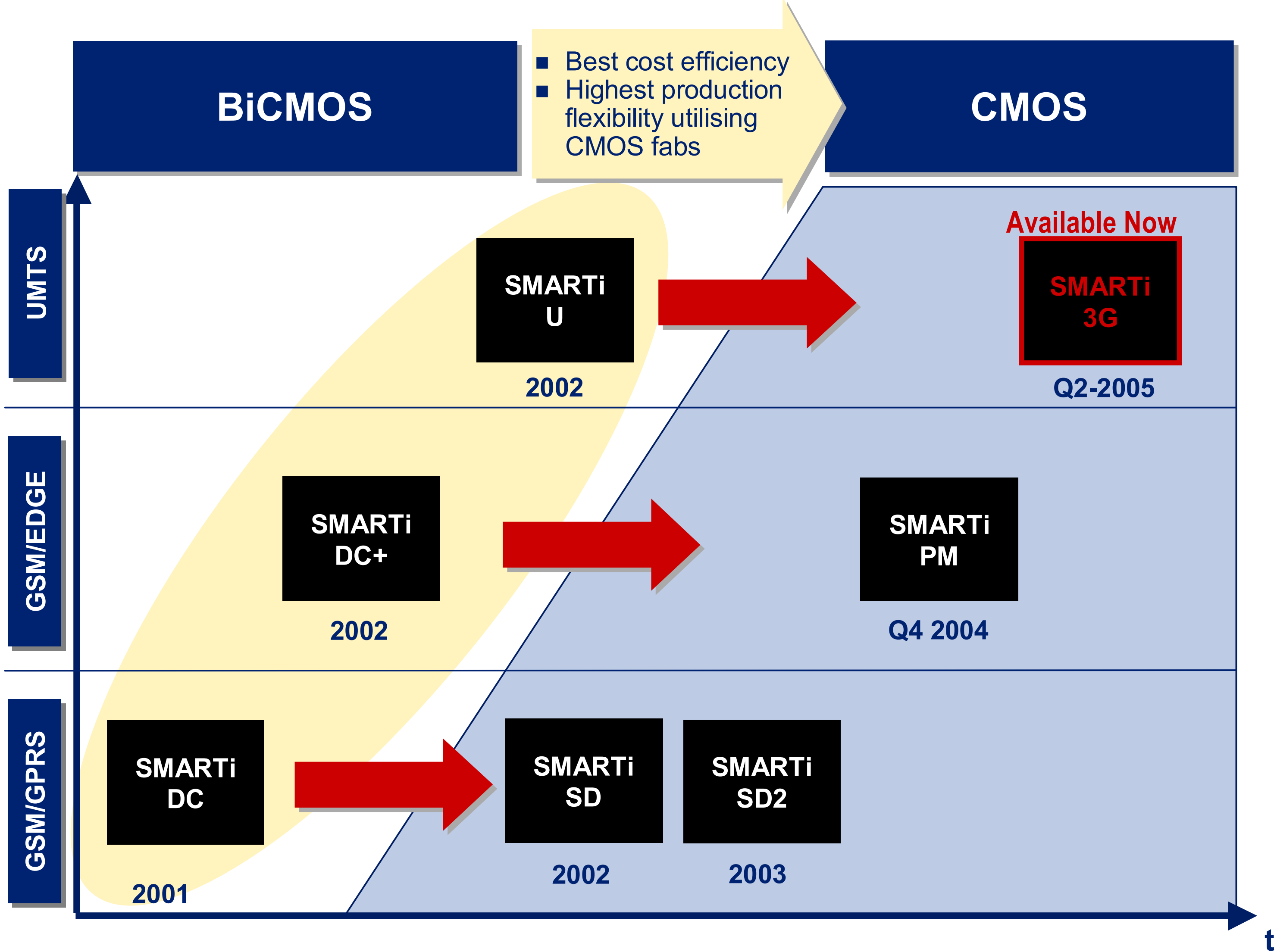


Developed markets

- Users seeking simplicity
- Voice/SMS focused, no gadgets
- Simple & intuitive user interface
- Personalized design
- Reliable usage
- Handset price

Sources: Infineon (2005), Gartner (Jan 2005), Strategy Analytics (Dec 2004)

Wireless RF – Market Leader With >25% Market Share in Transceivers And 3rd Generation Now in CMOS

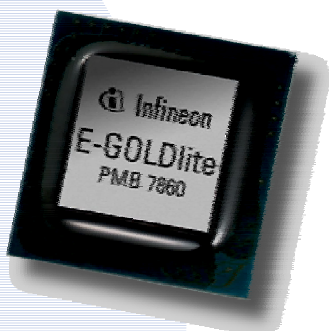


IFX Introduced Worldwide First Single-chip RF/baseband to Target Low Cost Markets

Long-term experience

RF CMOS transceiver
- In volume production
- 130nm CMOS
- Single-chip digital RF solution

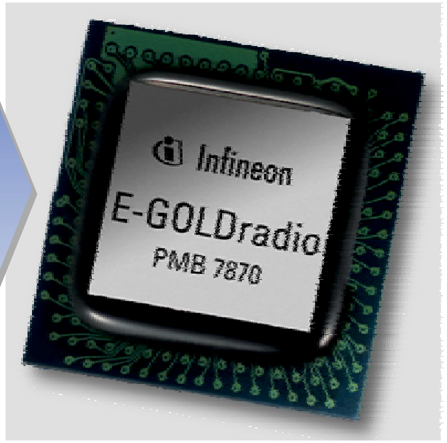
Baseband
- In volume production
- 130nm CMOS
- Integrates:
  - Digital baseband
  - Mixed signal
  - SRAM



Monolithic integration
- 30% lower BOM
- 30% smaller footprint
- Less complexity

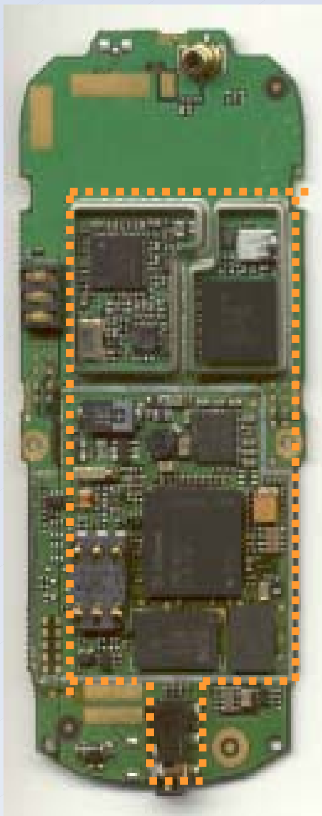
Volume-ramp in 2005

Single-chip CMOS RF and baseband



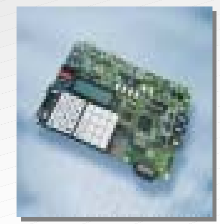
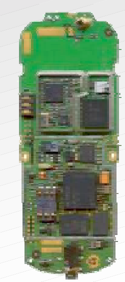
Supports:
- Up to GPRS Cl. 12
- 1.3 MPix camera
- Dual color display
- MP3 playback

Infineon's ULC Solution Reduces BOM Significantly



< 35 USD	Phone BOM	< 20 USD
	IFX with highest level of hardware integration	
$28 cm^2$	**PCB size area**	$9 cm^2$
200	**# of components**	100
6	**PCB layer**	4
Double-sided	**PCB mounting**	Single-sided

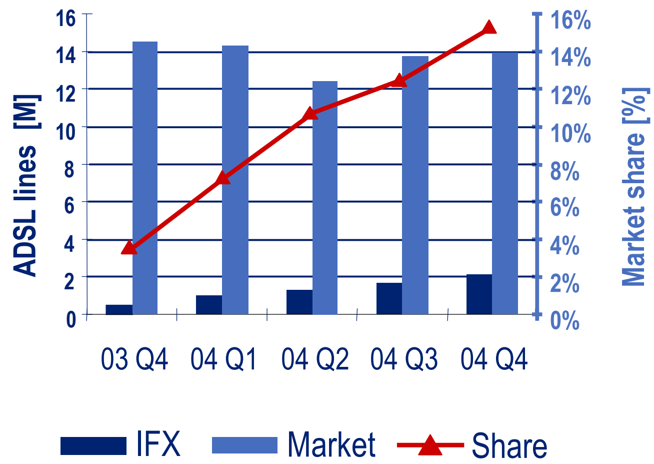
Infineon Features Advanced Platform Applications

Applications	Product features
Smart phone K2 Open O/S 	■ Video conferencing and video streaming ■ Video recording with preview ■ High-speed browsing ■ 3D sound and 3D gaming ■ Advanced J2ME features ■ UMTS reception diversity 
Multimedia phone MP-E/EU Camera 	■ 2 MPix still picture camera ■ Video playback and recording ■ Video streaming w/o companion ■ MPEG4, H.263, MP3, AAC++ ■ Voice recording and recognition
Feature phone (Low-end) MP1-G Apoxi 	■ VGA camera module ■ Polyphone ringer: up to 40 voices ■ Video: MPEG-4/H.263 play/record ■ Codecs: FR / HR / EFR / NB-AMR ■ Connectivity: IrDA, USB 2.0, Bluetooth 

Wireline – Strong Positioning in Access Growth Markets

ADSL

2004: Significant market share increase



ADSL2+ for Cust. Prem. Equipment

- End-to-end strategy
- 2004: Successful market entry for ADSL2+ deployments (ADMtek)

High growth in T/E business

- No. 1 in T/E with 27% market share
- In 2004, IFX enjoyed further growth due to 3G infrastructure build-up

Leading solutions for VoIP

- “VINETIC” for VoIP CPE and line cards
- “INCA IP” as VoIP telephone solution

Sources: Dell'Oro 2005 (ADSL), IFX 2005; Gartner 07/2005 (T/E)

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VDSL2 Success Factors – Infineon Has it All

✓ Early availability

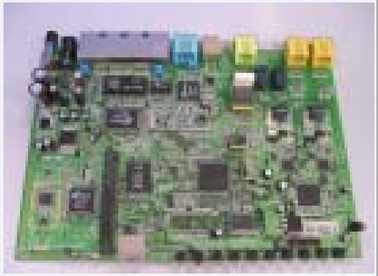
- VINAX: 1st fully standard compliant VDSL2 chip solution
- IFX: Sole company meeting all regional requirements

✓ Experience

- More than 4 million VDSL1 lines powered by Infineon chip solutions
- Fully ADSL backwards compatible

✓ Meeting all regional requirements

- Extensive line-card and CPE solutions portfolio including: DSL, Communications Processors, VoIP, WLAN, switch/PHYs…



Memory Products:
Leader in 300mm DRAM Manufacturing

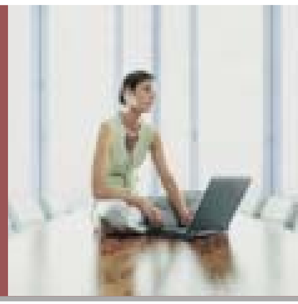
AIM

Automotive, Industrial & Multimarket

COM

Communication

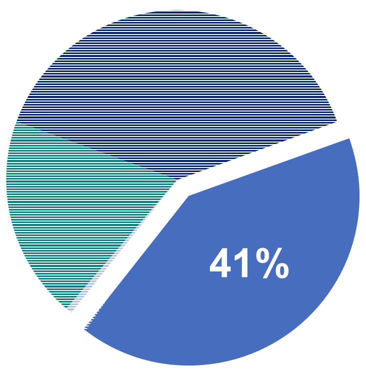
MP



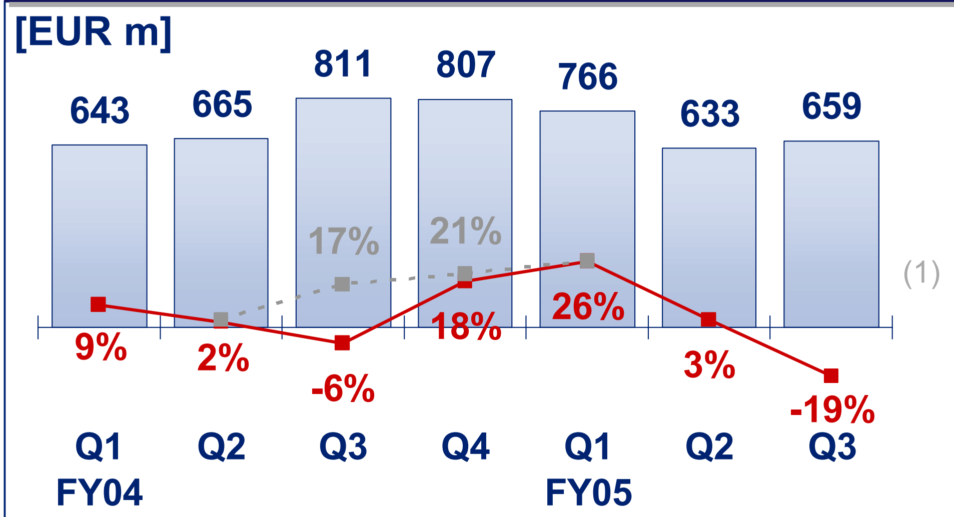
- **Computing** – DT, NB, WS, Server & more
- **Graphics** – For graphics and games
- **Consumer & Mobile** – Low power for lifestyle
- **Aeneon** – For emerging white box markets
- **Flash** – NAND-compatible NVM

MP: Revenue And EBIT Development

Revenue share Q3 FY05



Revenues and EBIT margin



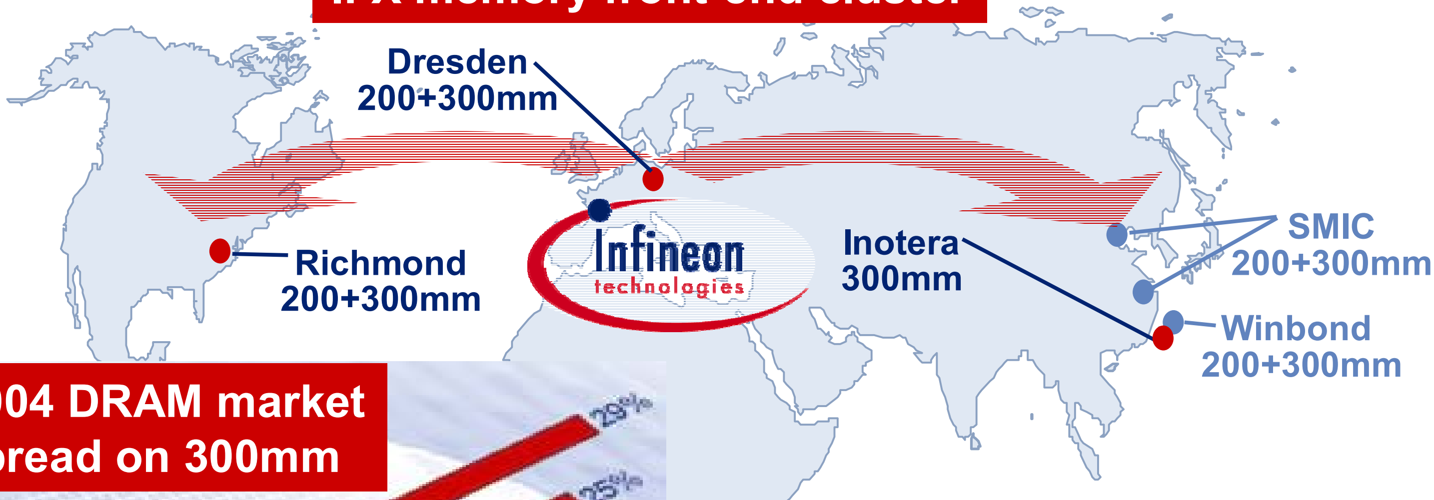
Memory Product BG's outlook for Q4 FY05:

- Expecting bit-production to increase by ~15% based on additional shipments from Inotera, foundry partners and ramp of Richmond 300
- Bit-shipments are estimated to increase above market average
- Continue focusing on expansion of portfolio with higher margin products and increasing share of products with 512M density & DDR2 interfaces

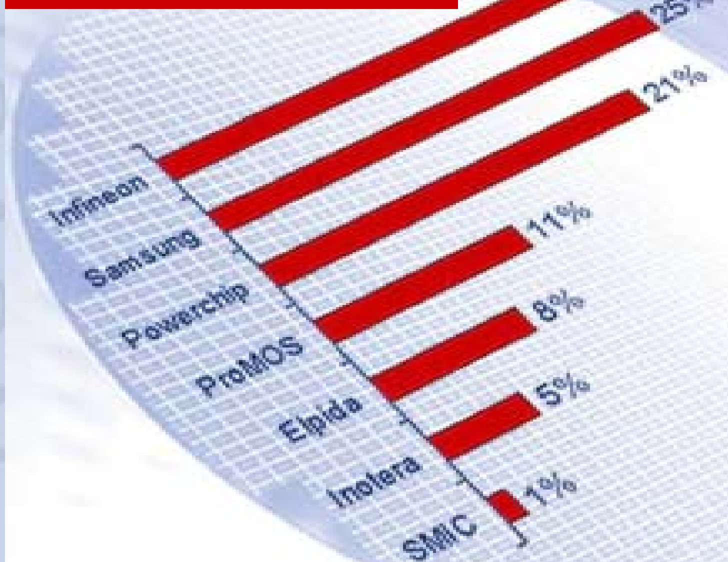
(1) Excluding antitrust-related charges.

300mm Fabs Up And Running – Now Converting to 90nm

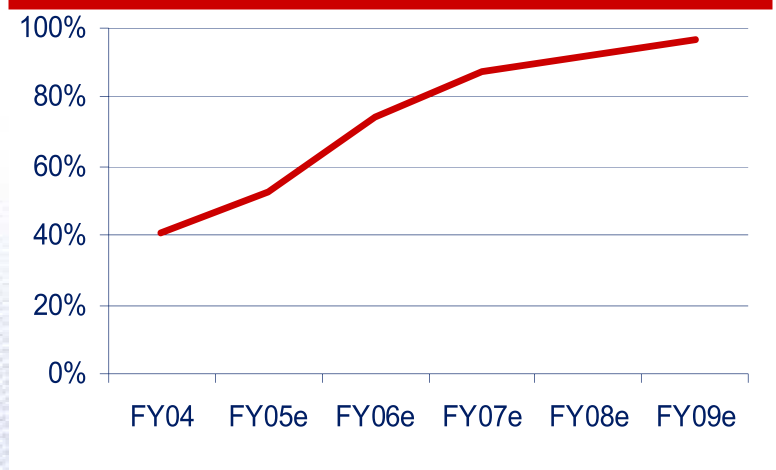
IFX memory front-end cluster



2004 DRAM market spread on 300mm



IFX memory roadmap for 300mm



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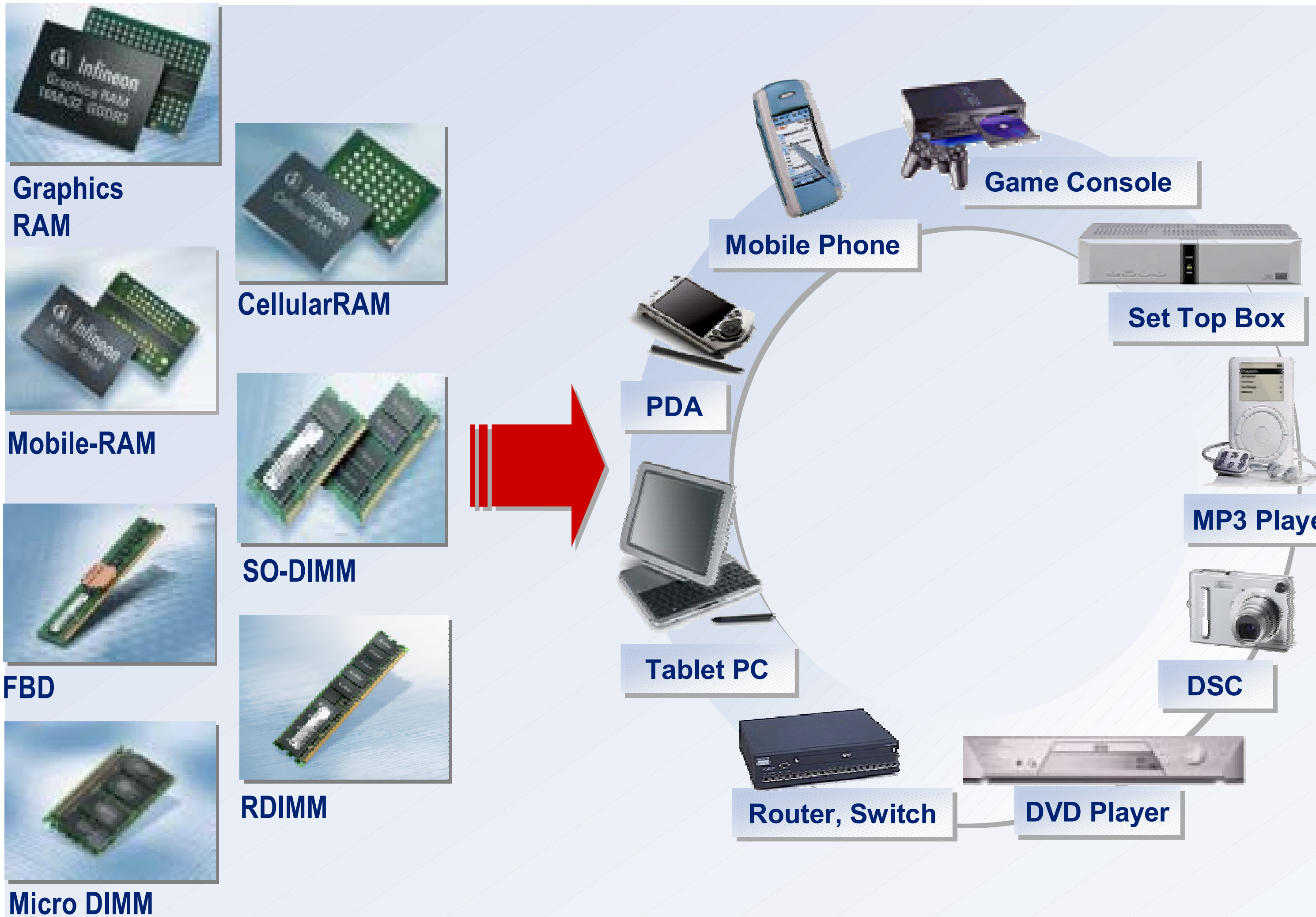
Shifting Memory Portfolio To Higher Margin Products



Agenda

- Quarterly Update & Financials
- Automotive, Industrial & Multimarket
- Communication
- Memory Products
- **Outlook**

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Infineon Group's F4Q Outlook As Of July 26th

- ***Revenues and EBIT:*** expect firm improvement sequentially
- ***R&D and SG&A:*** should remain roughly at a similar level
- ***One-off charges:*** substantially lower, range of EUR20-40mn
- ***Pay back of EUR450mn*** credit facility from available funds
- ***Tax expense rate:*** around 30%
- ***Capex:*** expected range for FY05 is EUR 1.3-1.4 bn
- ***Depreciation:*** expected FY05 range approx. EUR 1.3-1.4 bn
- ***FY06:*** Capex & Depreciation ranges not expected to increase

- ***AIM:*** estimated stable revenues and EBIT
- ***COM:*** expected revenues to remain flat or slightly increase; EBIT with slight improvement at best (ex impairment charges)

Memory Market And MP Outlook For F4Q As Of July 26th

- Demand estimated to pick up based on further increase in memory content per system and current overall low price level for DRAMs
- Only moderate growth of supply expected due to shift of capacities from DRAM to Flash by some competitors
- Infineon anticipates a rather balanced demand and supply environment in the market, facilitating price stability during the quarter

- ***MP:*** Infineon is confident that both a further market growth and a stable price environment, combined with further operational improvements, will help to reduce substantially our losses in the current quarter

Infineon technologies

www.infineon.c

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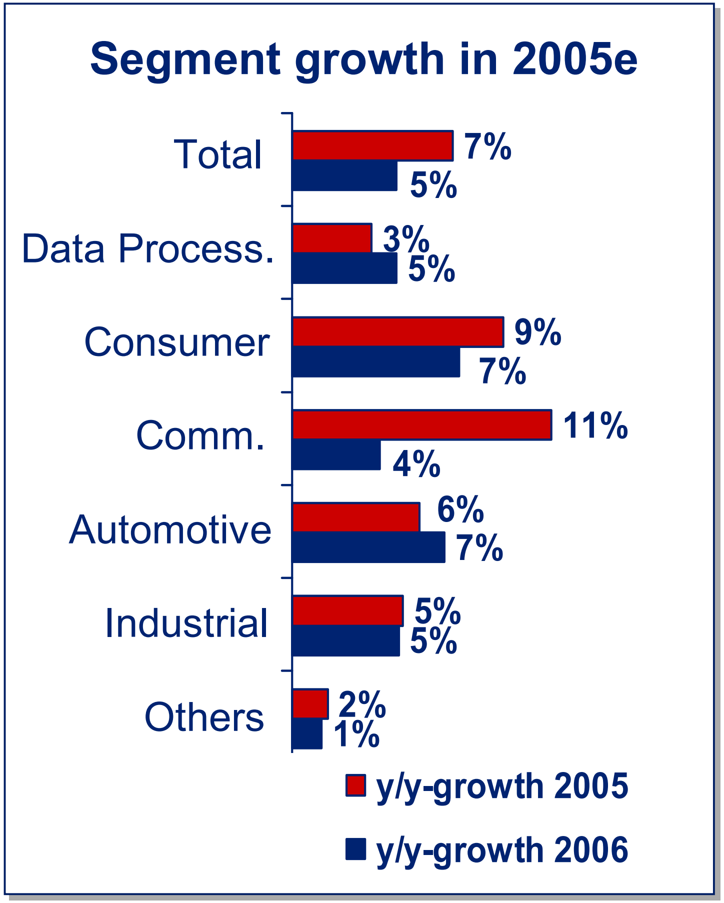
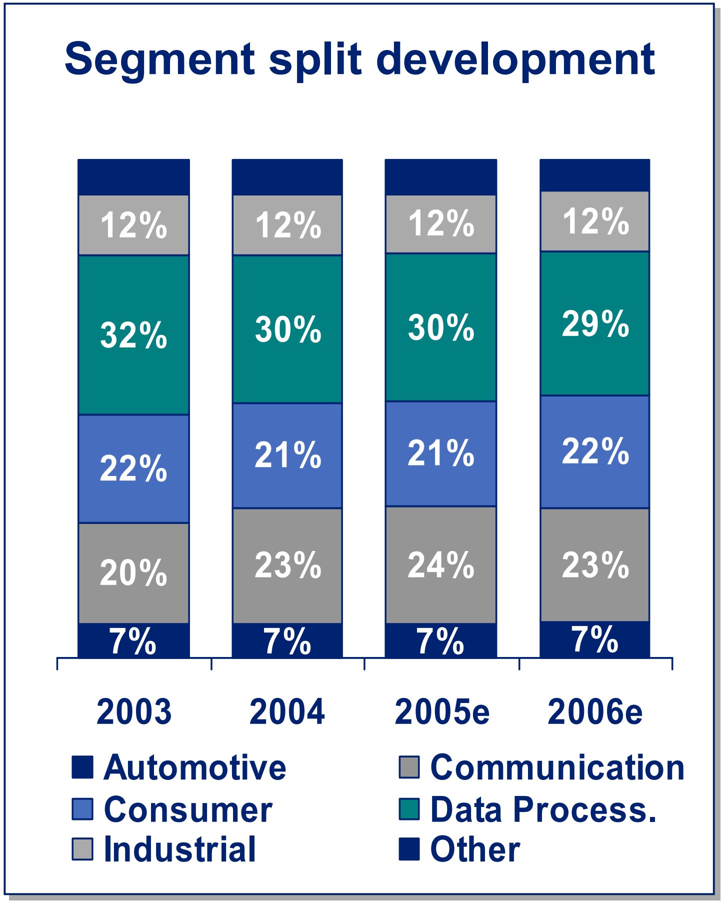
Consumer And Communication Devices Drive Growth in 2005, Consumer And Auto Safety Spplications in 2006

Electronic equipment revenues market forecast by segment



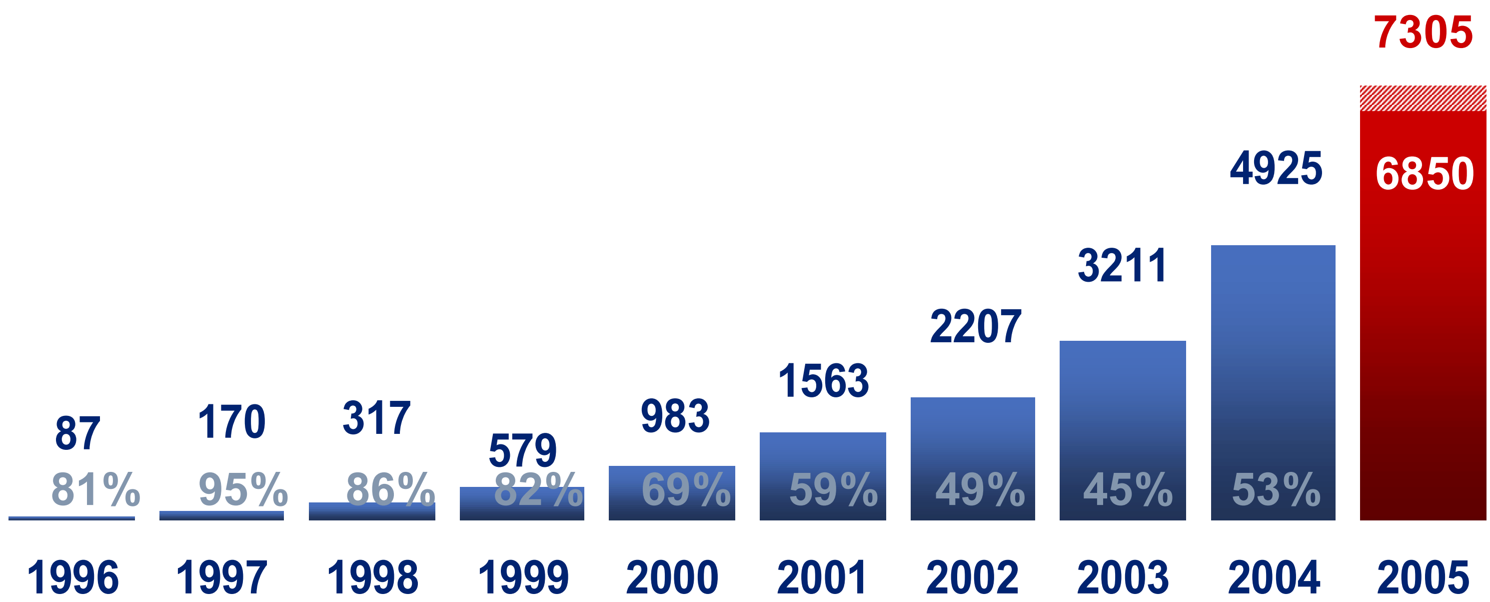


Source: Gartner Dataquest, May 2005

DRAM Bit Market Development And Forecasts

Forecasts	2005
Gartner	53%
iSuppli	42% / 53%*
De Dios	45%

[256M eq.]

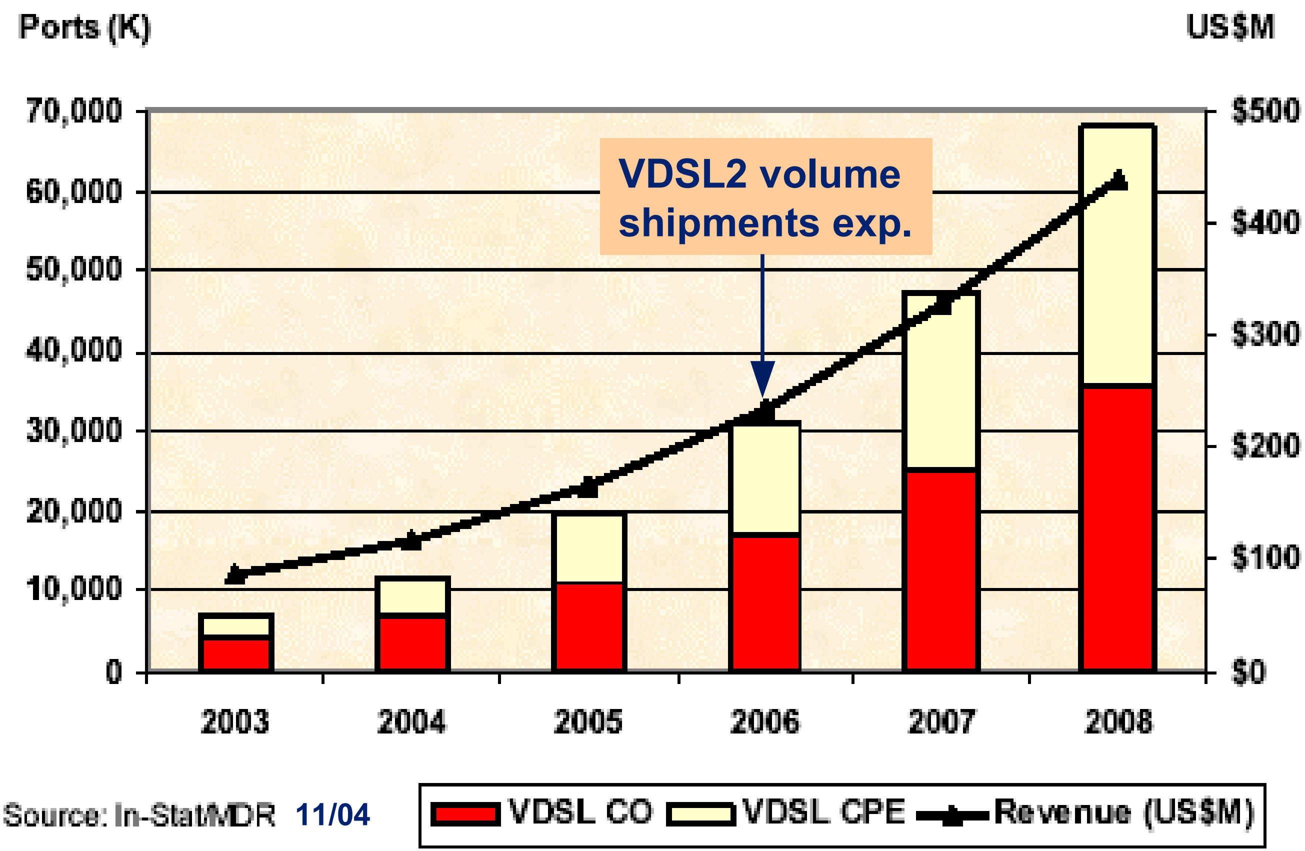


Source: WSTS for historical data, Forecast: Gartner, iSuppli, DeDios Q2 2005

* iSuppli: demand 42% , supply 53%

Market Trends – Revenue Forecast Worldwide

Total VDSL and VDSL2 IC shipments and revenue forecast



Source: In-Stat/MDR 11/04