Infineon

Fiscal Year-end Roadshow

November / December 2005

Dr. Wolfgang Ziebart
President and CEO

Peter J. Fischl
Executive Vice President and CFO

Infineon

Never stop thinking

Disclaimer

Please note that while you are reviewing this information,
this presentation was created as of the date listed,
and reflected management views as of that date.

This presentation contains certain forward-looking statements that are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements.

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.

Infineon FY05 roadshow: Contents

Infineon FY05 Roadshow: Contents

Results for Q4 vs. Q3 of FY05

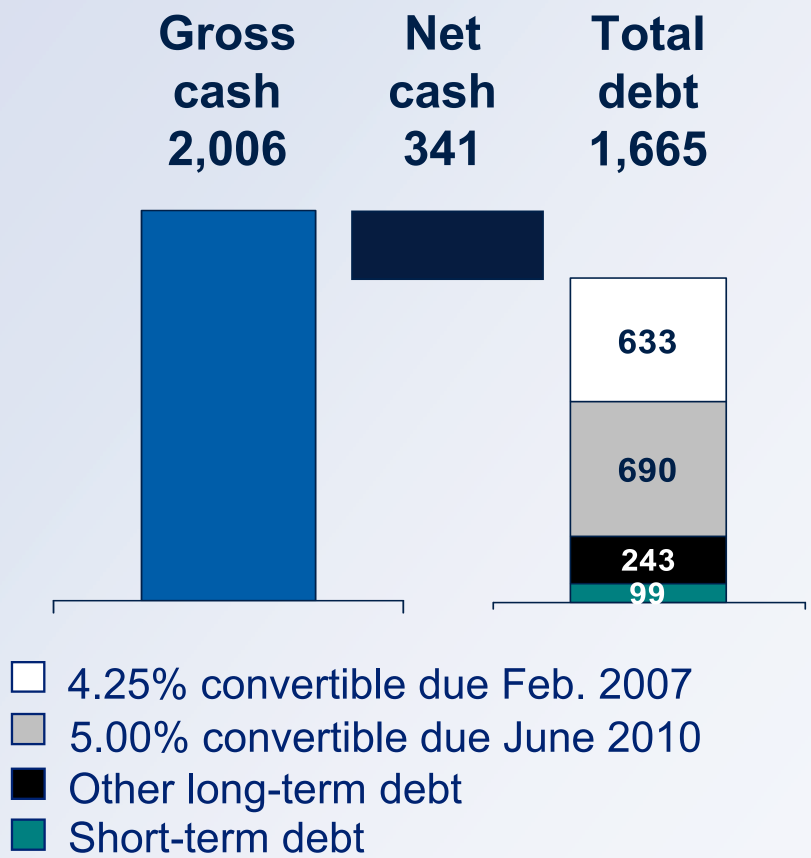
[EUR m]	Q3 FY05	Q4 FY05	FY 2005
Net sales	**1,606**	**1,731**	**6,759**
Gross margin	**16%**	**26%**	**27%**
R&D expenses	**320**	**290**	**1293**
in % of sales	20%	17%	17%
SG&A expenses	**157**	**172**	**655**
in % of sales	10%	10%	10%
EBIT	**(234)**	**(43)**	**(183)**
EBIT excluding one-off's	(152)	21	(79)
in % of sales	(10%)	1%	(1%)

Maintaining a solid financial position

[EUR m]	FY05
Operating cash flow	**1,039**
Capex	**(1,368)**
Other investments [(1)]	**48**
Free cash flow	**(281)**

Sept. 30, 2005

[EUR m]

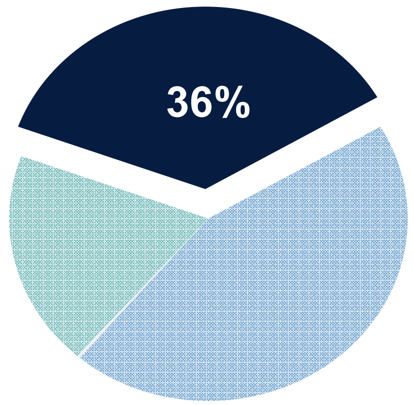


(1) Excluding purchase / sale of marketable securities

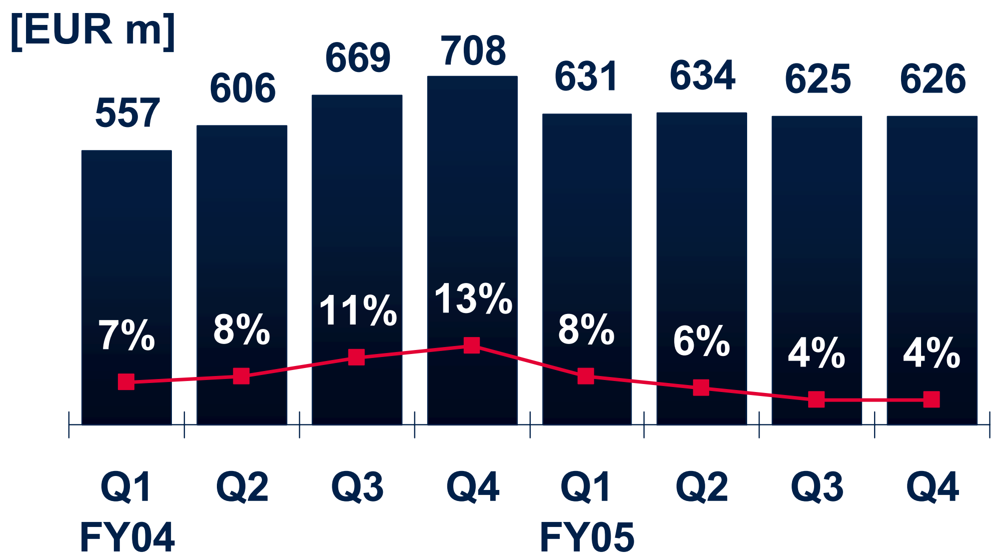
Infineon FY05 Roadshow: Contents

Business Group Automotive, Industrial & Multimarket FQ4 Update

Revenue share Q4 FY05



Revenues and EBIT margin



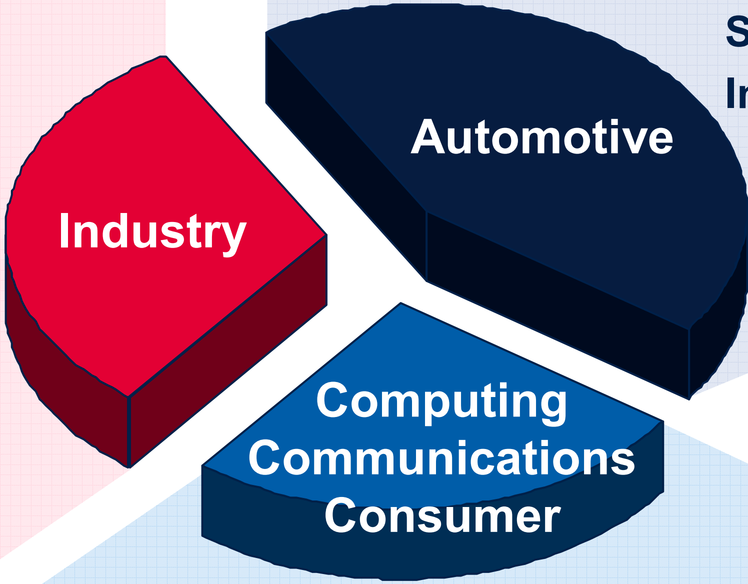
- Stable revenues driven by strong demand for industrial products, but continued pricing pressure in chip card and security business.
- Improved EBIT despite ongoing costs for Kulim and Perlach fabs due to strong seasonal improvement in industrial.

AIM fields of activities

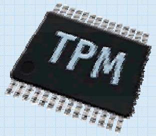
Power Generation & Distribution
Power Supplies
Automation, Ind. Motor Control
Traction

**FY05 revenue:
EUR 2.5bn**

Powertrain
Body & Convenience
Safety
Infotainment



PC motherboards
Power supplies for TVs, DVD players etc
SIM cards, Pay-TV cards



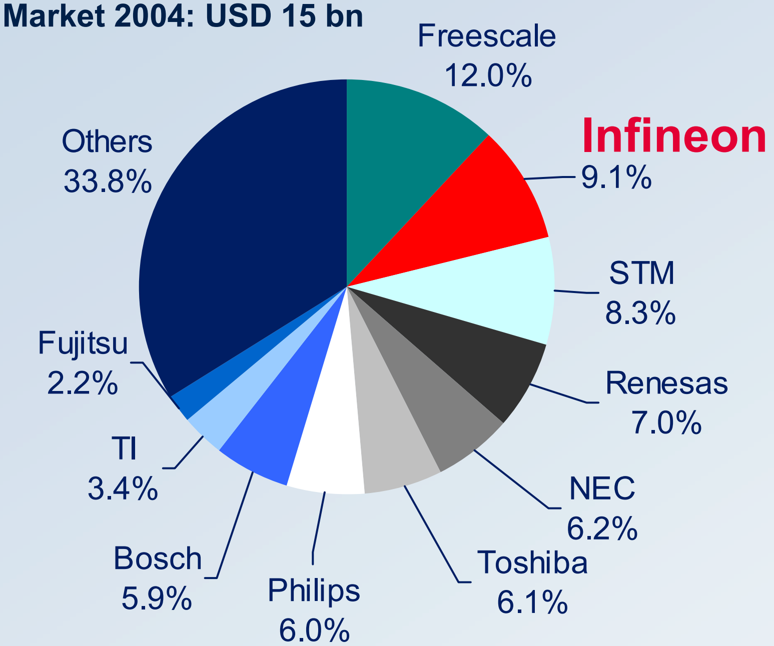
In Automotive, Infineon leads the long-range route

Outstanding performance: No. 1 in Europe, No. 2 worldwide, No. 3 in U.S.

✓ Strong development in Europe

✓ Improved in NAFTA & Japan

Market 2004: USD 15 bn

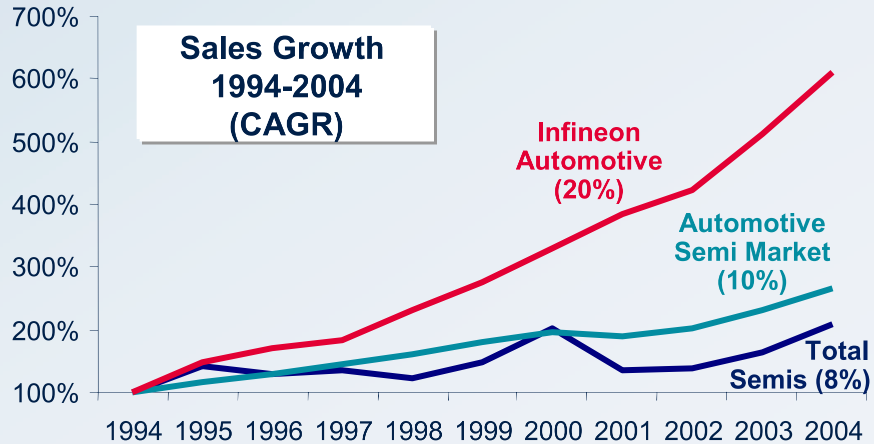


IFX products

- Sensors
- Microcontrollers
- Power devices
- Wireless chipsets
- Discretes

Key applications

- Powertrain
- Safety management
- Body & convenience
- Infotainment



Source: (Market data) Strategy Analytics

Infineon strengthened No. 1 position in Power and improved to No. 4 in industrial applications

Industrial Semiconductor Market

2003 Rank	2004 Rank	Company Name	2004 Revenue
1	1	Renesas Technology	1.700
2	2	Intel	1.497
3	3	STMicroelectronics	1.371
8	4	Infineon Technologies	914
5	5	Analog Devices	818

Power Semiconductor Market

2003 Rank	2004 Rank	Company Name	2003	2004	Change
1	1	Infineon	8,1%	8,4%	0,3%
2	2	IR	8,0%	7,8%	-0,2%
4	3	Fairchild	7,6%	7,7%	0,1%
3	4	STM	6,7%	7,2%	0,5%
5	5	Toshiba	7,4%	6,7%	-0,7%
6	6	Vishay	5,8%	5,9%	0,1%
7	7	Mitsubishi	5,1%	5,4%	0,3%
9	8	Fuji Electric	4,5%	4,7%	0,2%
8	=8	Renesas	4,7%	4,7%	0,0%
10	10	ON	3,9%	4,1%	0,2%

Sources: (top) iSuppli, August 2005; (bottom) IMS Research, August 2005

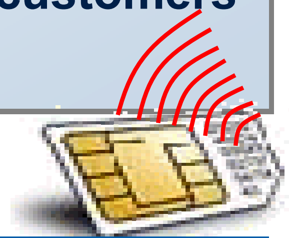
IFX Industrial Products

- **Power semiconductors**
  - AC/DC, DC/DC
  - High power semiconductors
- **Microcontrollers**
  - 8/16/32 bit controllers
- **Chipcard products**
  - RFID
  - Crypto and memory controller
- **Sensors**
- **Wireless control products**
- **Standard and customer/ application-specific products**

Chip Card: returning to profits

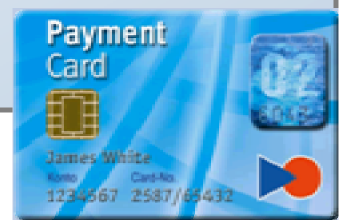
MicroSlim

- Inline pads vs outline pads
- 1-transistor-per-bit
- Implementation along with smaller feature size
- Qualified at top-5 customers



Restructuring

- Cost cutting
- R&D budget reduction
- Yield and quality program started



32-bit controller

- Introduced on 130nm
- Higher margin products
- Volume roll-out since 2004

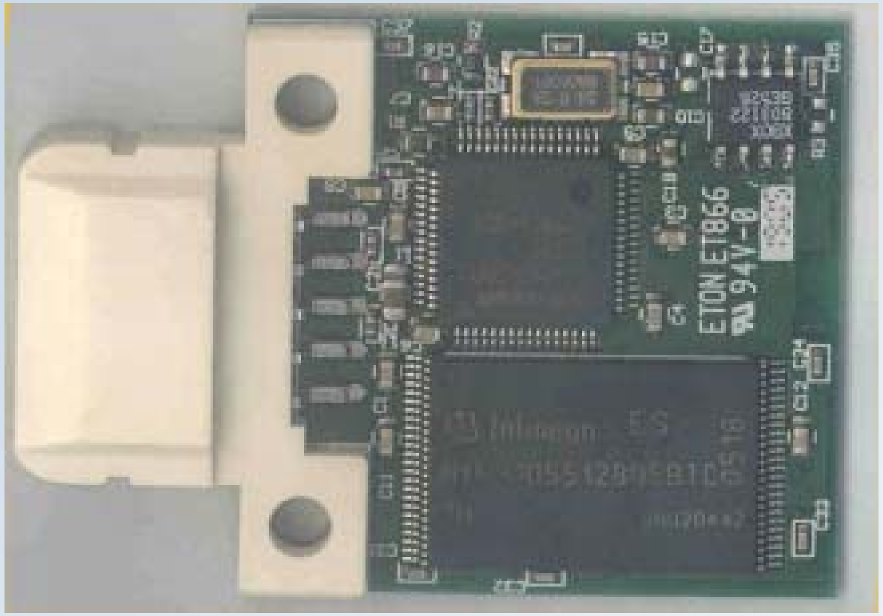
FCOS

- Higher mechanical stability
- Reduced packaging costs
- Roll-out since end of 2004

Design-win for Microsoft Xbox 360

Infineon products developed for Xbox 360

- Wireless game-pad controller
- Advanced security chip
- Removable solid-state memory unit



Discrete Semis: market focus & core competencies

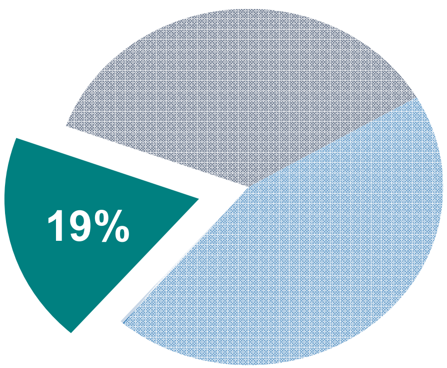
Communication	Consumer and Computer Peripherals	Automotive and Industry
		
Mobile Phone, GPS, WLAN, Cordless	**Tuner, LNB, DSC, DVC, Computer, …**	**General Purpose Infotainment**
RF Bipolar/Diodes	RF Bipolar/Diodes	RF Bipolar
Si MMICs	RF MOS	RF MOS
AF	AF	AF

HiPAC / MEMS

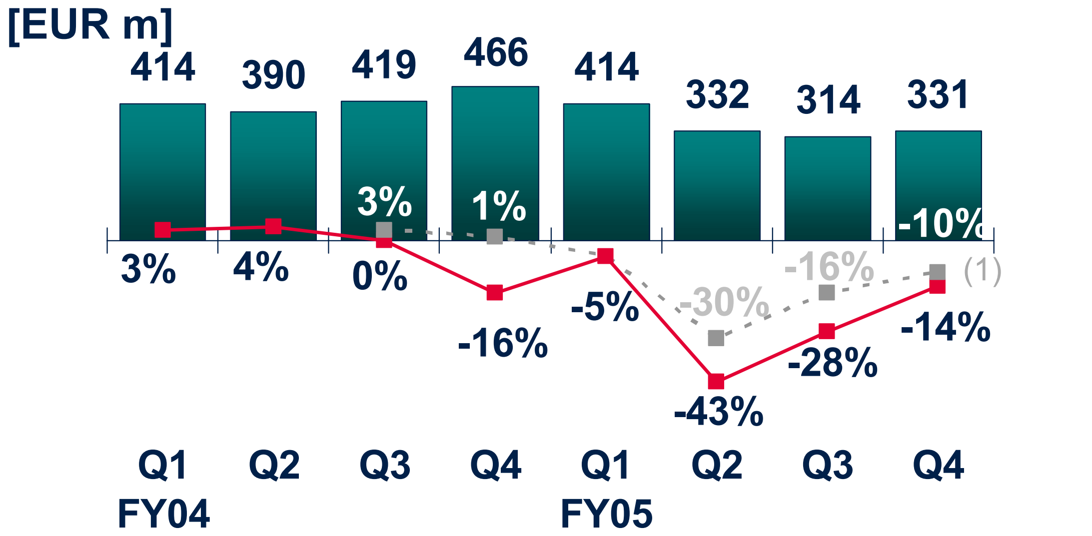
Infineon FY05 Roadshow: Contents

Business Group Communication FQ4 Update

Revenue share Q4 FY05



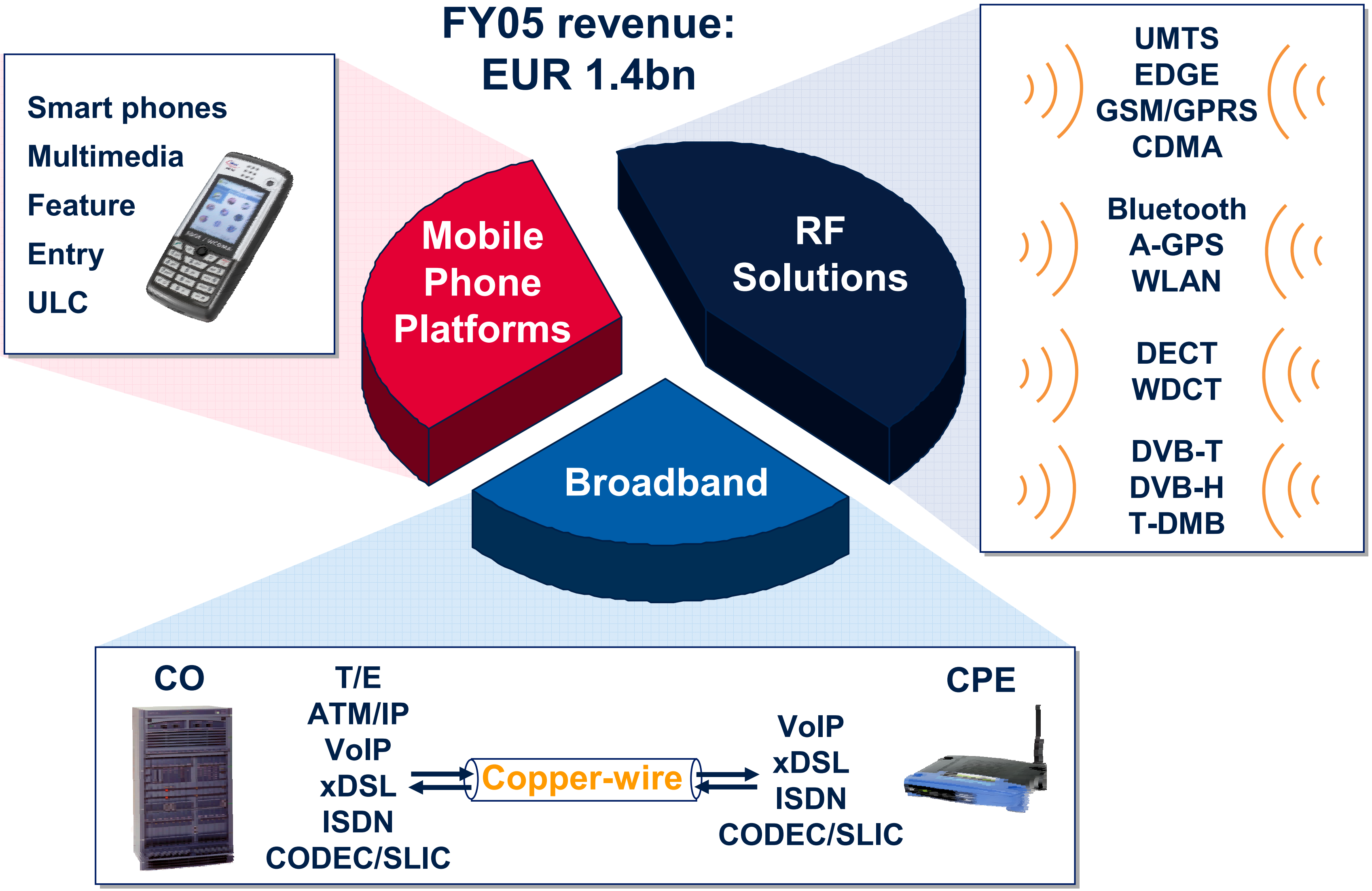
Revenues and EBIT margin



- COM revenue increased slightly given seasonally strong RF and baseband shipments.
- Significant improvement of EBIT as a result of higher loading, lower R&D costs and impact of restructuring.

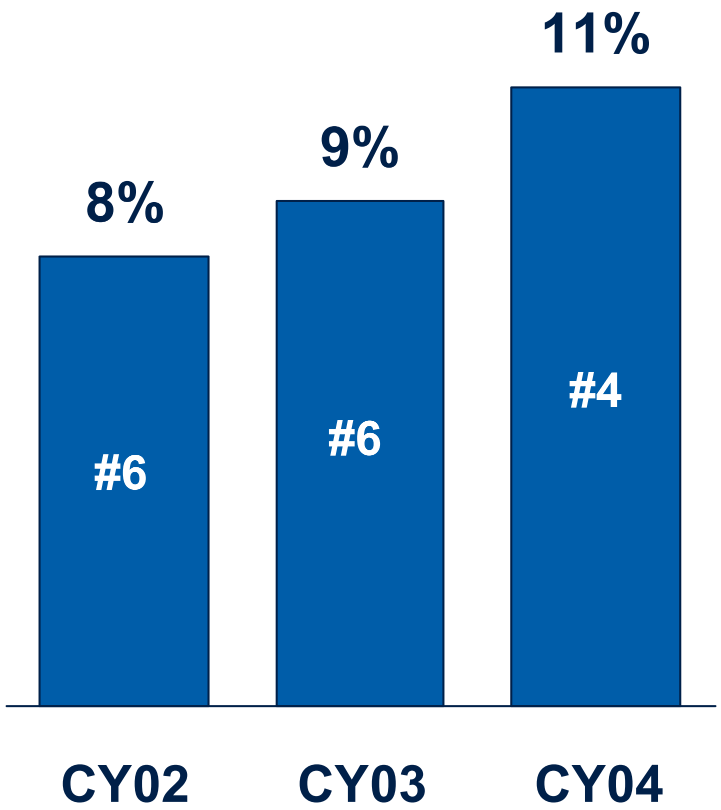
(1) Excl. acquisition related expenses and net charges resulting primarily from reorganization measures.

COM fields of activities



Early innovation translates into design-wins

IFX market share and ranking in DSL IC's



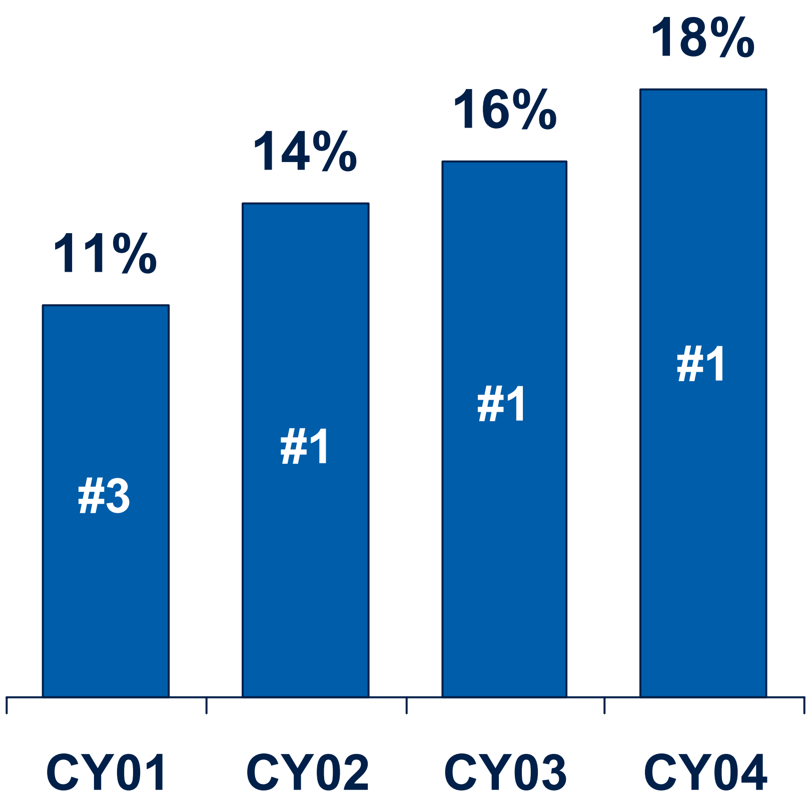
Source: Gartner, Communications Semiconductors Market Shares for 2003, 2004

Highlights

- Several major OEM's decided to start VDSL2 designs based on our chipset
- Production for a major VDSL2 project in 1H CY06 already started
- ADSL2/2+ wins at several leading DSLAM manufacturers
- Final agreement for IP DSLAM with major customer
- We have the design-wins in place to increase our market share in xDSL CO and CPE further

Securing a solid No. 1 position in RF transceivers

IFX market share and ranking in RF transceivers



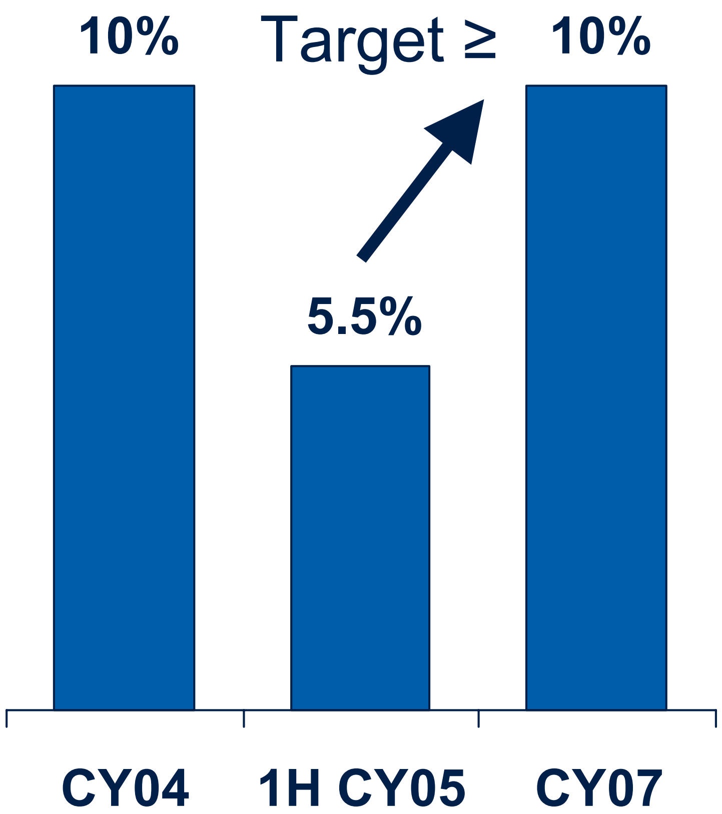
Source: Gartner, Wireless Communications Semiconductor Market Shares for 2002, 2004

Highlights

- Successful ramp-up of new RF transceiver product for a major OEM
- 3G CMOS transceiver: 4 dual-mode mobile phone platform design-wins ramping-up in 2006
- EDGE CMOS transceiver:
  3 dual-mode and 4 EDGE mobile phone platform design-wins ramping-up in 2006
- GPRS CMOS transceiver:
  - In volume production since 2004
  - Customers: Panasonic, BenQ

Competitive platform offering, strong execution lead to several design-wins

IFX market share in baseband



Source: Mobile phone sales: Gartner, September 2005.
Baseband sales: Infineon July 2005

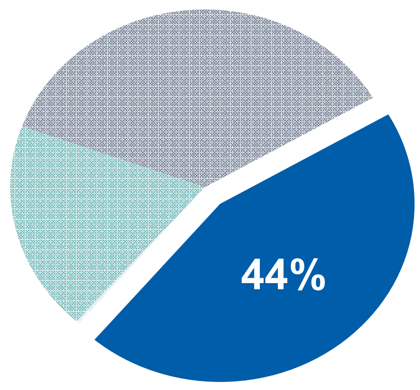
Design-wins

Customer	Platform	Ramp-up
BenQ	GSM/GPRS feature phones	2006
BenQ	EDGE Multimedia	2006
Panasonic	GSM/GPRS feature phones	Since Q3 2005
OEM	UMTS/EDGE Multimedia	2006
OEM	EDGE Multimedia	2006
OEM	GSM Ultra low-cost	2006
ODM	GSM Ultra low-cost	2006

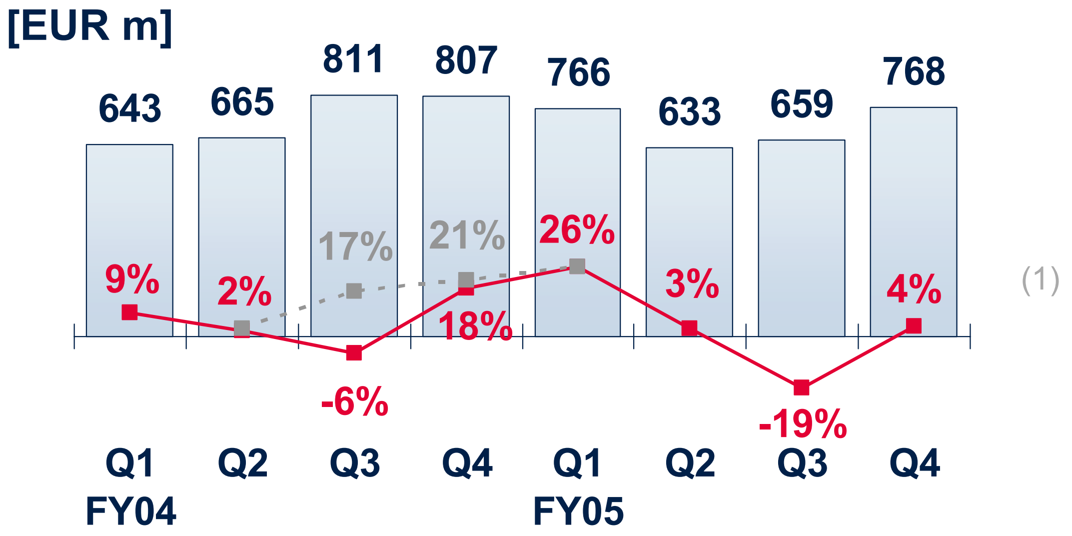
Infineon FY05 Roadshow: Contents

Business Group Memory Products
FQ4 Update

Revenue share Q4 FY05



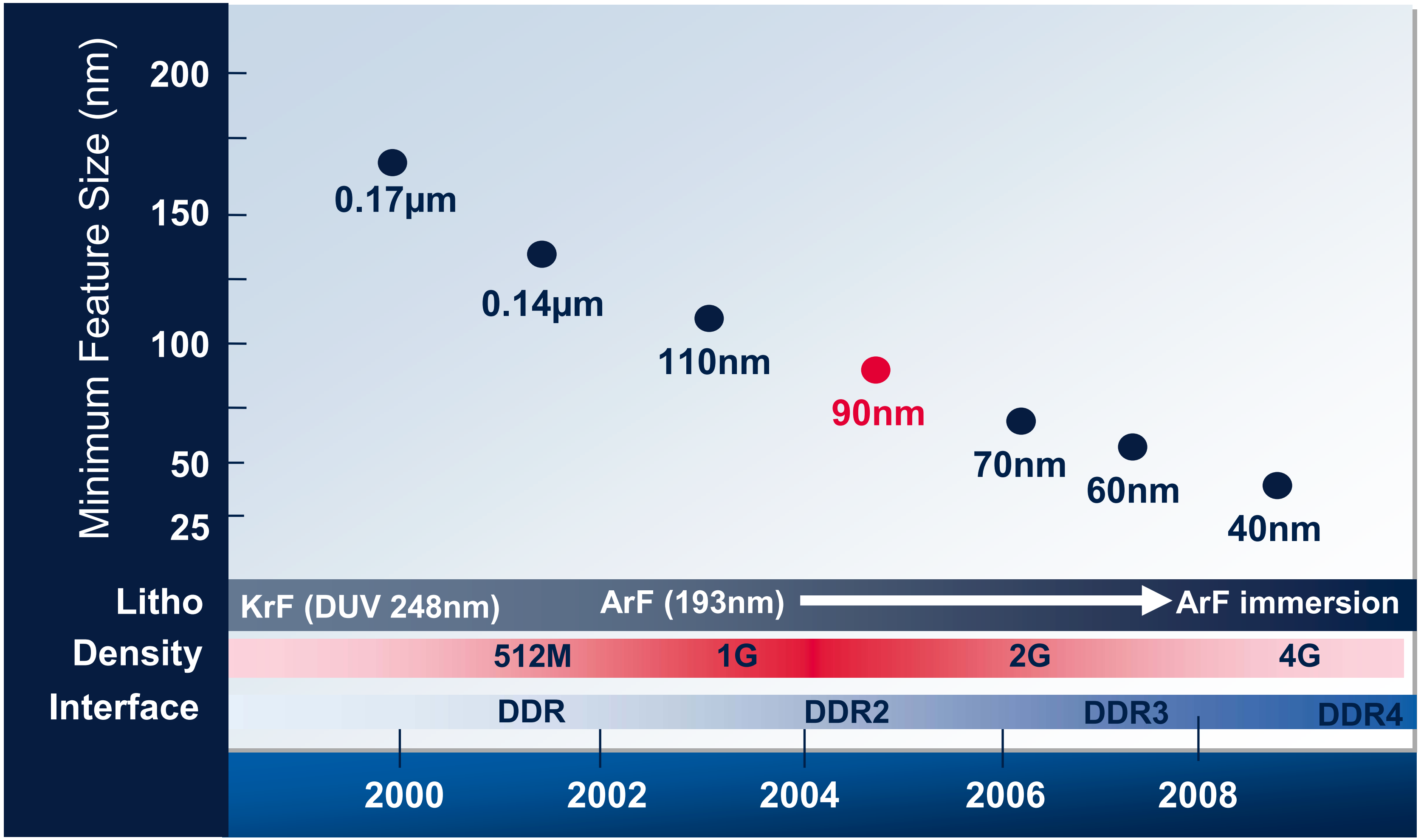
Revenues and EBIT margin



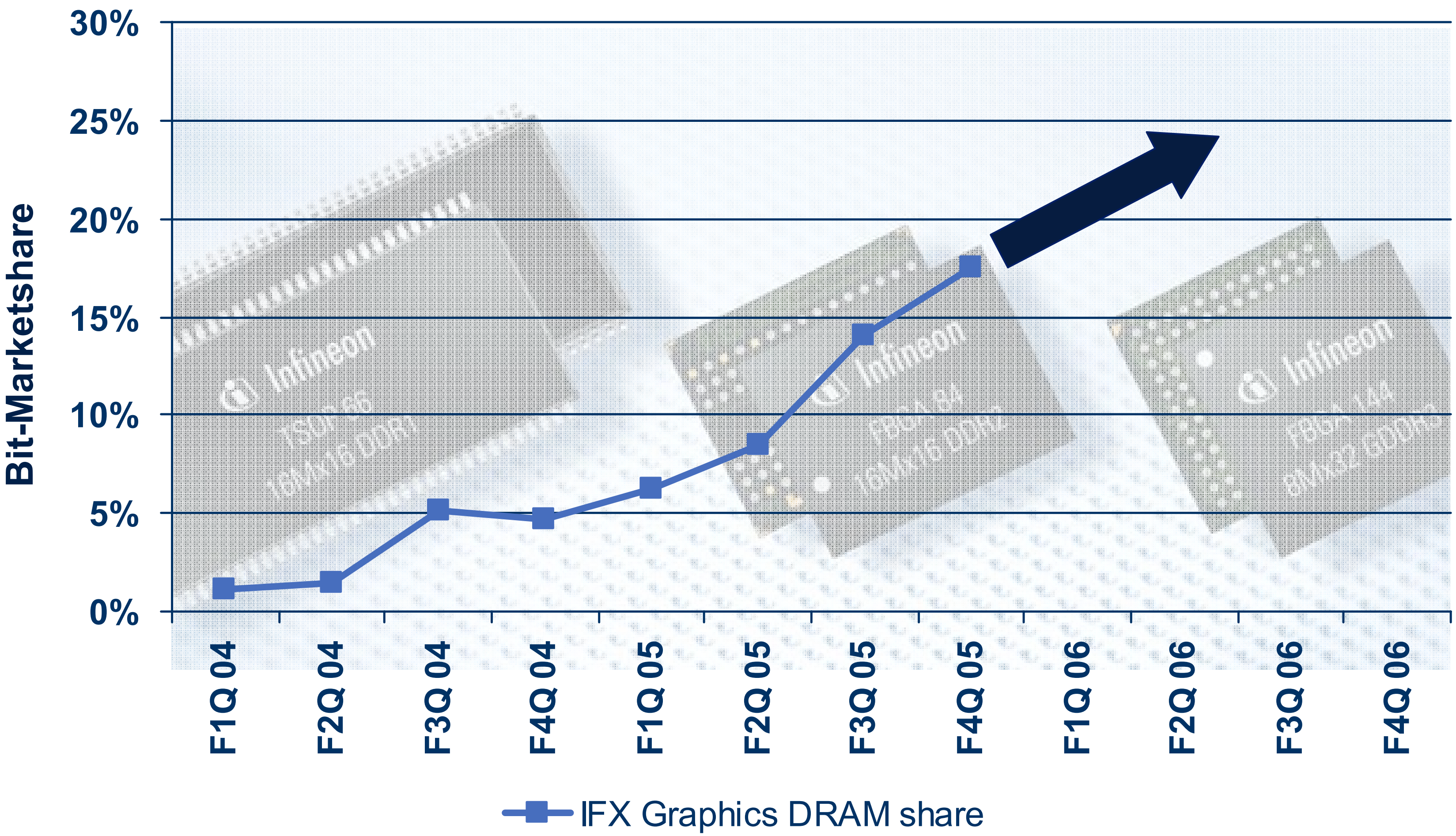
- Production growth in line with up mid teens q-o-q guidance, inventory broadly flat q-o-q
- ASP was up slightly, fully loaded costs declined significantly q-o-q
- On track with 90nm ramp, started Richmond 12” volume production

(1) Excluding antitrust-related charges

Strong roadmap, on track for 90nm, targeting faster 70nm



Continued mix and ASP optimization



Source: Infineon, October 2005

Infineon FY05 Roadshow: Contents

Infineon Business Group Q1 FY06 Outlook as of Nov 18th

AIM

- Estimating revenues to increase slightly with stable EBIT margin compared to Q4 FY05.
- Awaiting slight sales growth in auto, flat sales in industrial ICs. Ongoing price pressure in chip card ICs; continuing productivity measures.
- Planned phase-out of production in Perlach and start-up costs for new site in Malaysia to negatively impact EBIT through end-CY06.

COM

- Expecting revenues to remain stable sequentially.
- Anticipating EBIT loss to stay in the range of the EBIT loss of the Q4 FY05. EBIT including costs relating to Perlach closure.
- Wireline business to be profitable again in 1Q FY2006.

MP

- Expect bit-production to increase by more than 10% q-o-q given additional shipments from Inotera, foundry partners and ramp of Richmond 300.
- Continue focusing on expansion of portfolio with higher margin products and increasing share of 512M and DDR2 products.
- On track with 90nm ramp.

Infineon Group's FQ1 and FY06 Outlook as of Nov 18

Q1 FY06 sales: slight increase expected sequentially

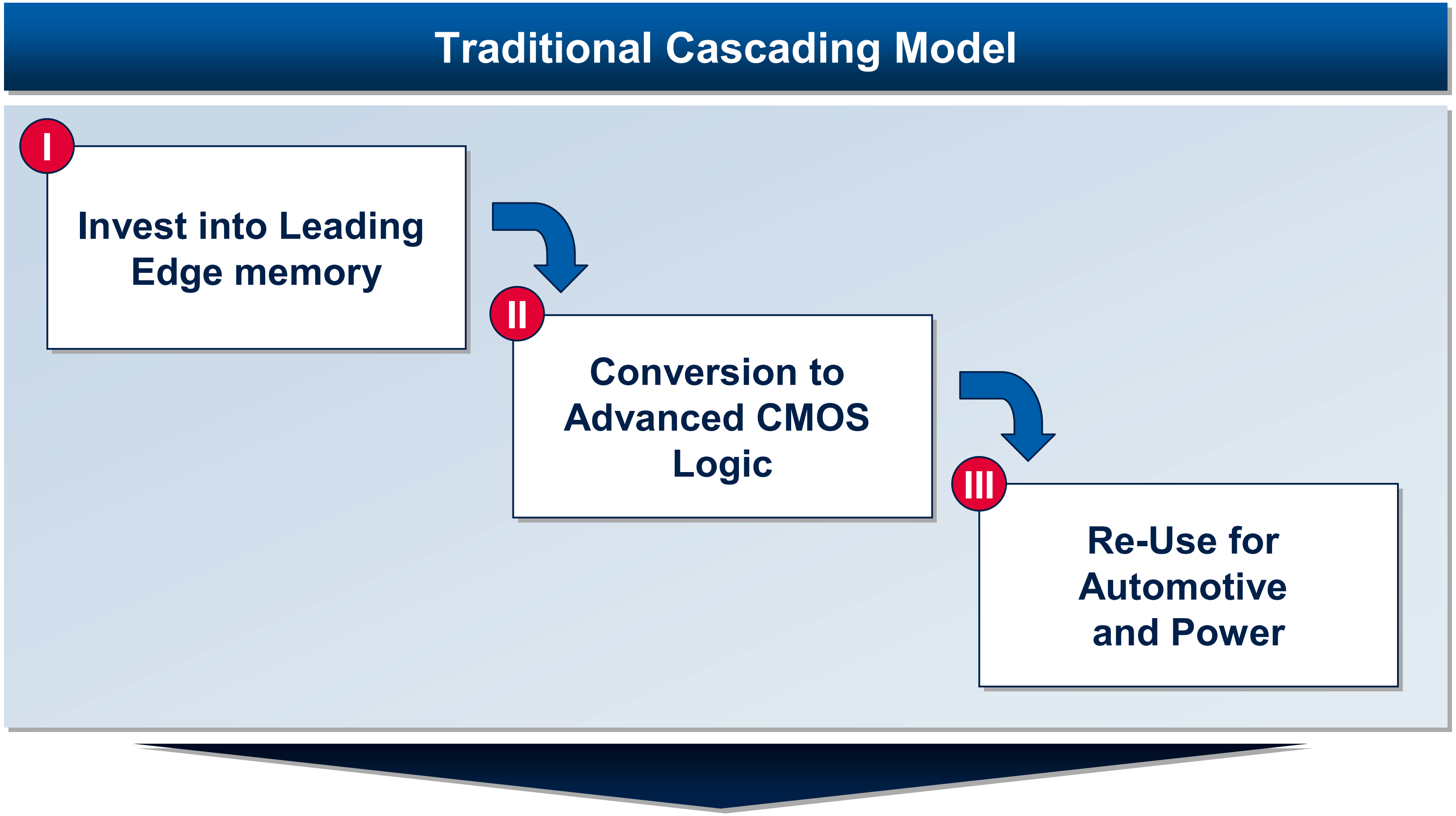
Q1 FY06 one-off charges: no significant amounts expected

FY06 Capex: expected range is EUR 1.2-1.4 bn

FY06 Depreciation: expected at about EUR 1.3 bn

Infineon FY05 Roadshow: Contents

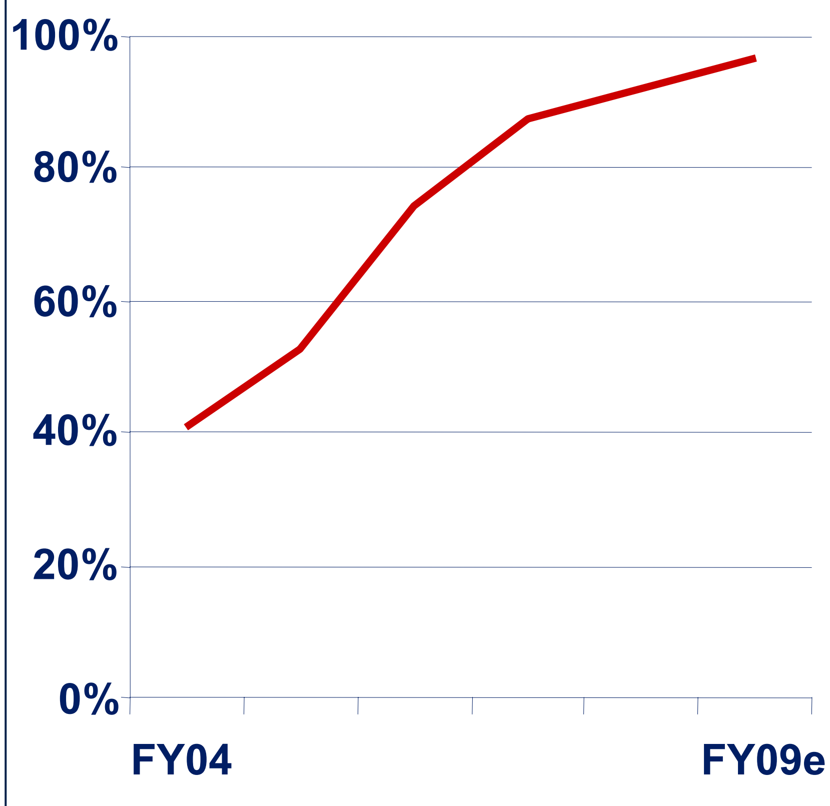
We Used to Have Synergies in Capacity Re-use



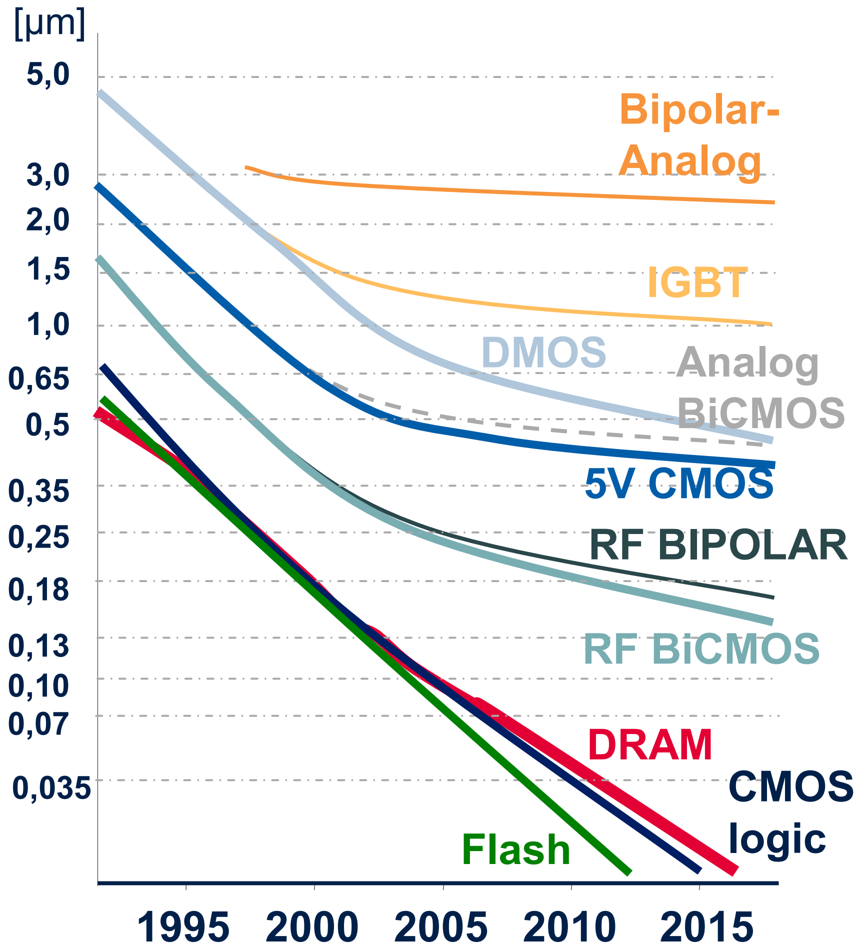
The cascading model resulted in strong interdependencies between the different businesses

In future, technology changes will lead to declining synergies

Share of 300mm-based DRAM capacities



Minimum feature size by technology



Source: ITRS, Infineon

Reduced synergies and benefits to be realized lead to Carve-out decision

Additional benefits from carve-out & IPO

- **Aside from declining synergies, we see significant benefits**
  - Enhanced capital market access
  - Logic can use funds from IPO for selective acquisitions.
  - Increased flexibility for cooperations
  - Increased Focus
  - More differentiated investing for shareholders

Resulting decisions

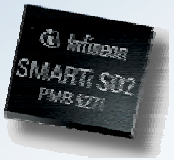
- **Carve-Out:** Establish Memory as legally separate entity 1-Jul-2006.
- **IPO:** IPO of the Memory Products Group is our preferred solution.
- **Strengthening Logic:** IFX may use IPO proceeds for selective acquisitions to strengthen logic businesses.

Infineon FY05 Roadshow: Contents

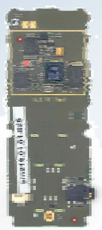
Core strengths in Logic

Application Expertise COM	Areas of Strength	Application Expertise AIM

RF Solutions



Mobile Phone Platforms



Wireline Access

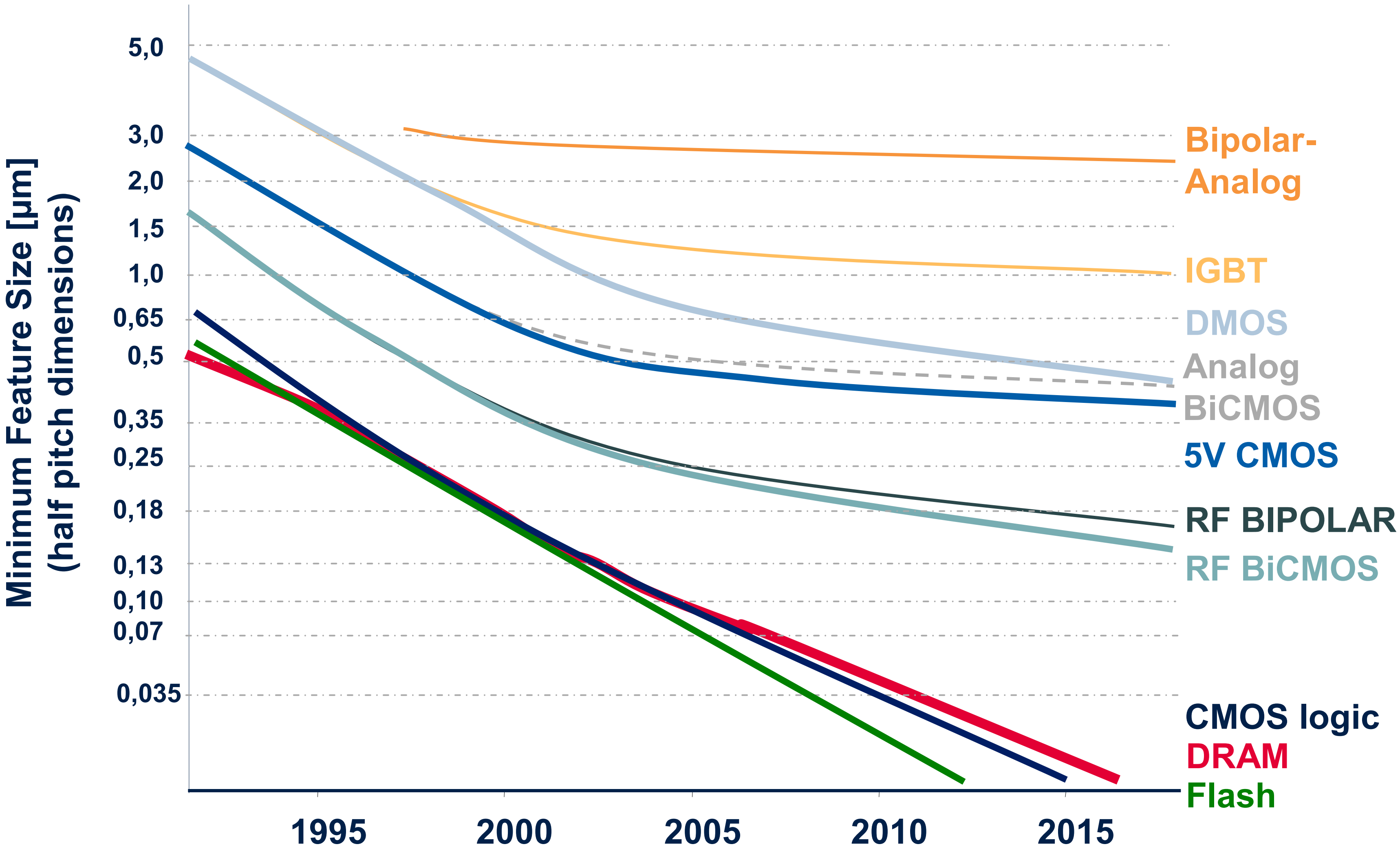
Analog/ Mixed-Signal Power RF Embedded control

Car Electroni

Industrial Electronics – Power Management

Chipcard & Security

Roadmap: Shrink speeds diverging more and more



Source: ITRS, Infineon

Differentiated Manufacturing Strategy

Memory

Moore's law fully valid, capital intensity remains high.

⇨ **Partnership model to continue to optimize CapEx and R&D.**

Advanced Logic

Required volume to fill 65nm/12“ fab increasing massively vs 8“ fab

⇨ **No intention to build our own fab for 65nm and below**

Power and RF

Shrinks less and less relevant, manufacturing and process capabilities a competitive factor.

⇨ **Continued invest for in-house power and some RF capacity.**

New Automotive and Industrial power fab in Malaysia on track for 2006 ramp

First dedicated Logic fab right from the start!

RFE:	March 2006
Nodes:	0.22µ to 1.5µ
Capacity:	~100k WSPM on 8" by 2009
Products:	Power ICs for automotive and industrial applications

infineon

Never stop thinking.

Results for FY05 vs. FY04

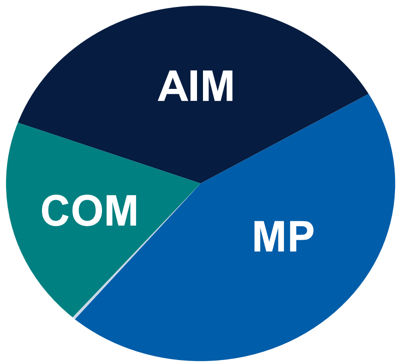
[EUR m]	FY04	FY05	Change
Net sales	**7,195**	**6,759**	**(436)**
Growth			(6%)
Gross margin	**35%**	**27%**	
R&D expenses	**1,219**	**1,293**	**74**
in % of sales	17%	17%	
SG&A expenses	**718**	**655**	**-63**
in % of sales	10%	10%	
EBIT	**256**	**(183)**	**(439)**
EBIT excluding one-off's	588	(79)	(667)
in % of sales	8%	(1%)	

One-off's in FY05

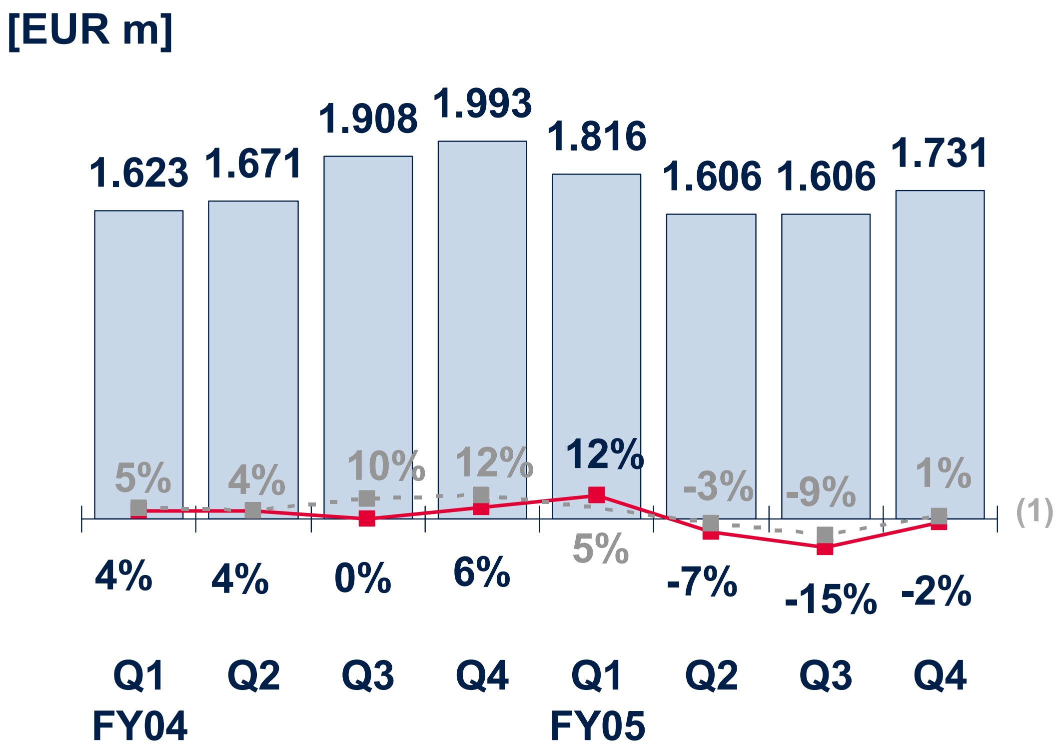
[EUR m]	FY05
ProMOS license income	118
Restructuring charges	(78)
Impairment charges	(134)
Other	(10)
TOTAL	(104)

Infineon Financials
FQ4 Update

Revenue share Q4 FY05



Revenues and EBIT margin



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