Infineon

Company Information

May 2005

Never stop thinking.

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Infineon technologies

stop thinking Never

- **Market**
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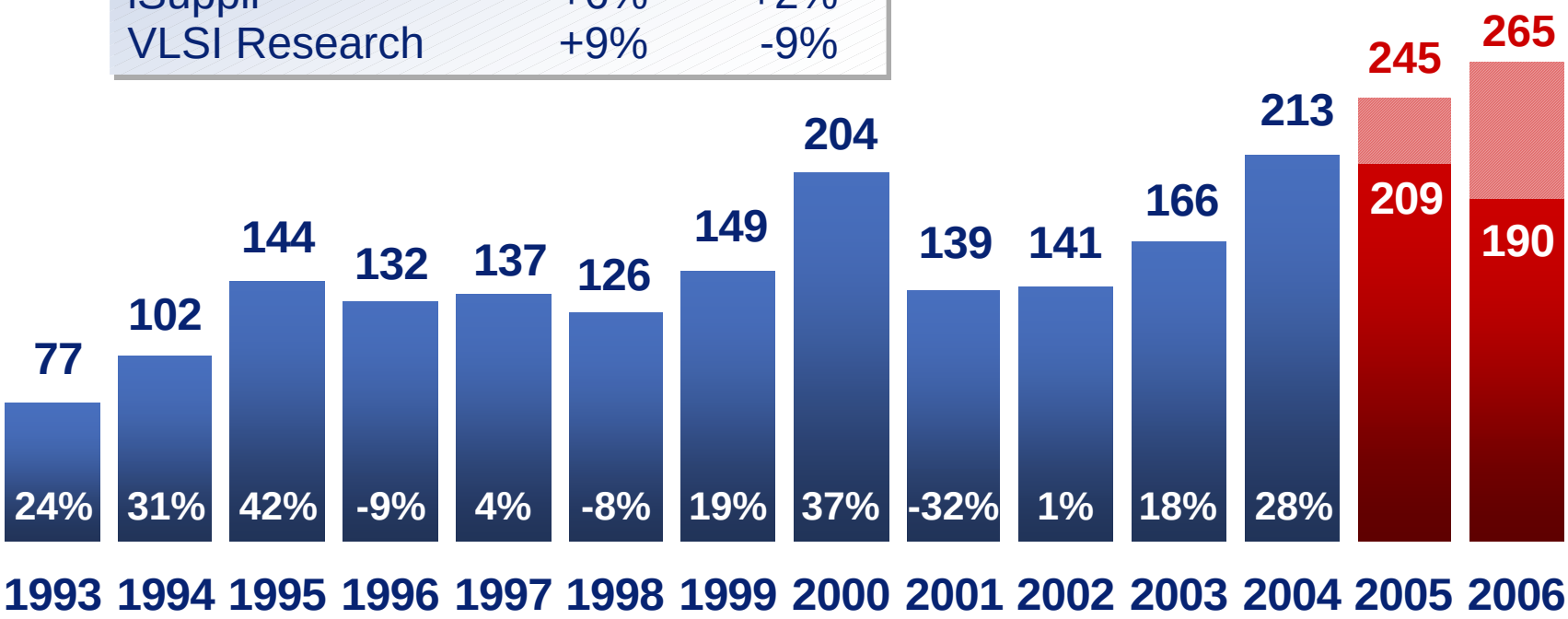
Semiconductor market development and forecasts

Forecasts*	2005	2006
IC Insights	-2%	+8%
WSTS**	±0%	+3%
Future Horizons	+15%	+6%
Gartner DQ	+3%	+2%
iSuppli	+6%	+2%
VLSI Research	+9%	-9%

[USD bn]

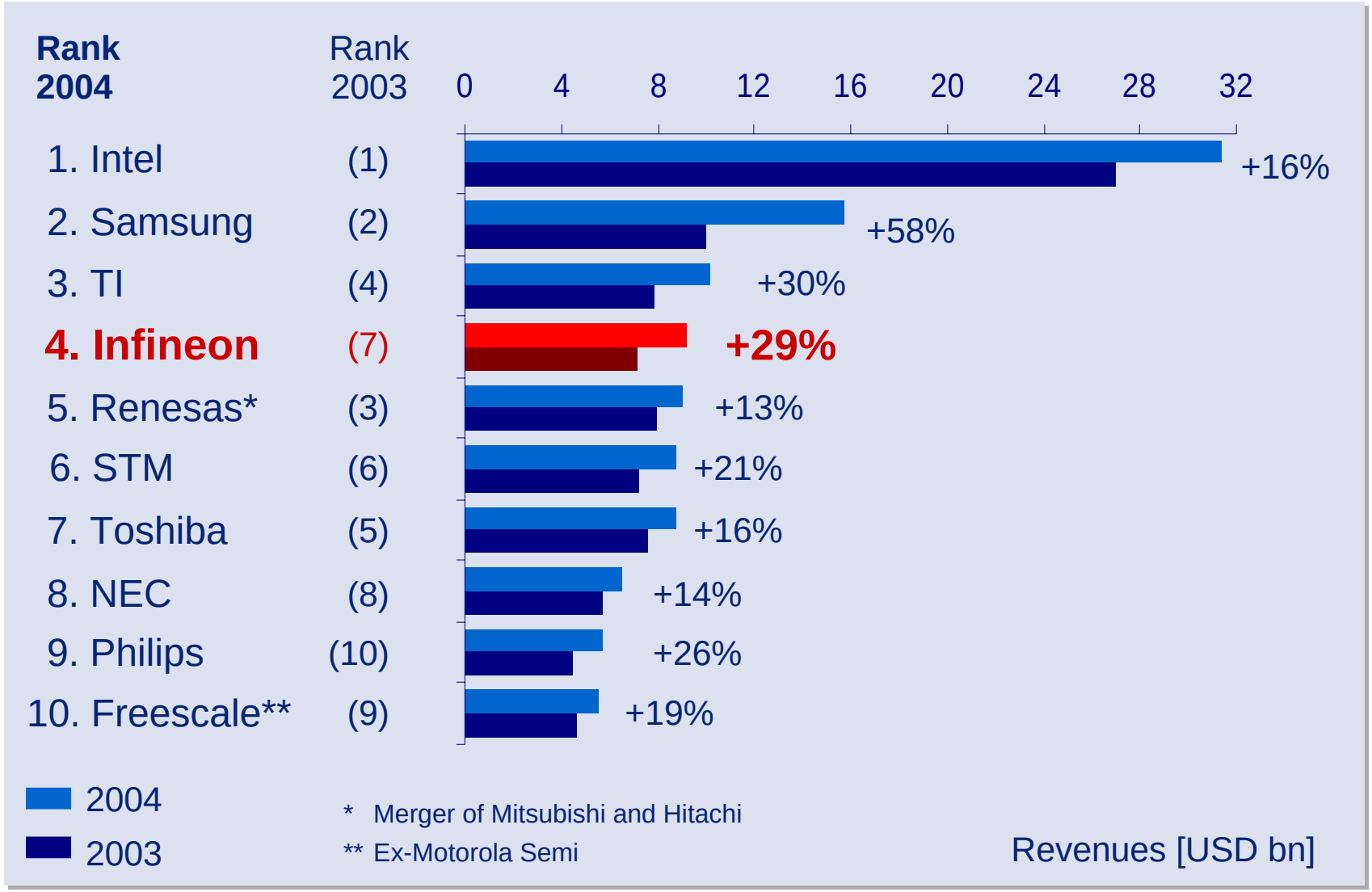


Source: WSTS for historical data

* As of April 20th, 2005

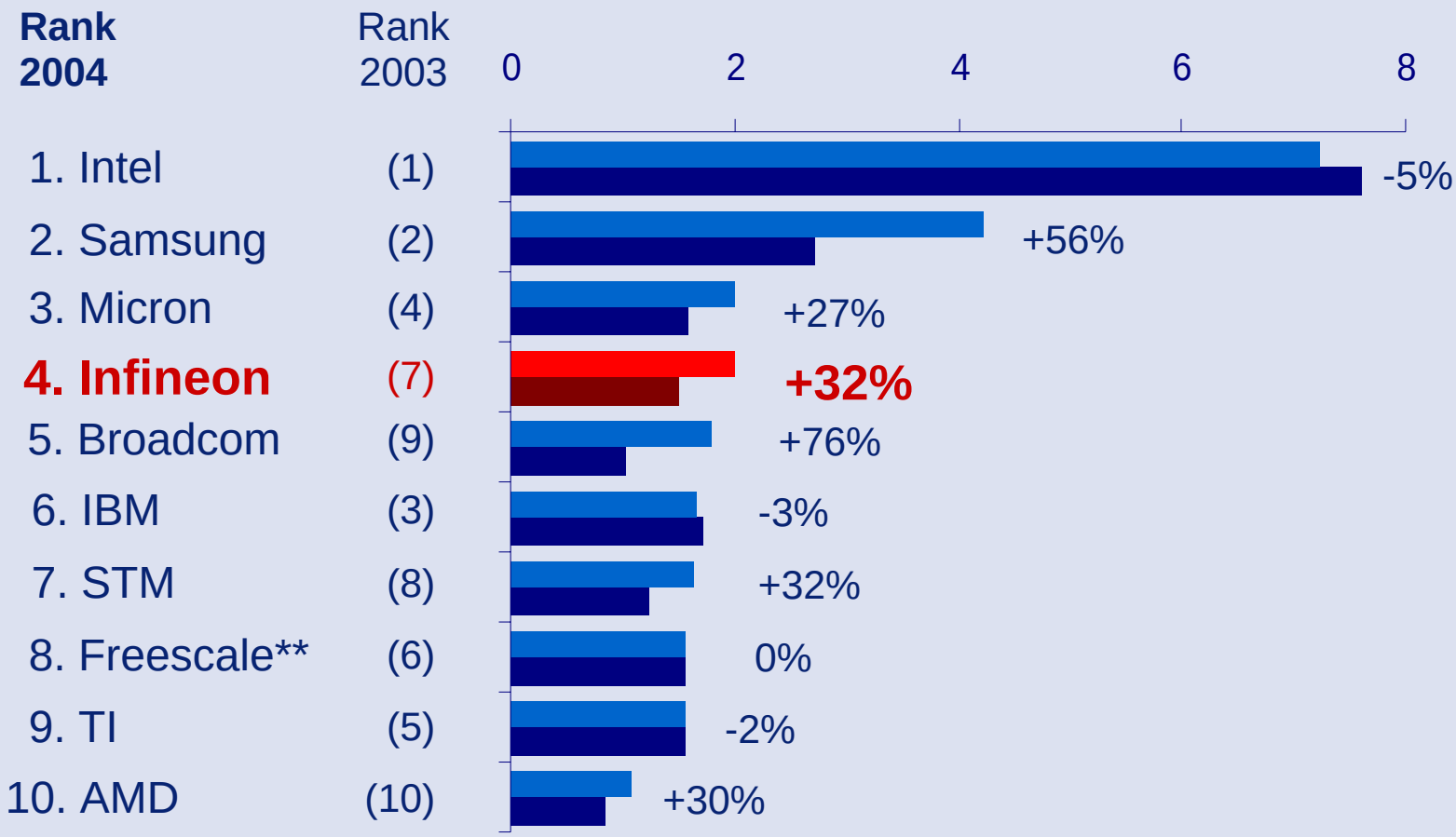
** incl. Update 4Q CY2004

Worldwide semiconductor ranking 2004 and 2003



Source: iSuppli, March 2005

Ranking Americas*



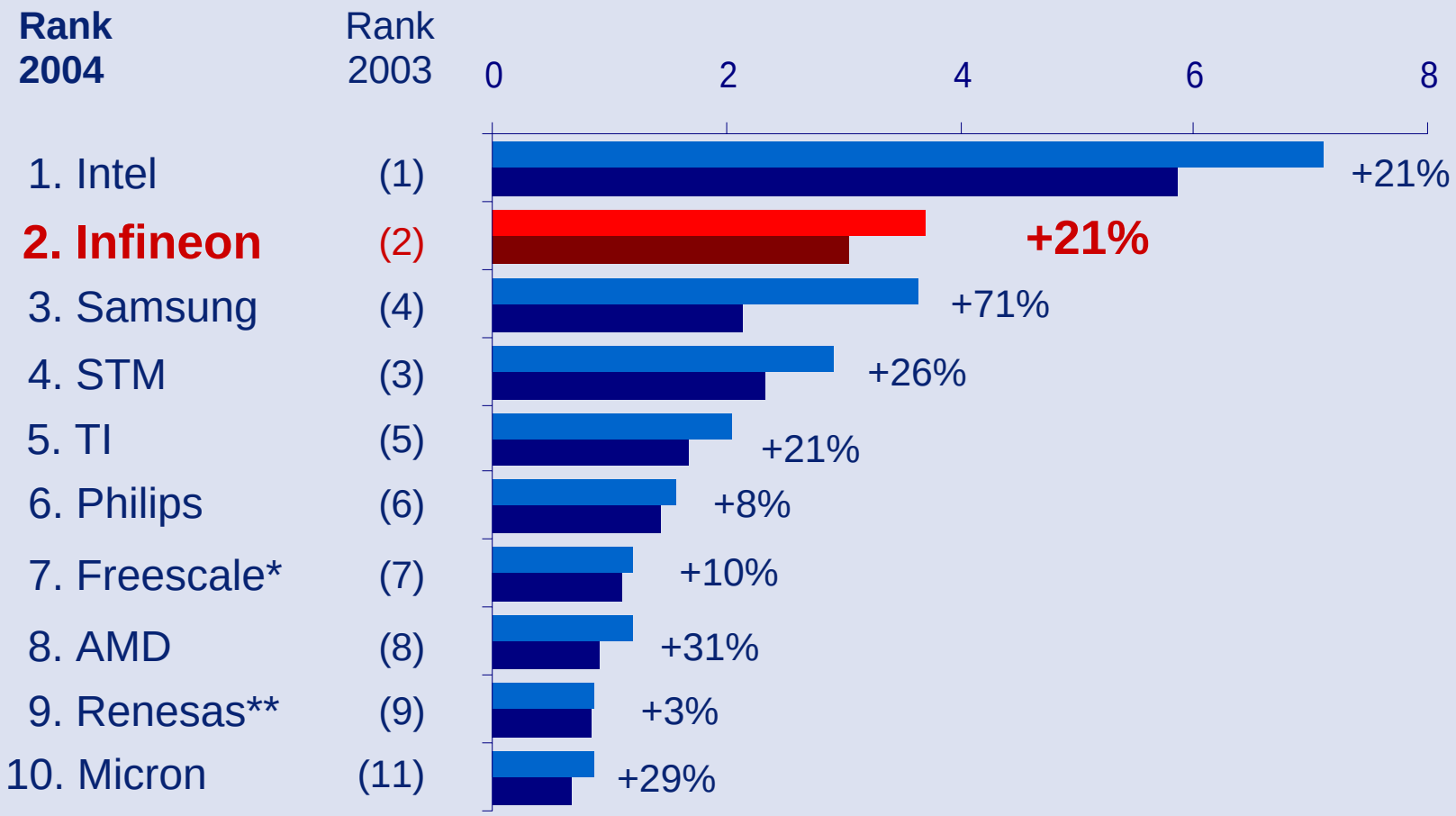
* North-, South-, Central America and the Carribean

** Ex-Motorola Semi

Revenues [USD bn]

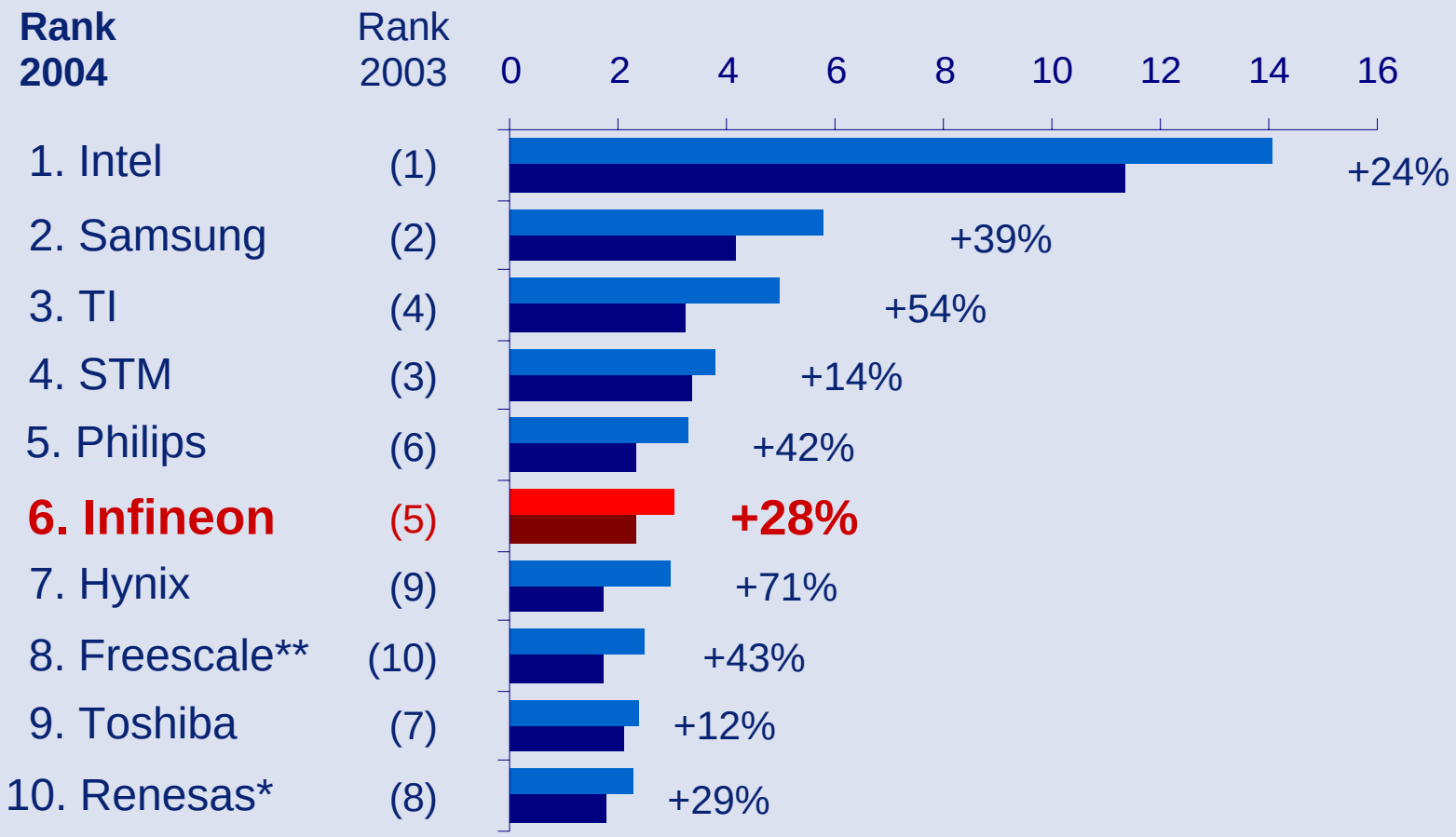
Source: iSuppli, March 2005

Ranking Europe



Source: iSuppli, March 2005

Ranking Asia

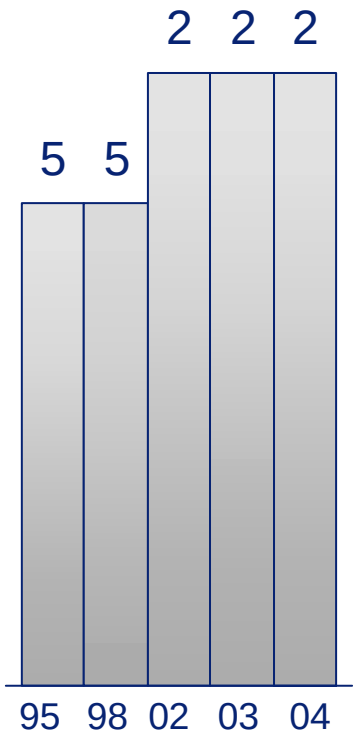


Source: iSuppli, March 2005

Ranking in all targeted applications

Automotive

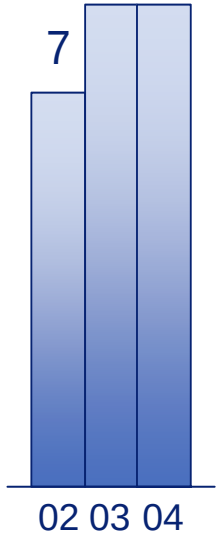
Rank



Communication

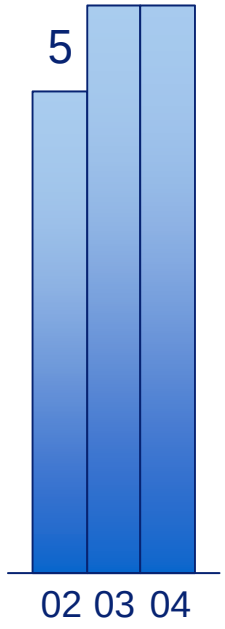
Wire-line*

Rank



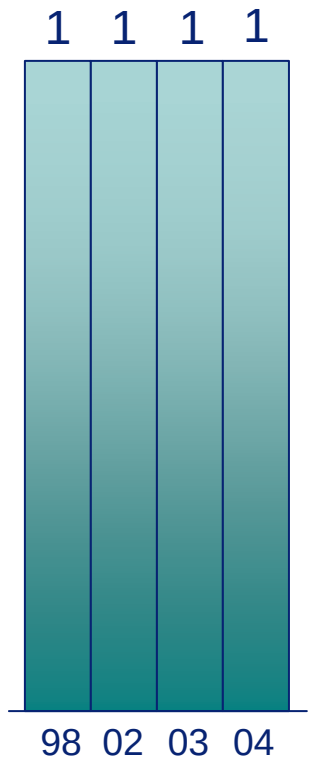
Wire-less*

Rank



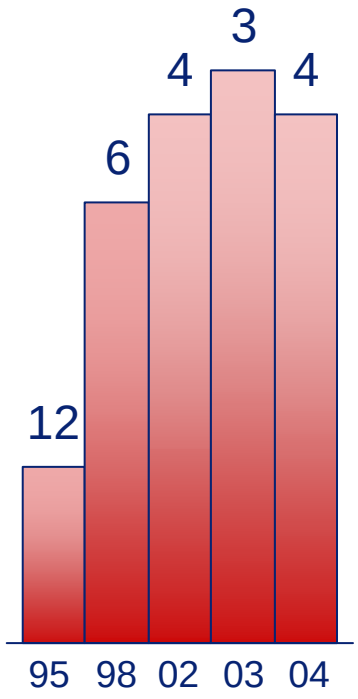
Chip Cards

Rank



DRAM

Rank



* Application-specific semiconductor

Source: Gartner Dataquest (March 2005); iSuppli (March 2005)

Market

Company Overview

Business development 2nd quarter fiscal year 2005

Business groups

General company information

Infineon at a glance

- Infineon – the No. 4 semiconductor company worldwide
- Revenues of Euro 7.2 billion in the fiscal year 2004; revenues growth of 17% year-on-year
- In second quarter revenues were Euro 1.61 billion, down 12% sequentially
- Approx. 36,000 employees (incl. 7,300 R&D staff) as of March 31, 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 communication, automotive and memory products

Infineon – Market-oriented business structure

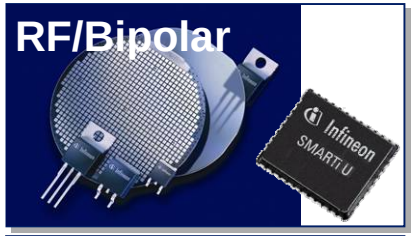
Business Groups		Applications
AIM Automotive, Industrial & Multimarket		Car Electronics (powertrain, body & convenience, safety management, infotainment), Power Conversion (power supplies, drives), Chipcard & Security (communications, payment, identification, entertainment)
COM Communi-cation		Mobile Solutions, Cellular Base Stations, Broadband and Carrier Access, Metro Ethernet Access, Local / Personal area wireless, GPS, CPE, Tuner
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

Infineon's technology competence

DRAM: 0.17µm – 0.11µm Trench
eDRAM: 0,17µm Trench
Nonvolatile Memory: 0,17µm TwinFlash
Various Future Memory Technologies under review and development

Digital CMOS: CxP, Cyy.., L0zz (Mainstream Platform <180nm incl. RF, AMS)
Analog/Mixed Signal: CxPA, CyNA
eNVM: EEPROM: M3FR (Low Cost), IMEM, C5FR3,
OTP: C5OP (Automotive)
eFlash/EEPROM: CxFL (Chip Card), CxFLA, CxFLN (Automotive)



RF BICMOS: BxHFC, B9COPT
Bipolar IC: NF-IC, RF-Bipolar: BxHF, SiGe: B7HFxx, B7HF200, RF Power: BxP
Bipolar/Discretes:
Diodes: NF-DI, Tuner: DxT, PIN: DxP, Schottky: DxS
RFMOS: HFMOS, LDMOS, LDCAP
AF Transitors NF-TR; RF-Transistors HFBxN/P, BxHF, B6HFE, RF Bipolar/SiGE: B7HF

Bipolar: DOPL, Ax, BIPEP
Analog: SPT170, B6CA
Smart Power (BCD): SPTx (Automotive, EDP)
Smart (SmartMOS CD): SMARTx, MSMARTx, SSMARTx, Opto-TRIAC
SiC Devices: Diode; JEFET (Research)

DMOS (OptiMOS): KSPx, PFET
KSNx, EH4, EHmilli, SFETx
HV-DMOS (CoolMOS): EH5/6, APT6, EHATx, EHATDx, EHCx
IGBT: IGBTx, LightMOS, ZIGBT,
Fast Recovery Diodes: FRSTDx (EMCONx)

Temperature: D-TEMP
Hall: BxCAS, C9FLRN_GMR, CxHV
Pressure: BxCSP, PIEZO, TIREPx,
Inertia: GYRO
Distance Radar

RF MEMs: Int. Passives, Filter, RF-Networks
Microphone
Opto OP-DI, OP-TR, B6CP
Microfluidic: Biotechnology: FLOW1

Comprehensive and sustainable environmental, safety and health concept at Infineon

Synergy between ecological responsibility and economic success

- EN ISO 14001 multi-site certification
- Efficient resources management in terms of optimized consumption, recovery, recycle and re-use
- Intelligent waste management and emission reduction
- Voluntary commitment to reduce green-house gas emissions on global scale
- Environmental commitments covering development and life-cycle considerations
- Environmental requirements as part of supply chain management
- High safety and health standards

For Infineon environmental responsibility means more than just the fulfillment of legal requirements

Source of picture: photocase.de

Green products

- **IFX is running the project "Green Products" since 1998 according to the EU directives.**
- **More than 50% of the total volume in pieces is already converted to "Green".**
- **The main conversion is in 2004 / 2005.**
- **Information about project, technology and conversion roadmaps are available on the homepage: http://www.infineon.com/greenproduct/index.htm**

green Product

Integrated business continuity, disaster recovery and security at Infineon

- Business impact & risk assessment
- Supply chain & manufacturing recovery
- Business continuity plans

- Supply chain security
- IP protection
- Crisis management

- IT system security
- IT risk assessment
- Intrusion detection

- Security control centre
- Security technology
- Plant & property protection

Market / Company overview

Business development 2nd quarter fiscal year 2005

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General company information

Business Development in Q2 FY 2005

- Q2 revenues were Euro 1.61 bn, down 12% sequentially. Excluding license income of Euro 118 m realized in Q1 from the settlement with ProMOS, revenues declined 5% sequentially, reflecting reduced revenues of the Communication and Memory Products segments.
- Net loss in Q2 was Euro 114 m, down from net income of Euro 142 m in Q1.
- Second quarter EBIT decreased to negative Euro 117 m from positive Euro 211 m in the prior quarter. EBIT was negatively impacted by a net aggregate charge of Euro 74 m resulting primarily from the reorganization measures in the Communication segment.
- Total revenues for the first half of financial year 2005 were Euro 3.42 bn, up 4% from Euro 3.29 bn in the same period last year.
- Net income for the first half of the 2005 financial year amounted to Euro 28 m, compared to Euro 73 m in the prior year.
- EBIT in the first half of financial year 2005 was Euro 94 m, a decrease from Euro 141 m in the same period last year.

Business highlights Q2 FY 2005
Automotive, Industrial & Multimarket

- Infineon announced ground breaking at its new front-end production plant in Kulim, Malaysia. The fab will primarily produce power semiconductors used in automotive and industrial power applications.
- Infineon expanded its CoolMOS™ product portfolio with a new series of high-performance power transistors. These are designed for power supplies used in computer servers and other high-power-density applications such as telecom equipment and flat-panel displays.
- Together with Giesecke & Devrient, a new production methodology called "Flip Chip On Substrate" (FCOS) for chip-card IC packages was introduced which increase IC packages' robustness.
- Infineon further expanded its microcontroller product offering, including two 32-bit microcontrollers based on the TriCore™ architecture, and a family of application-specific 16-bit microcontrollers that enables cost savings of up to 30% compared to available alternatives.

Business highlights Q2 FY 2005
Communications

- Call-on-air with world's first single chip GSM/GPRS Baseband/Quadband RF transceiver device E-GOLDradio at 3 GSM Cannes attracting customers
- Infineon, Samsung Electronics, Trolltech and Emuzed announced the world's first UMTS/EDGE-smartphone reference design based on Linux operating system
- IFX announced SMARTi PM; a single-chip CMOS-RF-Transceiver for GSM-, GPRS- and EDGE mobile phones, saving 50% board space and 30% component cost
- Design Win claimed for RF Power Transistors PTFA191001E & PTF180301E at Ericsson Cingular project
- Market introduction of ADSL2+ Central Office Chip GEMINAX Pro sets New Standards for Power Consumption and System Costs reducing system cost by 30% Consisting of a 16-channel ADSL2+ Digital Front End (DFE) and a 4-channel Analog Front End (AFE), with integrated low-power Class D line drivers, the GEMINAX PRO chipset reduces power dissipation, footprint and overall system costs by up to 30 percent, in comparison to other chipsets currently available
- Several Design-wins with Amazon-M IFX's integrated ADSL2/2+ transceiver for CPE applications

Business highlights Q2 FY 2005
Memory Products

- The segment is on track with the introduction of its 90-nanometer DRAM trench technology on 300-millimeter wafers, and expects production to start ramping up by mid-2005.
- In the second quarter of fiscal year 2005, Infineon further increased the proportion of higher-density products in its portfolio, and introduced additional leading-edge products. It also started sampling of the 512-Megabit GDDR3 Graphics RAMs.
- As an industry first, Infineon introduced 4-Gigabyte DDR2 modules based on Dual-Die technology for server applications. This technology makes it possible to stack two identical dies in one package, doubling the density without significantly increasing package dimensions. This is crucial for certain applications such as servers and notebooks where footprint and airflow are decisive factors.

Business Development Infineon, Comparison
Q1 FY 2005 vs. Q2 FY 2005, 1st HY 2004 vs. 1st HY 2005

(according to US GAAP in EUR m)	Q1 04/05	Q2 04/05	Change	1st HY 03/04	1st HY 04/05	Change
Net sales	**1,816**	**1,606**	**(210)**	**3,294**	**3,422**	**128**
Growth (%)		(12)			4	
EBIT	**211**	**(117)**	**(328)**	**141**	**94**	**(47)**
Net income / (loss)	**142**	**(114)**	**(256)**	**73**	**28**	**(45)**
Earnings / (loss) per share (EUR)	**0.19**	**(0.15)**	**(0.34)**	**0.10**	**0.04**	**(0.06)**

Revenue performance and EBIT development (1 of 2)

(according to US GAAP [EUR m])	Revenue and EBIT				
	Q2 03/04	Q3 03/04	Q4 03/04	Q1 04/05	Q2 04/05
Automotive, Industrial & Multimarket					
Revenues	606	669	708	631	634
EBIT	49	74	90	48	36
Communication					
Revenues	390	419	466	414	332
EBIT	15	2	(73)	(19)	(142)
Memory Products					
Revenues	665	811	807	766	633
EBIT	13	(50)	149	196	17

Prior period segment results are reclassified to be consistent with the current period presentation and organizational structure.

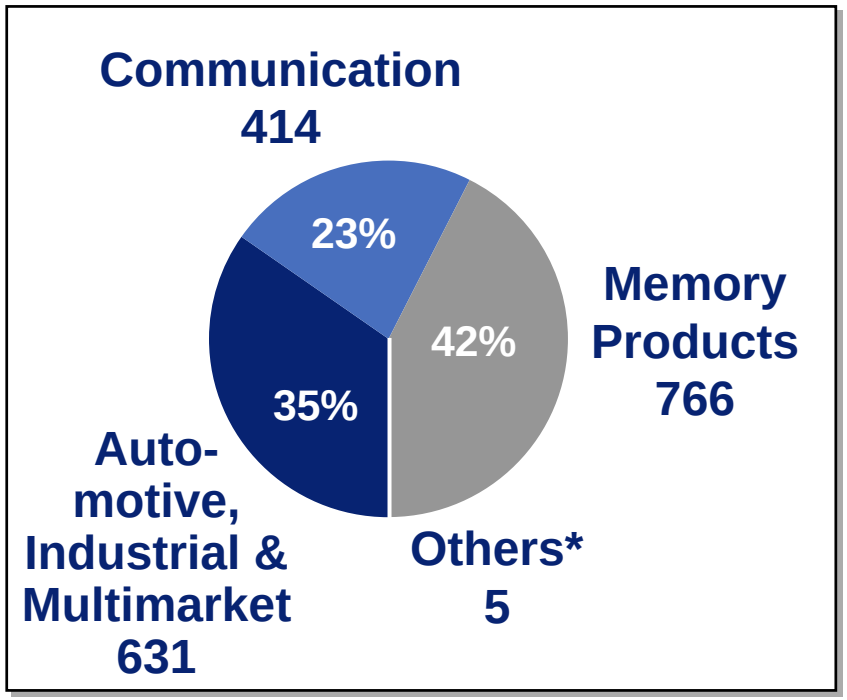
Revenue performance and EBIT development (2 of 2)

(according to US GAAP [EUR m])	Revenue and EBIT				
	Q2 03/04	Q3 03/04	Q4 03/04	Q1 04/05	Q2 04/05
Others					
Revenues	3	1	3	3	4
EBIT	(21)	(9)	(35)	(2)	11
Corporate & Reconciliation					
Revenues	7	8	9	2	3
EBIT	15	(15)	(18)	(12)	(39)

Prior period segment results are reclassified to be consistent with the current period presentation and organizational structure.

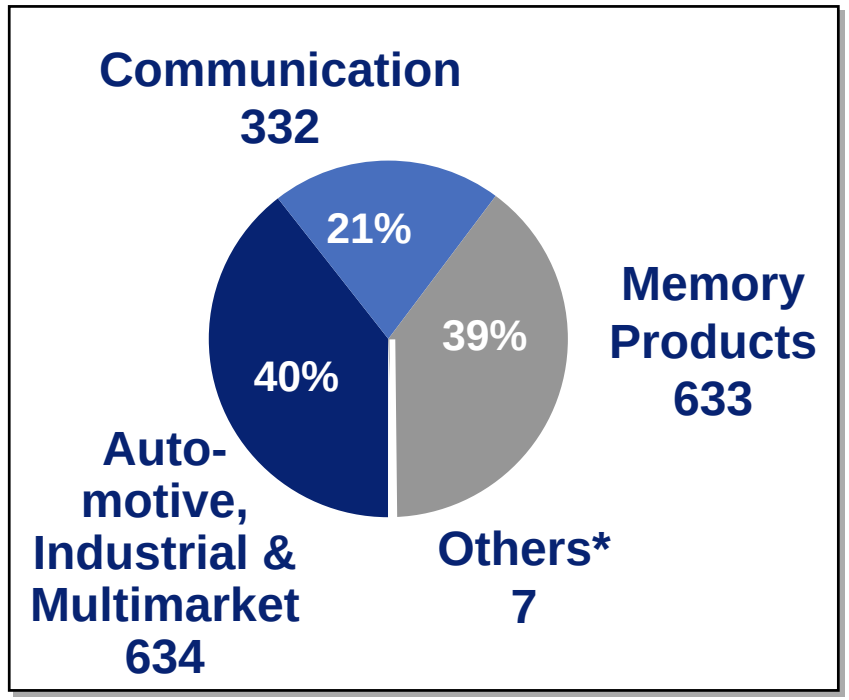
Sales by segments,
1st quarter FY 2005 and 2nd quarter FY 2005

Q1 FY 2005



Total: EUR 1,816 m

Q2 FY 2005



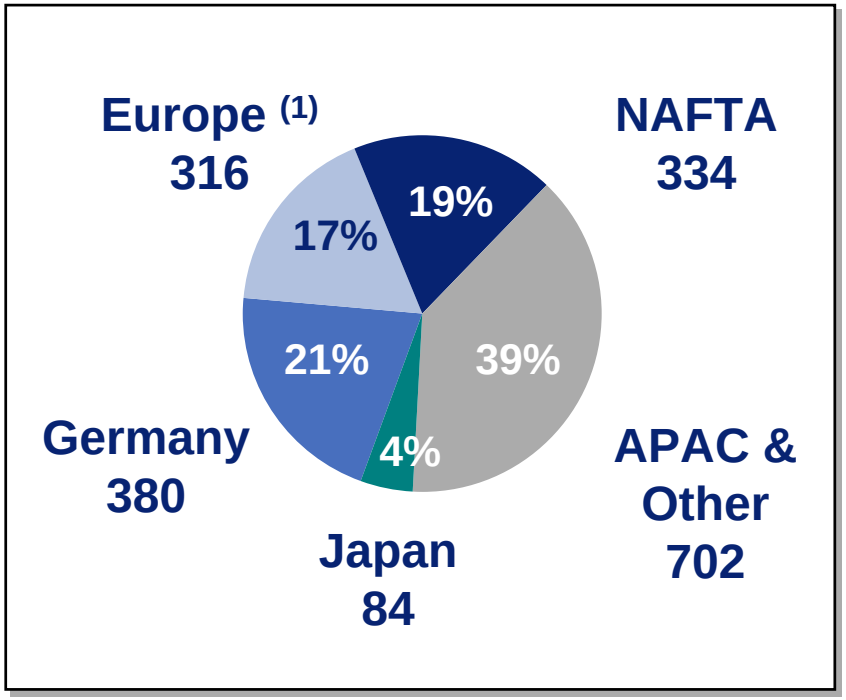
Total: EUR 1,606 m

(according to US GAAP)

* Includes Corporate & Reconciliation and Other Operating Segments

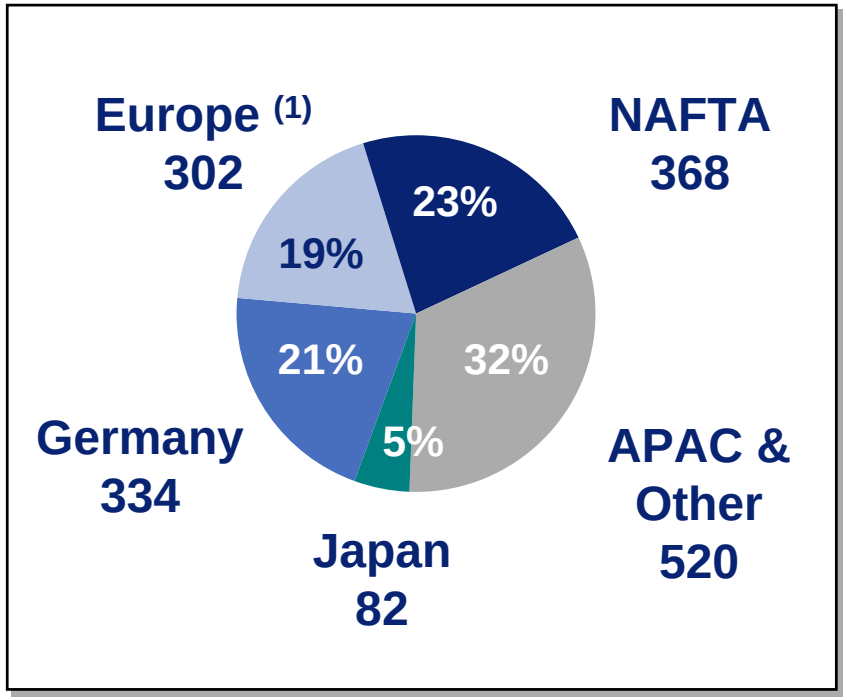
Sales by region,
1st quarter FY 2005 and 2nd quarter FY 2005

Q1 FY 2005



Total: EUR 1,816 m

Q2 FY 2005



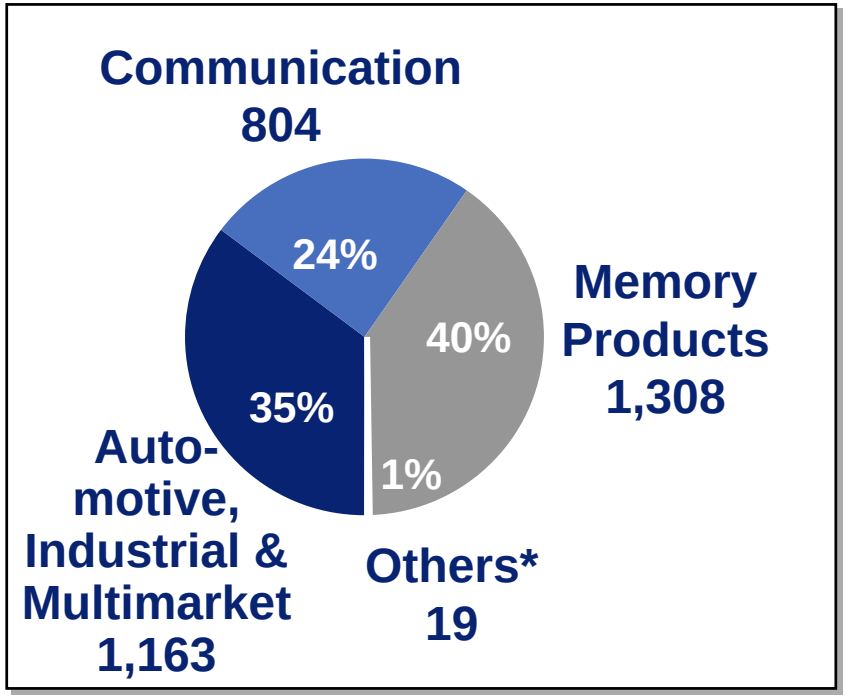
Total: EUR 1,606 m

(1) Excluding Germany

(according to US GAAP)

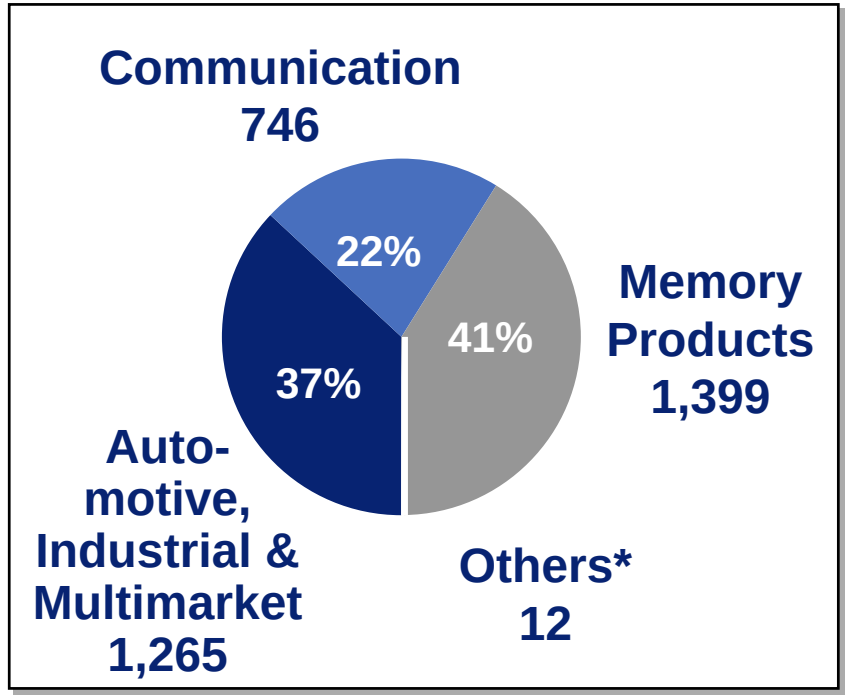
Sales by segments, 1st HY 2004 and 1st HY 2005

1st HY 2004



Total: EUR 3,294 m

1st HY 2005



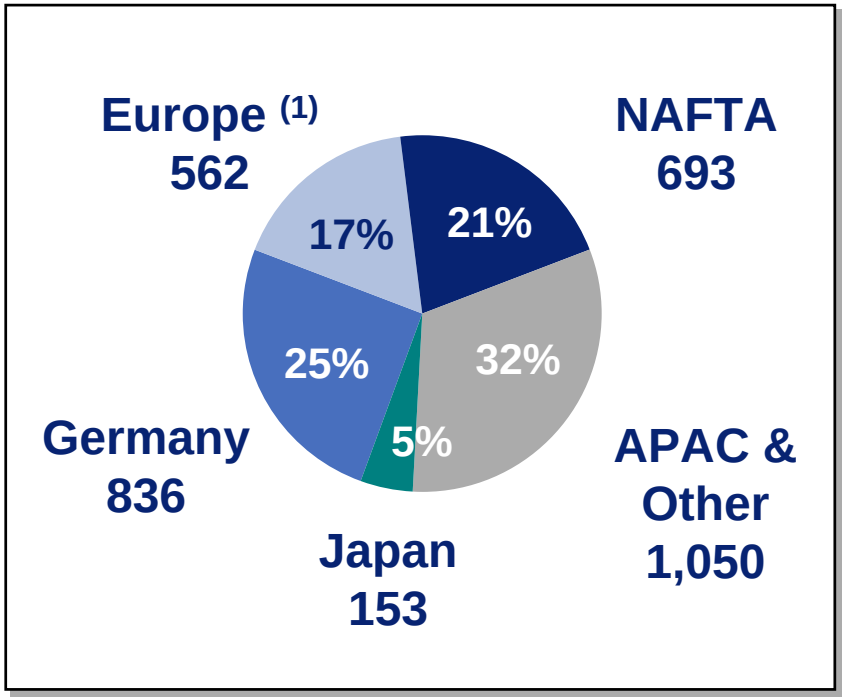
Total: EUR 3,422 m

(according to US GAAP)

* Includes Corporate & Reconciliation and Other Operating Segments

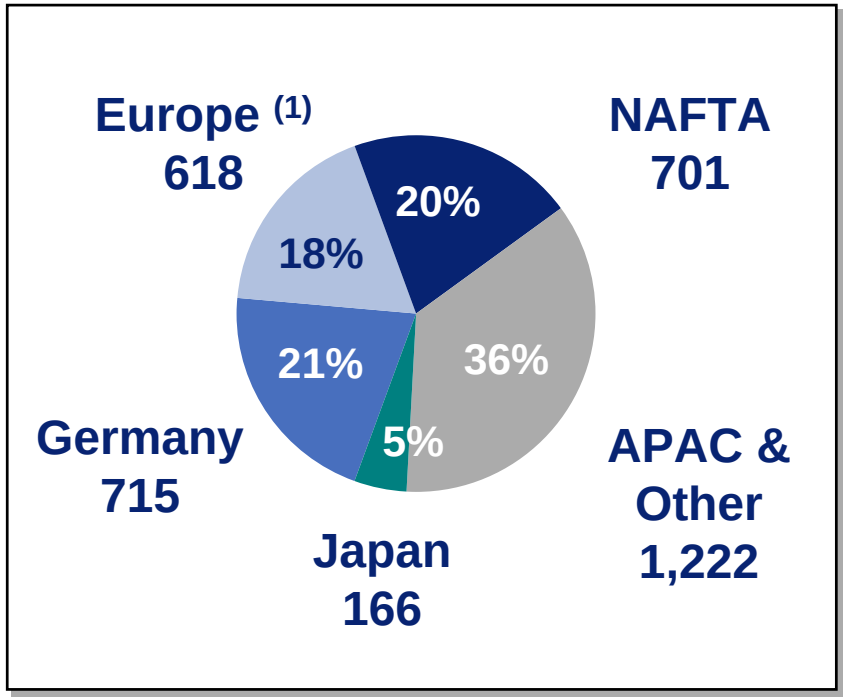
Sales by region, 1st HY 2004 and 1st HY 2005

1st HY 2004



Total: EUR 3,294 m

1st HY 2005



Total: EUR 3,422 m

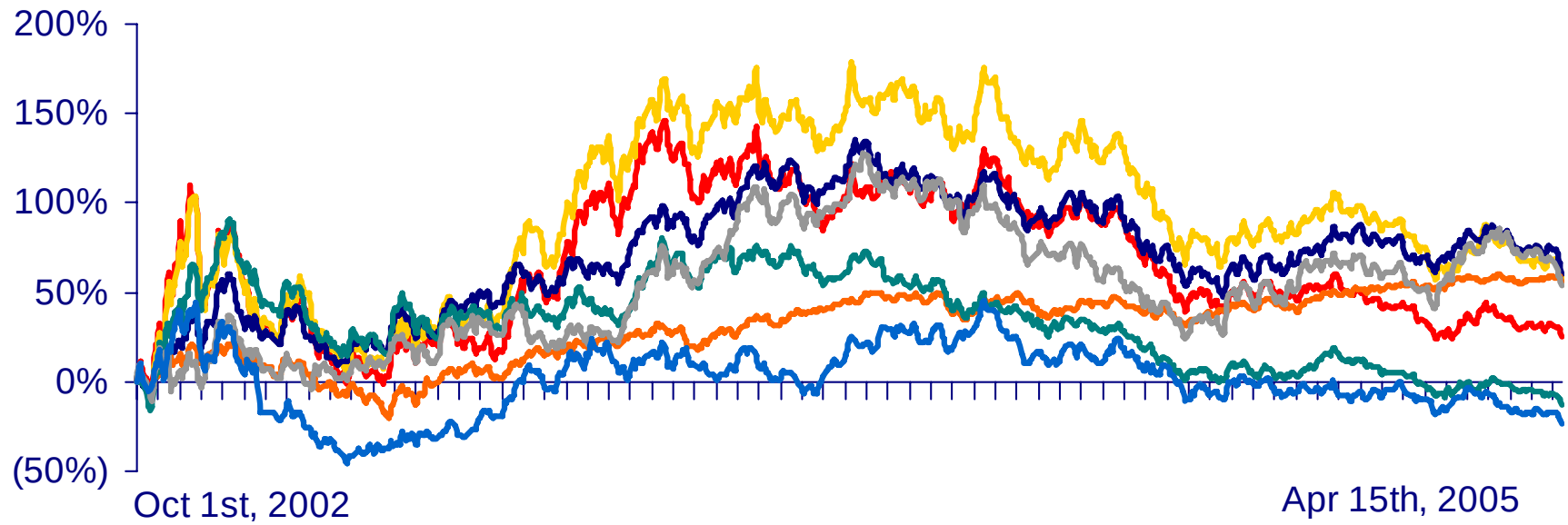
(1) Excluding Germany

(according to US GAAP)

Outlook Q3 FY 2005

- Infineon anticipates no major improvement in demand in the Q3 FY 2005. Continued pricing pressure expected, especially for chip-card ICs, memory, and mobile phone products. However, growth in shipments, primarily in Memory Products, should partially offset the impact of pricing pressure on revenues and operating results. Results of operations expected to be negatively affected by further charges related to the planned phase-out of production at Munich Perlach.
- In **automotive business** further growth expected in Q3 FY 2005. But continuing pricing pressure anticipated in its **industrial business**, therefore expecting earnings to decrease slightly in the upcoming quarter. In its **security and chip-card business**, Infineon anticipates continued weakness, in line with the worldwide chip-card market. All in all, the company expects revenues and earnings of the segment to remain stable.
- Revenues of **Communication segment** expected to remain flat or to decrease slightly compared to previous quarter, mainly due to continued weak demand from some customers for mobile phone components. Significant negative EBIT results expected for the Q3 FY 2005. However, Infineon expects its recently initiated efficiency programs to start impacting financial results positively in Q3. Accordingly, the company expects the segment's losses to decrease compared to the second quarter of the financial year.
- For **memory products segment**, Infineon expects an increase in system memory loads and worldwide demand for memories due to the price reductions for DRAMs in the second quarter of financial year 2005. The company's bit shipments are expected to increase at a rate above market growth based on growing capacities at joint venture and foundry partners. The company will continue to focus on the expansion of its product portfolio with higher margin products as these are less exposed to price fluctuations.

Relative performance of IFX stock since the beginning of fiscal year 2003



Market / Company overview

Business development 2nd quarter fiscal year 2005

Business groups

General company information

Infineon – Business groups

AIM

Automotive, Industrial & Multimarket

COM

Communication

MP

Memory Products

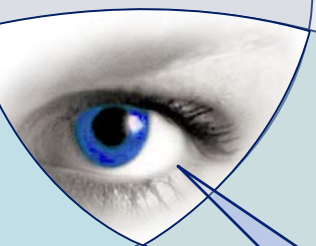
AIM business focus

Automotive

- Complete product coverage: Sensors, microcontrollers, power ICs, Plastic Optical Fiber
- Over 35 years of experience in automotive electronics

Industrial

- Broad spectrum of power semiconductor technologies for all kinds of voltages
- Application-specific reference designs
- Technology leadership enabling system miniaturization and high-efficiency performance



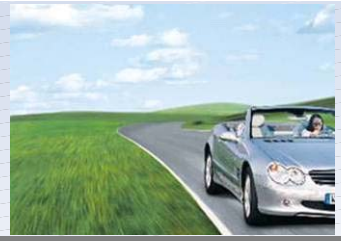
Multimarket

- Strong channel partners
- Competitive and established standard products
- ASIC and design solutions
  - Leading position in silicon-based security - Trusted Platform Module (TPM)

- **Global presence based on strong customer relationship**
- **Profound application know-how**
- **Cost-effective and high-quality manufacturing**

Automotive Semiconductor Solutions
Combining sensing, computing and actuating

AIM

		Sense	Compute	Actuate
Powertrain - Diesel Engine Mgmt. - Gasoline Engine Mgmt. - Transmission Control - Starter / Alternator		▪ Pressure Sensors ▪ Hall Sensors	▪ 16 bit µC ▪ 32 bit TriCore® (µC + DSP)	▪ MOSFETs ▪ IGBTs ▪ Regulators ▪ Transceivers ▪ Smart Power ▪ System ICs
Safety Management - ABS / Traction Control - Suspension - Airbag + Restraint Systems - Power Steering - Tire Pressure Monitoring		▪ Pressure Sensors ▪ Hall Sensors ▪ RF ICs	▪ 8 bit µCs ▪ 16 bit µCs ▪ 32 bit TriCore® (µC + DSP)	▪ Diodes ▪ Transistors ▪ MOSFETs ▪ Regulators ▪ Transceivers ▪ Smart Power ▪ System ICs
Body & Convenience - Light Control - Heating, Ventilation, Air Condition - Door & Seat - Smart Battery Terminal		▪ Hall Sensors ▪ Temp. Sensors ▪ RF ICs	▪ 8 bit µCs ▪ 16 bit µCs	▪ Diodes ▪ Transistors ▪ MOSFETs ▪ Regulators ▪ Transceivers ▪ Smart Power
Infotainment - Telematics - Navigation - Multimedia - Car Audio - Dashboard		Microcontrollers, Wide Range (GSM/GPRS) and Short Range (Bluetooth, WLAN) communication solutions, GPS, High Frequency ICs, CAN/MOST Transceivers, Plastic Optical Fibres, Multimedia Cards, Power ICs, Security ICs		

Advanced sensors, controllers and RF ICs for Tire Pressure Monitoring Systems (TPMS)

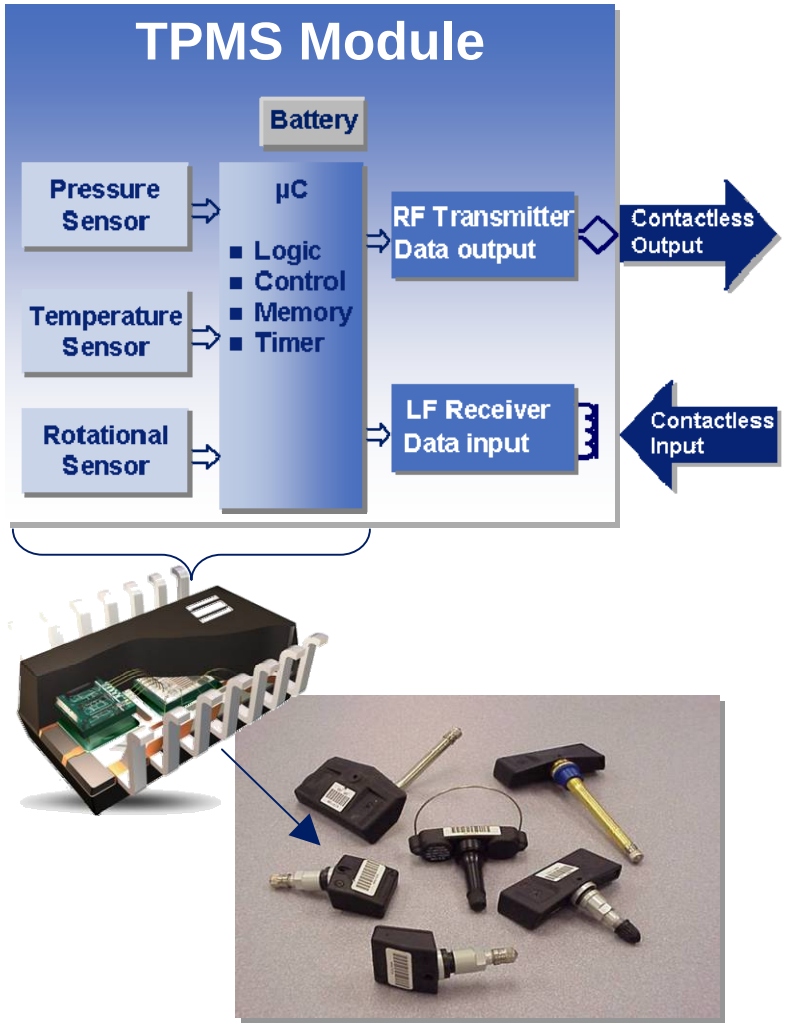
AIM

- **Infineon utilizes its combined wireless and automotive know-how to build a leading position in Tire Pressure Monitoring Systems**

- **Key solutions include:**
  - Leading edge Pressure, temperature and rotational sensors
  - High-performance microcontrollers
  - Broad range of transmitter, receiver and transceiver ICs

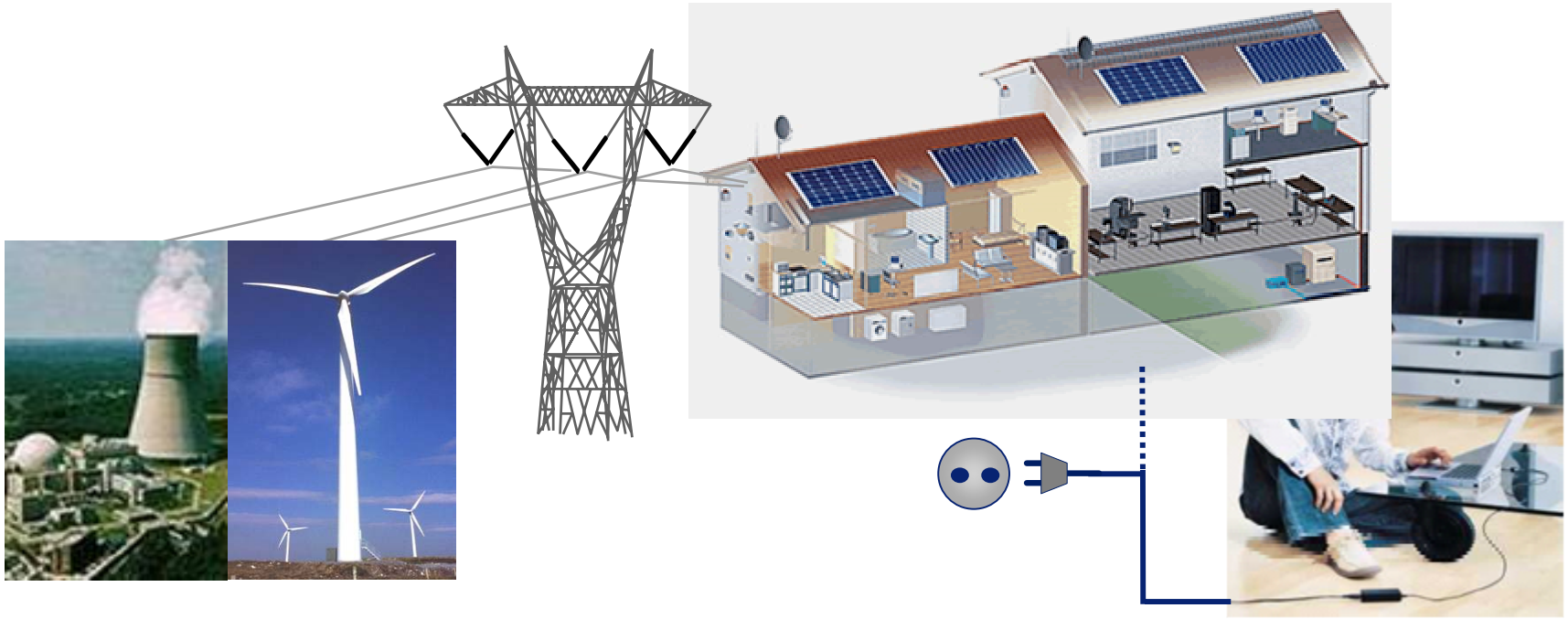
- **Our core competencies in sensors:**
  - Advanced signal processing
  - Strong technical support expertise

- **Key sensor trends:**
  - Further integration of functionality through advanced signal processing
  - Increased robustness
  - Standardized signal transmission concepts



Power semiconductors, power modules and microcontrollers for the whole energy supply chain

AIM



Power Distribution

Key Products:

- Thyristors and diodes
- IGBT- and bipolar modules
- 8- and 16-bit microcontrollers
- 32-bit TriCore® microcontrollers (incl. DSP)

Energy Treatment

Key Products:

- Thyristors and diodes
- IGBT- and bipolar modules

Power Management (Supplies and Drives)

Key Products:

- Discrete Power
- Power Control ICs
- 8- and 16-bit microcontrollers
- 32-bit TriCore® microcontrollers (incl. DSP)

Power Conversion
Applications and Products

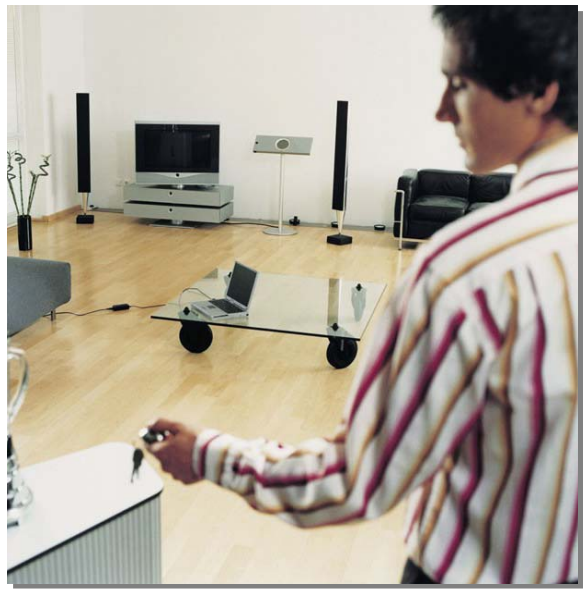
AIM

		Discrete Power	Power ICs	Micro-controllers
Power Supplies - AC/DC - DC/DC		■ CoolMOSTM ■ thinq!™ (SiC Schottky Diode) ■ Highspeed IGBT ■ OptiMOS®	■ PWM & PFC ICs ■ CoolSET™ ■ Integrated Switch ■ Gate Driver	■ 8 bit µCs ■ 16 bit µCs ■ 32 bit TriCore® (µC + DSP)
Drives - Consumer Drives - General Purpose Drives		■ EmCon™ ■ Trench Stop IGBT ■ Fast IGBT	■ PWM & PFC ICs	■ 8 bit µCs ■ 16 bit µCs ■ 32 bit TriCore® (µC + DSP)

Power conversion with smart semiconductor solutions for saving resources

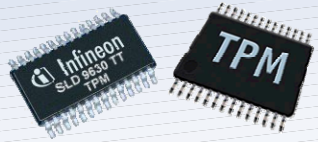
AIM

- thinQ!™ Silicon Carbide Schottky diode in 300 & 600V for fastest switching
- CoolMOS™ high voltage super-junction MOSFET for superior power handling capability
- OptiMOS™ P-channel MOSFETs for battery- and power-management
- OptiMOS™ 2 power MOSFETs in high-performance packages for optimal price-performance-ratio
- CoolSET™ for standby supply
- CoreControl™ PWM controllers and gate drivers for core and peripheral supplies
- PWM / PFC ICs for high efficiency



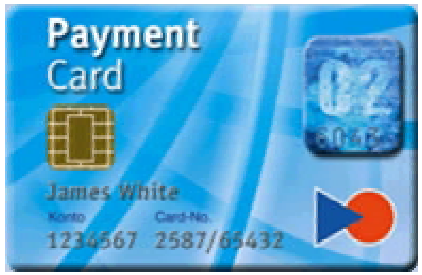
Chip Card and Security applications
Infineon is well-positioned to serve the key growth markets

AIM

	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

AIM



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.

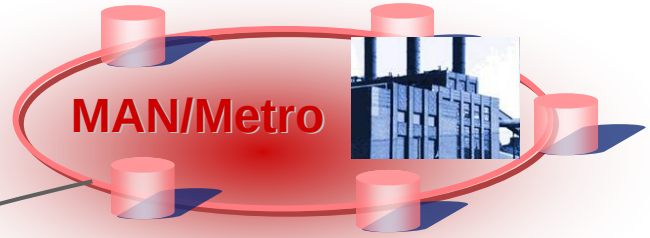
Banks will be the Trust Centers of Tomorrow

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

Wireline Communications – Supplying solutions to the "net"

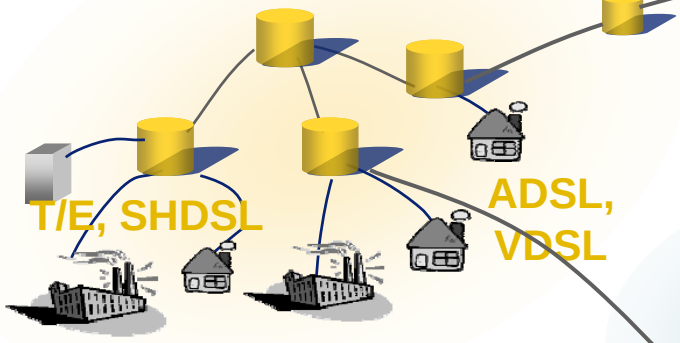
Metro Ethernet Access

- Complete Ethernet over Sonet solutions
- Driving all IP networks



GB-Ethernet/
Ethernet over Sonet

Access



Broadband CPE

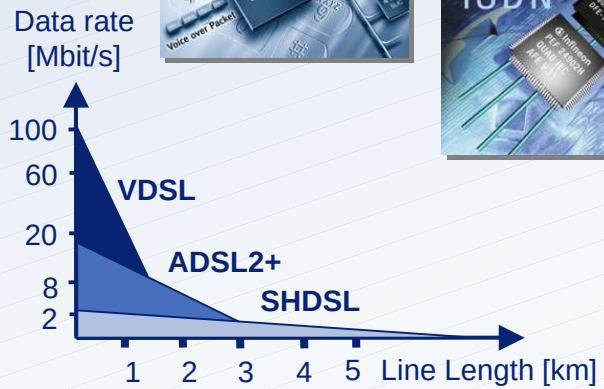
- Complete Broadband Access solutions for both ends of the copper wire based on a complete portfolio (xDSL, ATM, Ethernet, E1/T1, POTS)
- Driving the transition from ATM to IP in Access networks

Wireline Communications – Focus areas

Access

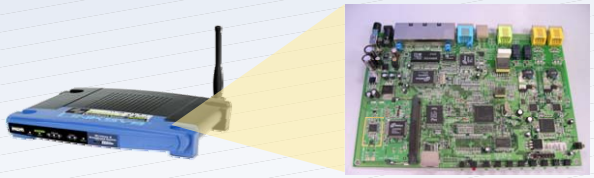
- Leading market position in Standard Telecom infrastructure*: No. 1 in T/E carrier, No. 1 in Analog Linecards
- Complete xDSL CO/CPE portfolio:
  - Leading position in SHDSL and VDSL
  - Aggressively gaining market share in ADSL/2/+
- First Integrated Voice Data solution, fully integrated splitter and VoIP option
- Significant deployment of IFX based ADSL2+ DSLAMs and early availability of an ADSL2+ modem chipset

* Gartner, June 2004



CPE (Customer Premise Equipment)

- Entry in the Digital Home market by combining IFX DSL and packetized Voice solutions with ADMteks strong Home Router technology and market position



Optical Networking

- Focus on **Metro Enterprise Access**
- Early market lead in EoS (Ethernet over Sonet)

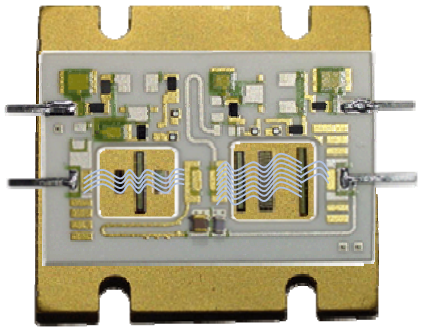
Wireless Communications – Focus areas

Cellular Systems

- Among top-3 suppliers for GSM ICs
- Secure and extend market leadership for cellular RF engines
- Achieve best in class cost position by RF CMOS
- Offering complete system kits for worldwide 2 / 2,5 / 3G standards

Wireless Infrastructure

- Product offerings for radio base stations including RF modules, RF ICs and RF Power Transistors & modules
- No. 2 in high-power RF transistors
- State of the art RF power LDMOS technology and thermally enhanced packaging

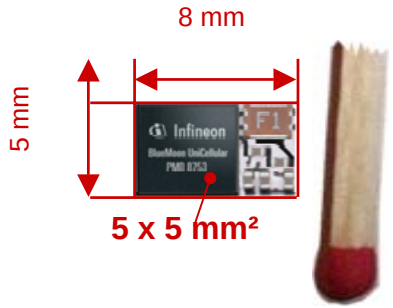


Wireless Communications – Focus Areas

Short Range Wireless

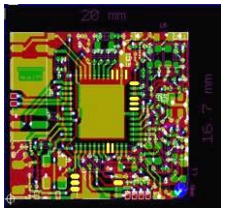
- Leading position in DECT/WDTC. Developing new CMOS single chip
- Strong position in Bluetooth with new Enhanced Data Rate solution
- "Hammerhead": first CMOS single chip
  A-GPS solution in cooperation with Global Locate
- Developing low power W-LAN solution for mobile applications

Bluetooth



Tuner Systems

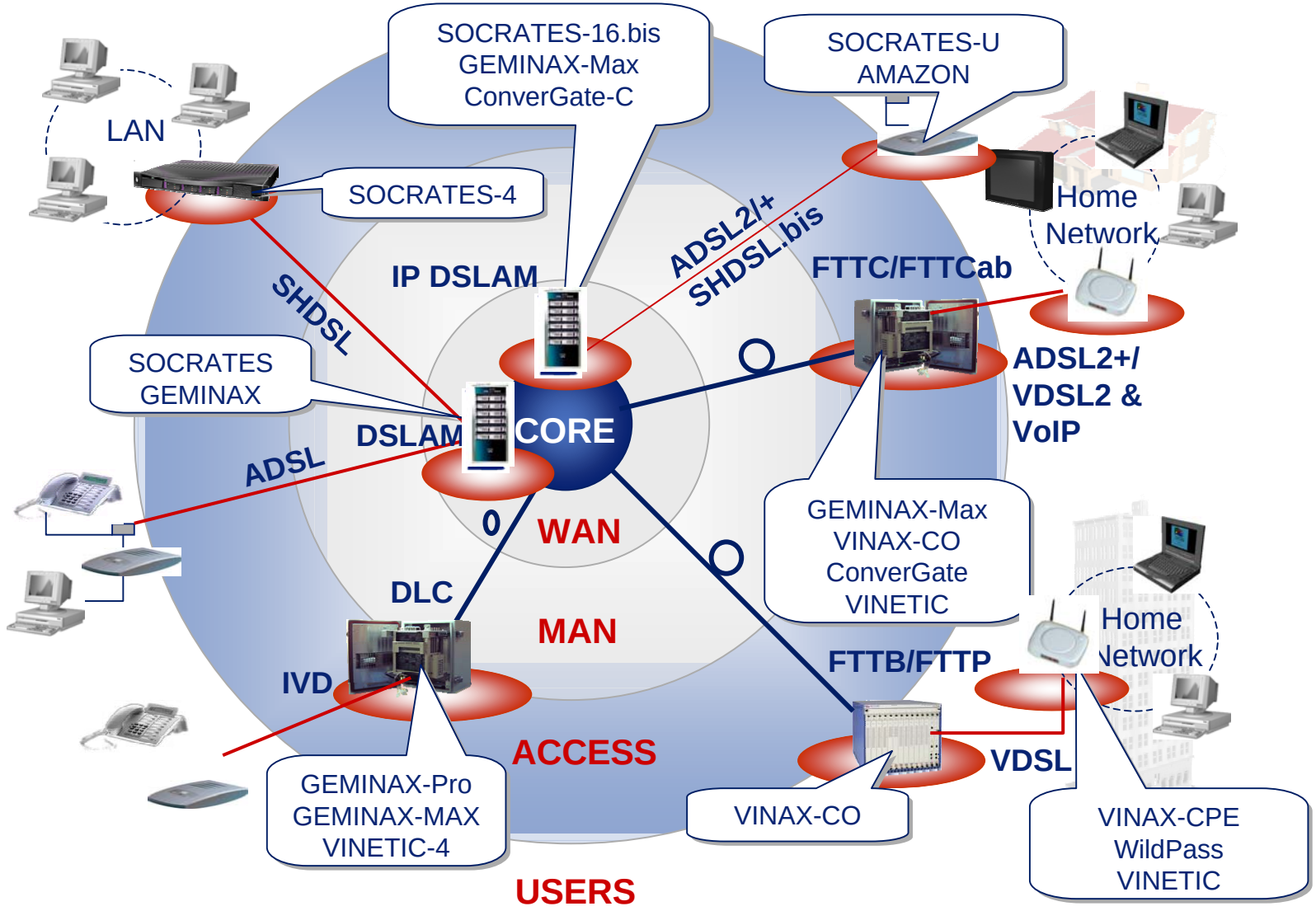
- Leader in the terrestrial market segment with the digital Tuner "TUA6034"
- Focus on the portable and mobile segments with new low power digital tuners for Laptop / PC and Mobile Phone applications with TUA6041 (alignment free) and TUA6045
- Continue to supply and service the analog tuner market segment



Access solutions for future family communications portal

Infineon's access solutions for power communication networks worldwide

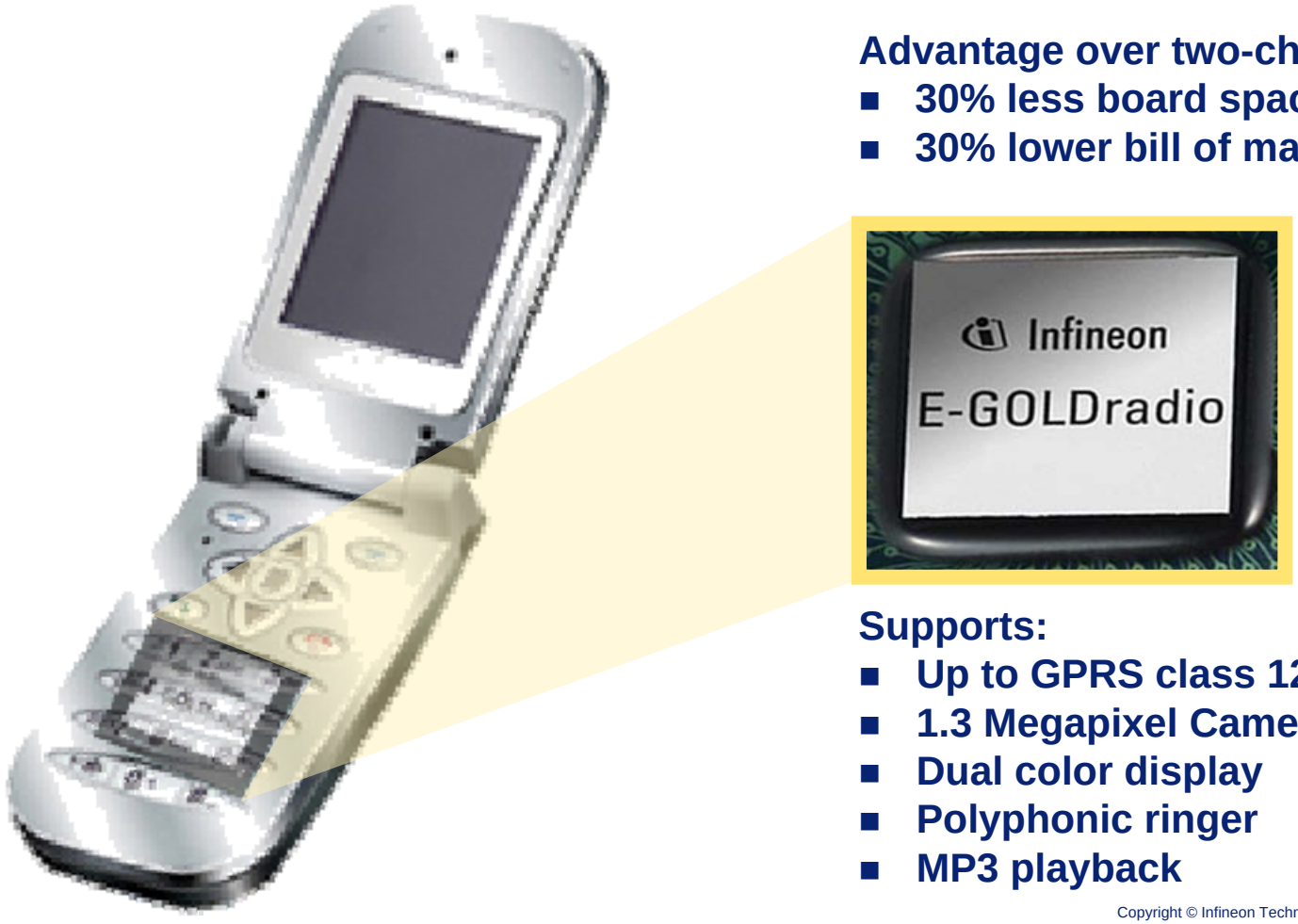
COM



Successful integration of RF CMOS into the baseband: Sampling RF/baseband SoC for GSM/GPRS

COM

Infineon's single-chip demo-phone at 3GSM '05



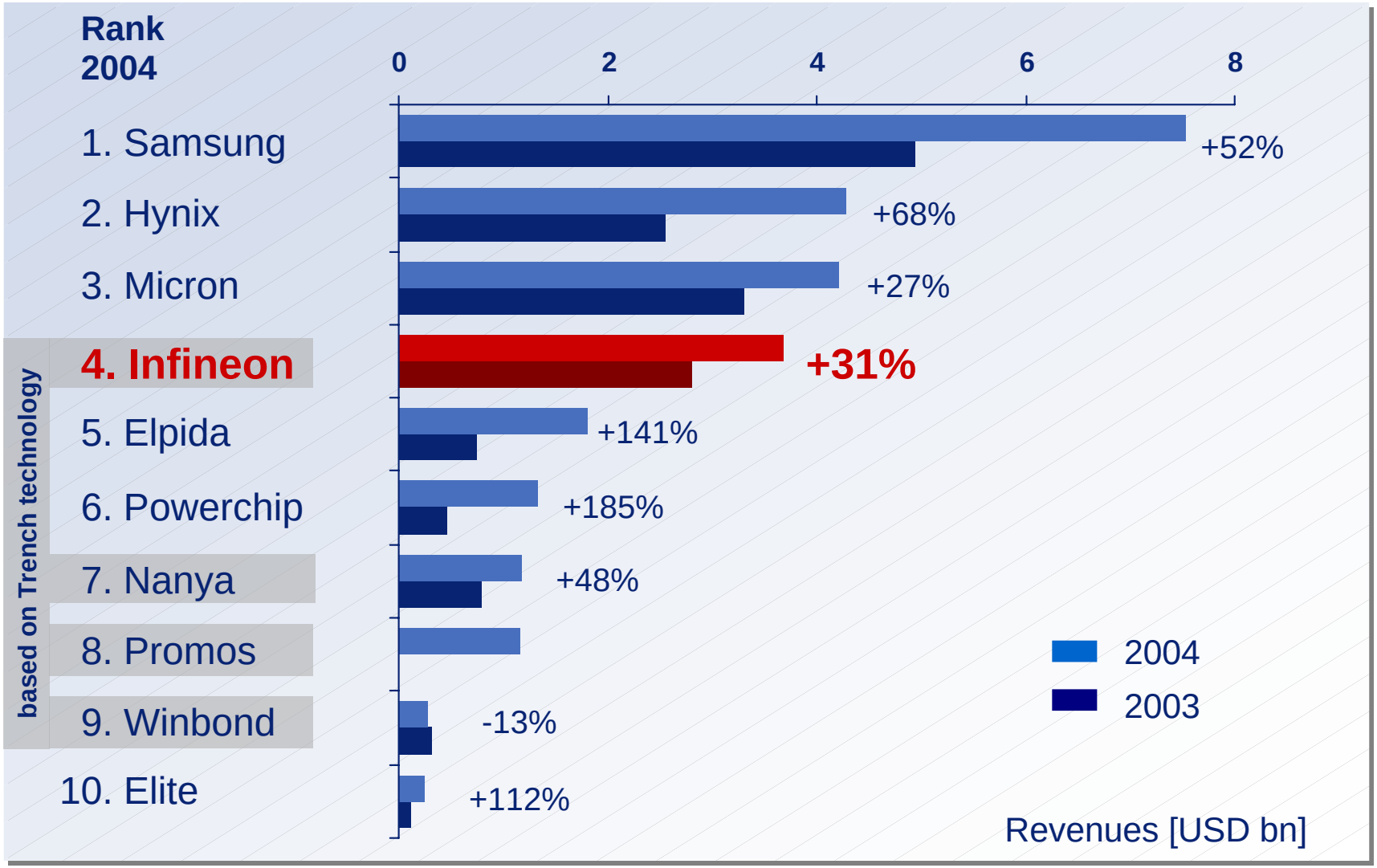
Integrates:
- RF transceiver SMARTi SD2
- Baseband E-GOLDlite

Advantage over two-chip solution:
- 30% less board space
- 30% lower bill of material

Supports:
- Up to GPRS class 12
- 1.3 Megapixel Camera
- Dual color display
- Polyphonic ringer
- MP3 playback

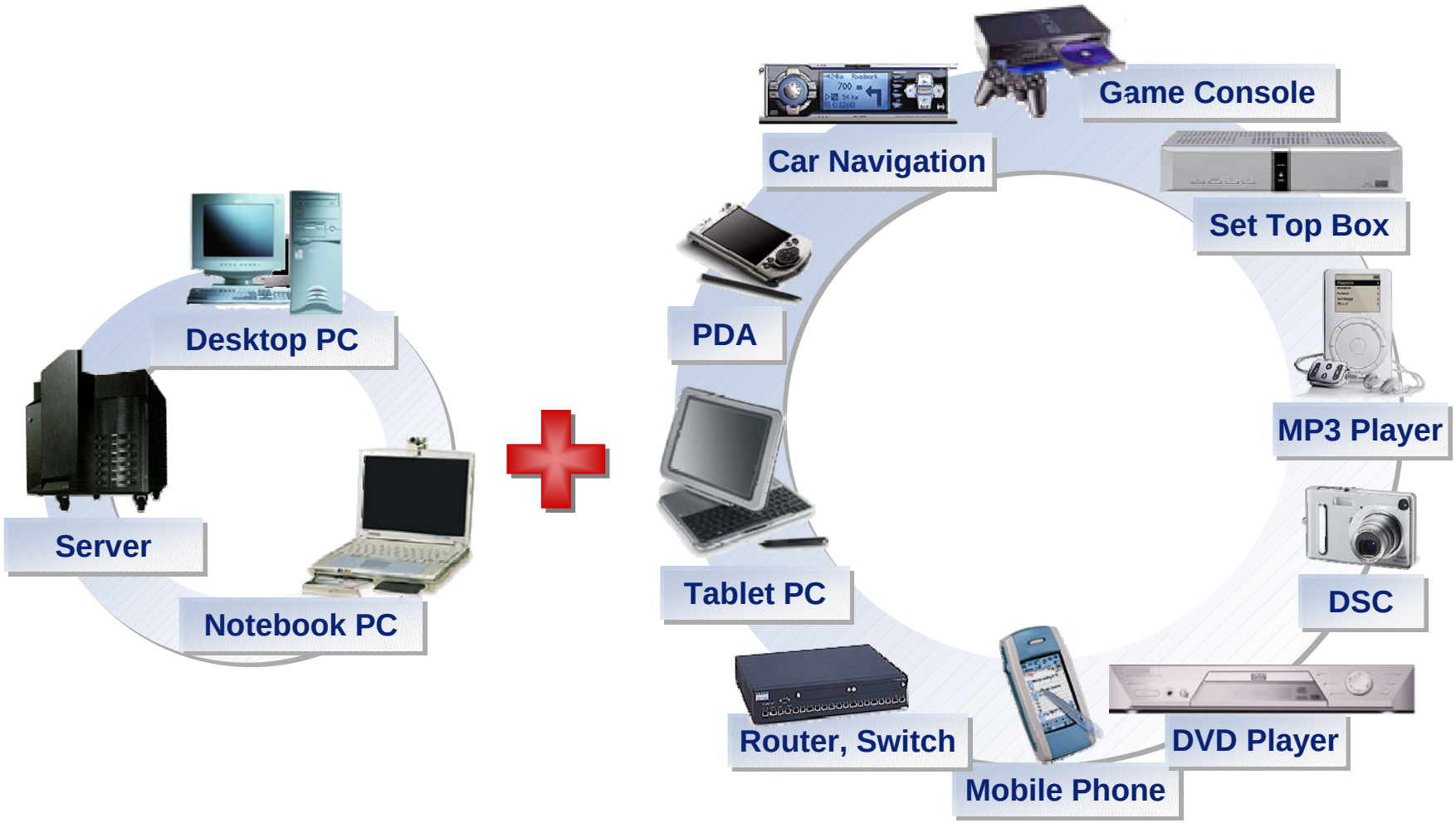
Worldwide DRAM revenue ranking 2004 and 2003

MP



Source: iSuppli, March 2005

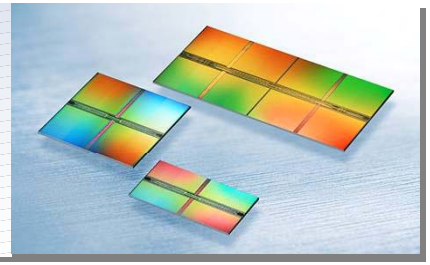
The market place – New memory applications



MP – Strengths

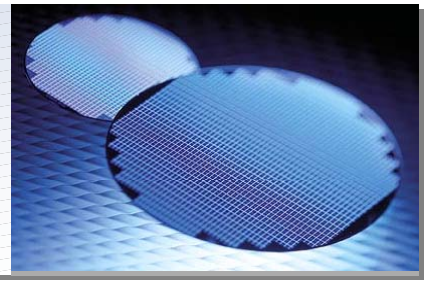
Technology leadership

- More than 80% of capacities converted to 110nm technology
- 512M DDR based on 90nm technology validated by Intel
- First product prototype on 70nm technology



Manufacturing leadership

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

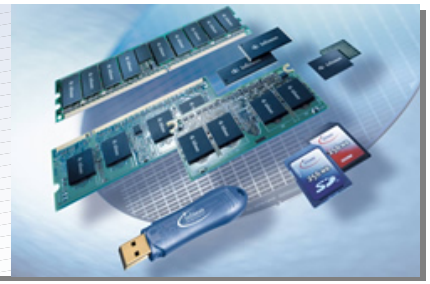


Strong technology and manufacturing alliances

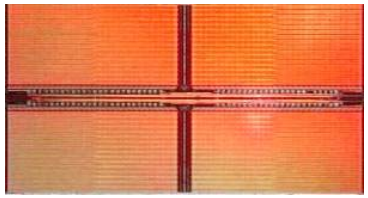
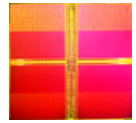
- Joint technology development to improve economies of scale
- Improve market position with reduced capital requirements
- Flexible capacity increase through foundries

Expanding product portfolio

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



DRAM technology roadmap

2004 – 110nm	2005 – 90nm	2006 – 70nm
 256M DDR 110nm	 512M DDR 90nm	 512M DDR2 70nm
■ More than 80% of capacity converted to 110nm by end of September 2004 ■ Best wafer with more than 93% yield ■ First DRAM technology to use 193nm lithography	■ Key innovations: Bottle shaped trench New cell layout ■ IFX is 2nd manufacturer to have 90nm-based product validated by Intel ■ Start of ramp-up planned for mid 2005	■ First prototype on 300mm available

DRAM fab cluster

DRAM Fab Cluster

Frontend

Dresden
200 + 300mm

Richmond
200 + 300mm

Inotera
300mm

SMIC™
200 + 300mm

Winbond Electronics Corp.
200 + 300mm

Identical Technology Roadmaps

Global Process Synchronization and Quality Control

Best Practice Sharing and Fast Ramps

Backend

Dresden

Porto

Malacca

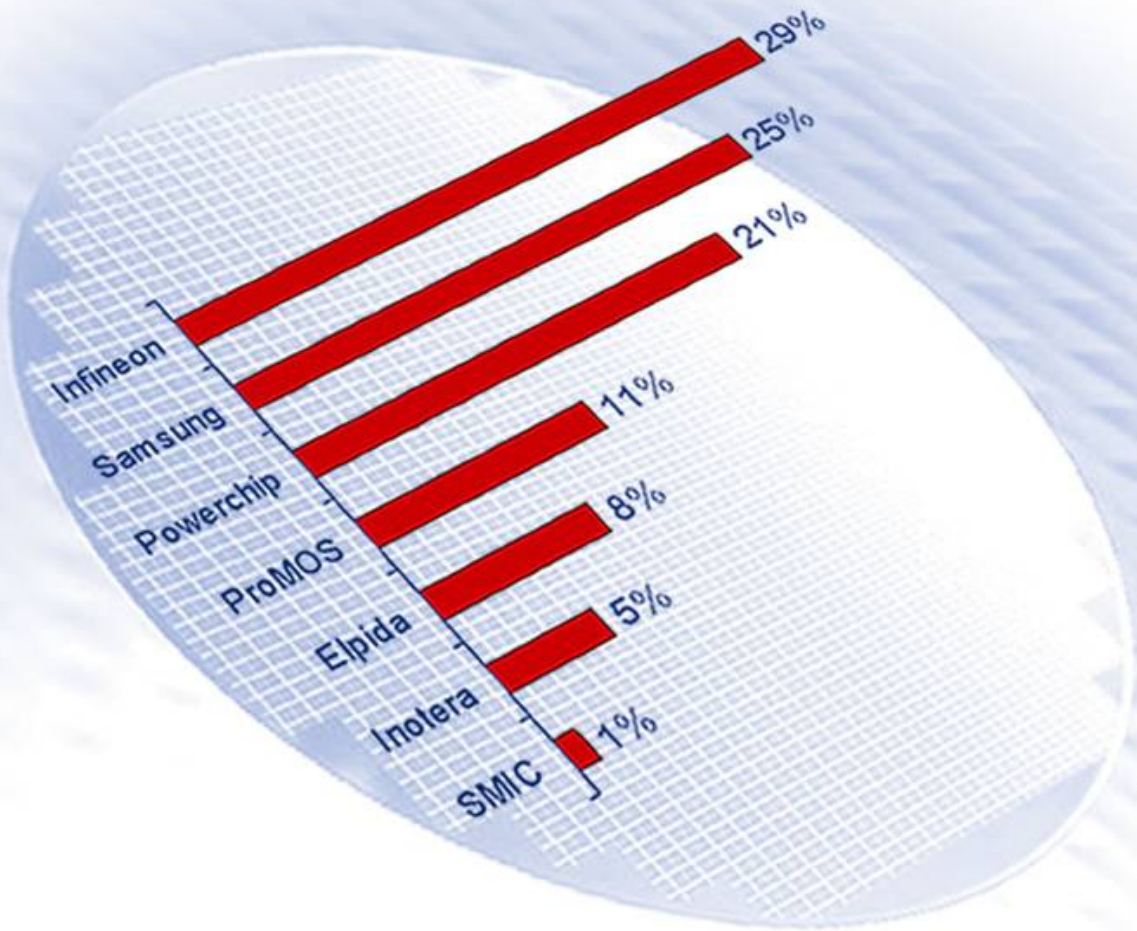
Suzhou

EEMS
Kingston TECHNOLOGY
UTAC

One (virtual) Fab to the Customer

Leader in 300mm DRAM manufacturing

2004 Annual 12-inch Wafer Production Market Shares



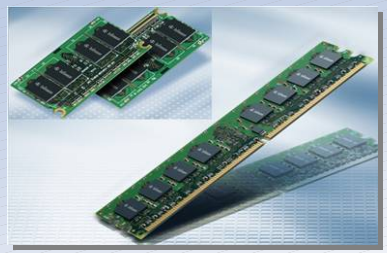
Source: iSuppli, February 2005

The new organization of Memory Products: Focus on applications and market segments

MP

Business Units	Computing	Graphics	Consumer & Mobile	AENEON Simply advanced	Flash
Application (Selection)	■ Desktop PC ■ Notebook PC ■ Server ■ Workstation ■ Storage ■ Networking	■ Graphics ■ Game Console ■ Game Handhelds	■ Mobile Phones ■ Set-Top-Box ■ DVD Players & Recorders ■ DSC ■ MP3 Players ■ Car Navigation ■ PDA ■ Digital TV ■ Peripherals	■ Desktop PC ■ Notebook PC ■ Workstation	■ Mobile Phones ■ DSC ■ MP3 Players ■ USB Drive ■ PDA ■ Flash cards
Drivers	Replacement Performance Internet Infrastructure Bandwidth Data Warehouse	Performance Digital Lifestyle 3D picture New games	Mobility Digital Lifestyle Low-Power Info Mgmt. Content Download	Performance Emerging markets White boxes	Data Storage Digital Lifestyle Mobility

Computing portfolio

Applications	Product Features
 Router Modules	■ Interfaces: SDR, DDR, DDR2 ■ Densities: 128Mb – 1Gb ■ Organizations: x4, x8, x16 ■ Packages: TSOP, FBGA ■ Speeds: PC133 – DDR2-533 
  Desktop PC Workstation Notebook PC Sub-Notebook PC	 ■ Interfaces: SDR, DDR, DDR2 ■ Formfactors: Unbuffered, SO-DIMM, MicroDIMM ■ Densities: 128MB – 2GB ■ Speeds: PC2100 – PC2-4200
 High-End Workstation Server	■ Interfaces: SDR, DDR, DDR2 ■ Formfactors: Registered, FB-DIMM ■ Densities: 128MB – 4GB ■ Speeds: PC2100 – PC2-4200 

Graphics portfolio

Graphics Segment	Features	Products
High end	High speed: 500 – 800 MHz High bandwidth: x32 Low operating current	 512M & 256M GDDR3
Mainstream	Advanced speed: 300 – 500 MHz FBGA package Bandwidth: x16 Operating voltage 1.8V-2.0V	 256M DDR2 (+512M)
Value	Mainstream speed: 200 – 300 MHz TSOP package Bandwidth: x16 Operating voltage 2.5V	 256M DDR (+512M)

Consumer portfolio

Applications

Digital TV

Digital Still Camera (DSC)

Set-Top Boxes

Printer

DVD Player / Recorder

Product Features

Long-term product support with:

- Interface: x16, x32
- Densitiy: 64M – 256M
- Speed: 133 – 166MHz
- Voltage: 3.3V

- Interface: x8, x16
- Density: 128M – 512M
- Speed: 333 – 400 MHz
- Voltage: 2.5V

- Interface: x16
- Density: 256M – 1G
- Speed: 533 – 800 MHz
- Voltage: 1.8V

Mobile portfolio

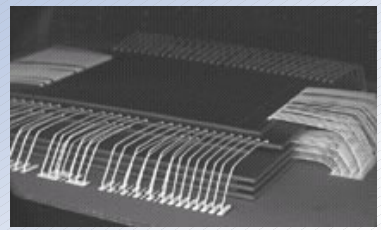
Applications

MP3 player

DSC

Smart Phone

Mobile Phone

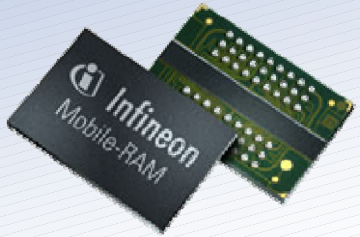


Multi Chip Package

Product Features

MOBILERAM

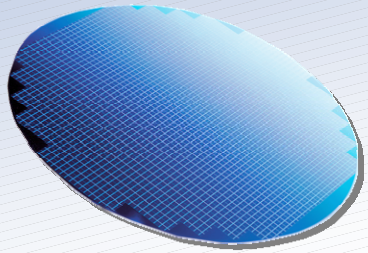
- Small form factor
- Ultra low power



CellularRAM

- SRAM Performance
- High memory density
- Low DRAM cost level

- Tested Mobile-RAM and CellularRam dies
- MCP specific pad layout



Flash product portfolio

Products | Applications

Flash Cards

- High volume growth segment
- Initial Products: SD-Card and MultiMediaCard

Flash Components

- NAND-compatible 512Mbit Flash in a TSOP-package

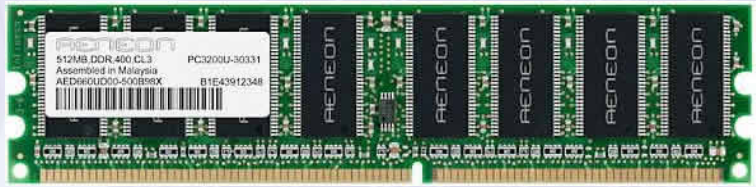
Second Brand for DRAM products

Applications & Market

- Address Whitebox PC market through distribution partners
- Large share and strong growth potentials of Whitebox market especially in emerging economies such as Eastern Europe, Latin America and South East Asia

Product Features

- Desktop PC
  - DDR unbuffered DIMMs
  - DDR2 unbuffered DIMMs



- Notebook PC
  - DDR SO-DIMMs
  - DDR2 SO-DIMMs

Market / Company overview

Business development 2nd quarter fiscal year 2005

Business groups

General company information

Infineon organization

Board

Dr. W. Ziebart

P. Bauer P. Fischl K. W. Loh Dr. A. v. Zitzewitz

Business Groups

Automotive, Industrial & Multimarket	Communication	Memory Products
P. Bauer	**K. W. Loh**	**Dr. A. v. Zitzewitz**
Dr. R. Ploss G. Henschel	Prof. Dr. H. Eul P. Gruber	T. Seifert Dr. M. Majerus
▪ ASIC Design Solutions	▪ Access	▪ Aeneon
▪ Automotive Power	▪ Customer Premise Equipment	▪ Computing
▪ Chip Card & Security	▪ Customer Projects	▪ Consumer & Mobile
▪ Discrete Semiconductors	▪ Entry Phone	▪ Flash
▪ Microcontroller	▪ Feature Phone	▪ Graphics
▪ Power Management & Drives	▪ Fiber Optics	
▪ Sense & Control	▪ Optical Networking	
	▪ RF Engine	
	▪ Short Range Wireless	
	▪ Tuner Systems	
	▪ Wireless Infrastructure	
+ Group Functions	+ Group Functions	+ Group Functions

Corporate Functions

- Accounting & Finan. Rep.
- Alliances
- Business Continuity
- Central Sales Functions
- Corporate Audit
- Corporate Communications
- Corporate Logistics
- Corporate Purchasing
- Corporate Quality Mgmt.
- Corporate Research
- Corporate Risk Mgmt.
- Finance & Treasury
- Human Resources
- Information Techn.
- Legal Department
- Manufacturing Strategy
- Planning & Controlling
- Strategy, Investor Relations, Mergers & Acquisition

Regional Units

Infineon Technologies North America Corporation	Infineon Technologies Asia Pacific Pte. Ltd.	Infineon Technologies Japan K.K.

This chart does not represent the legally binding structure. It can be subject to changes based on the decision of the Management.

Infineon has 36,044 employees worldwide*

USA: 3,074 employees

2,416	East Coast (Richmond, Fishkill, ...)
658	West Coast (San José, Sunnyvale)

Europe: 22,118 employees

106	Great Britain
2,578	Austria
16,378	Germany
1,498	Portugal**
194	France
9	Netherlands
90	Italy
660	Czech Republic
572	Sweden, Norway
33	Slovakia

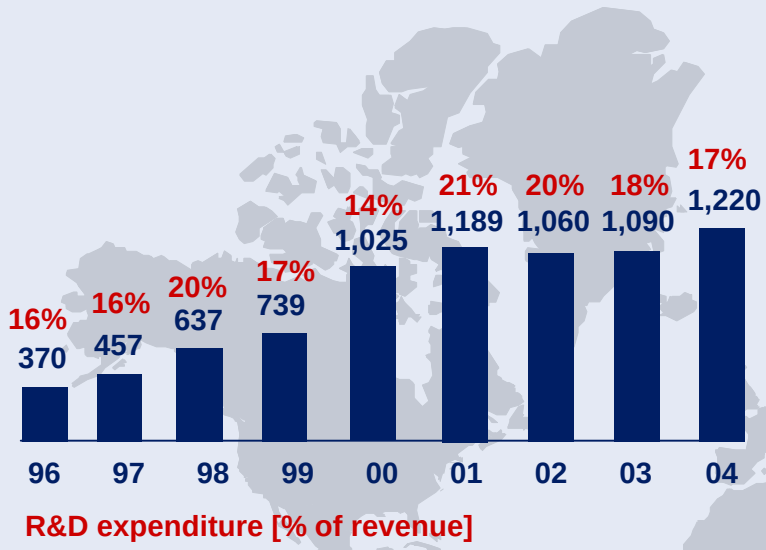
Asia / Pacific: 10,811 employees

41	Israel
2,351	Singapore
1,240	Indonesia
424	India
4,734	Malaysia
1,463	China
60	Hongkong
144	Japan
37	Korea
344	Taiwan
14	Australia

* as of March 31st, 2005
** incl. ESAS MA

Continuous investment in R&D

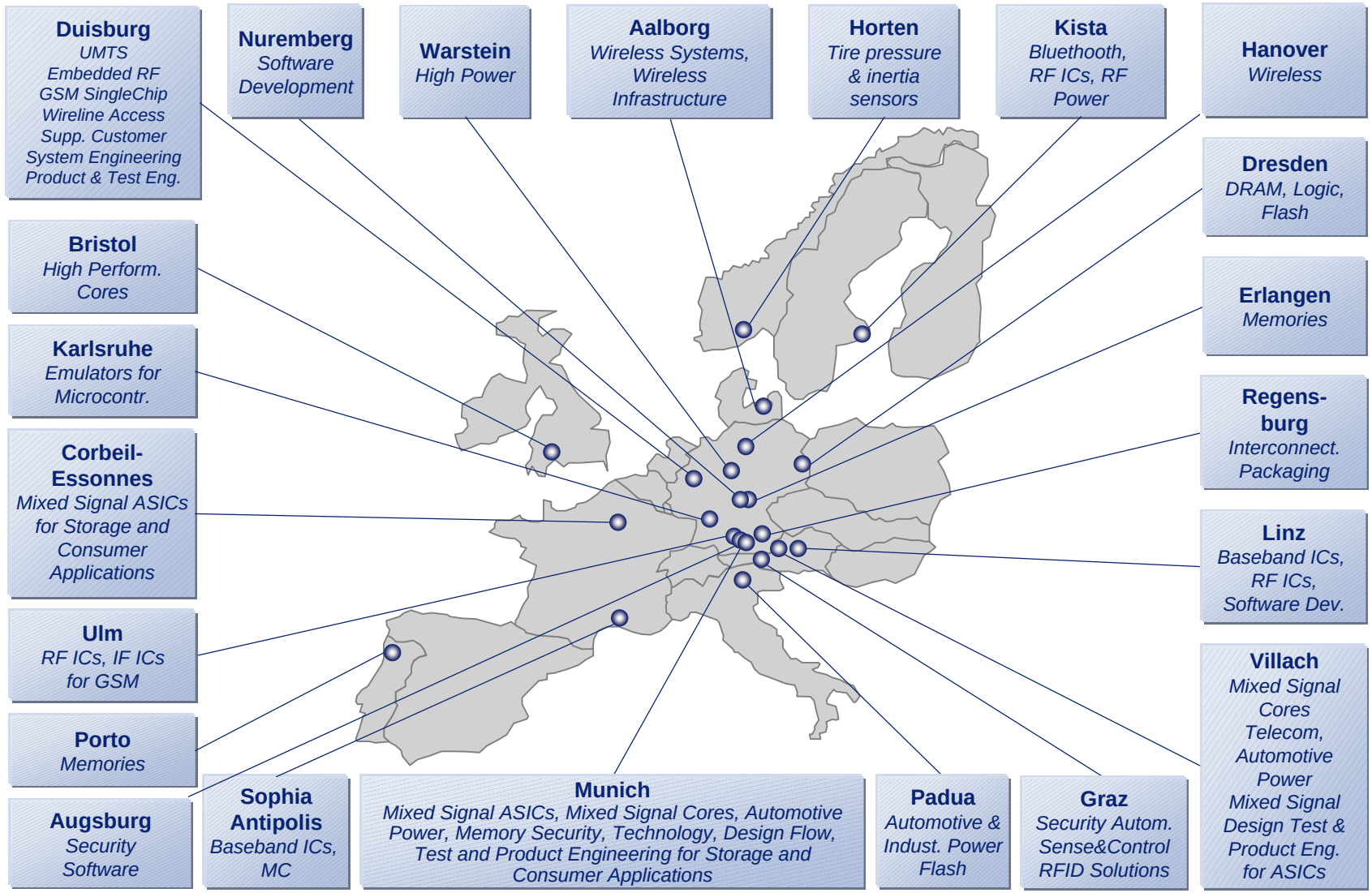
R&D Spending FY 1996-2004 [EUR m]



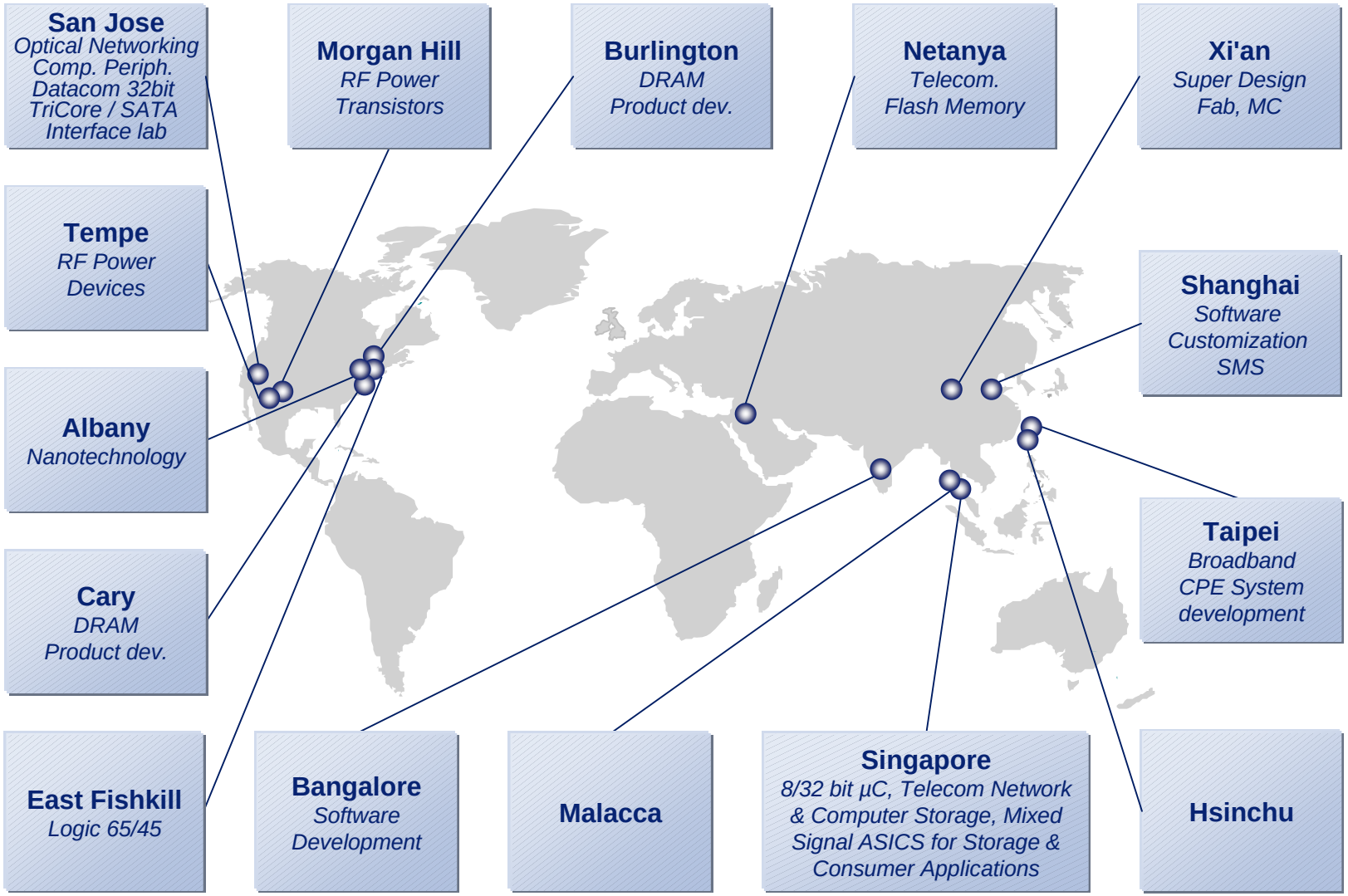
No. of Patents and Patent Applications (FY 1996-2004)

- 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)



World-class manufacturing sites on 3 continents

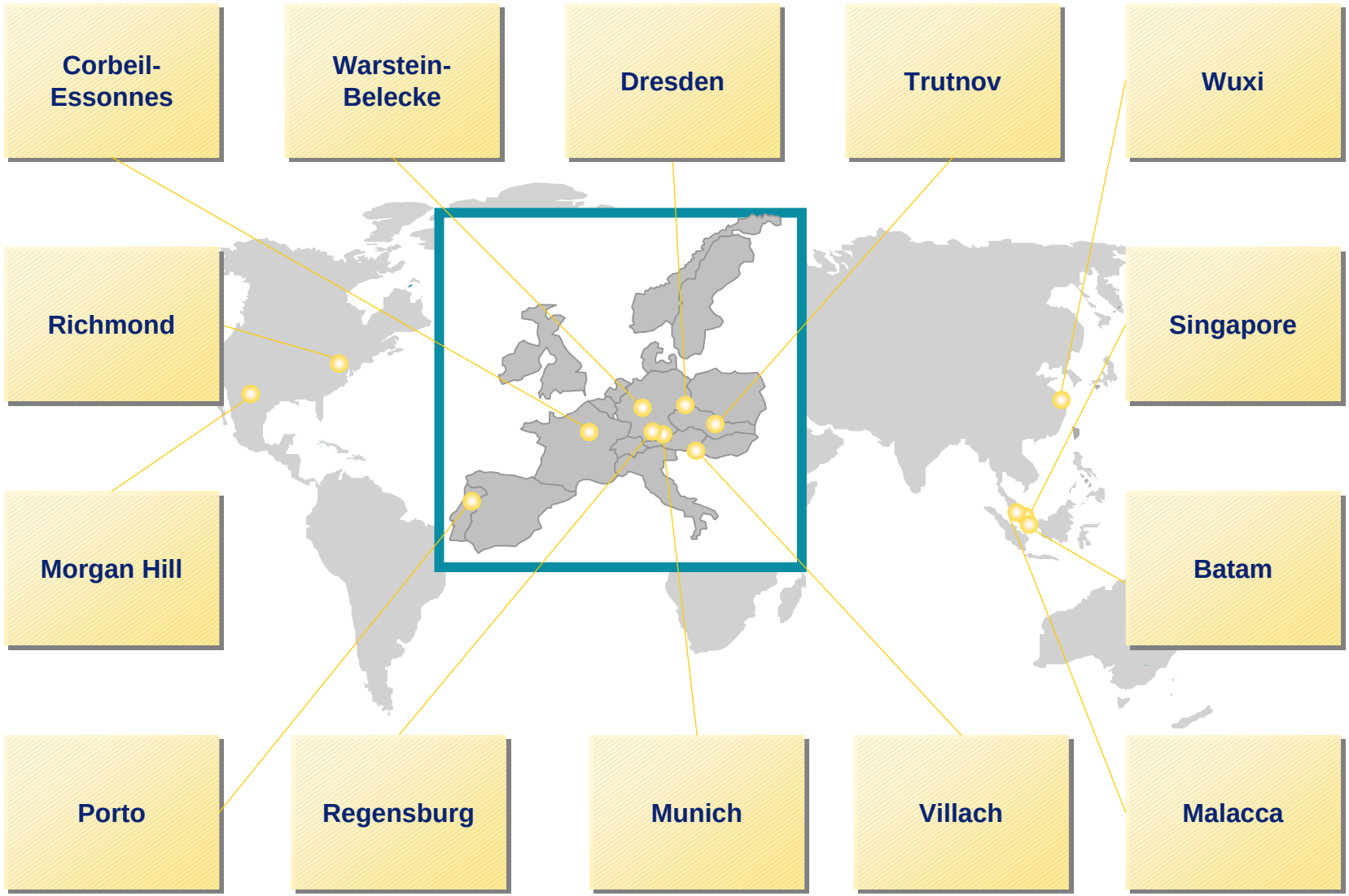
Investments FY 1996-2004 [EUR m]

8/12" Production Sites

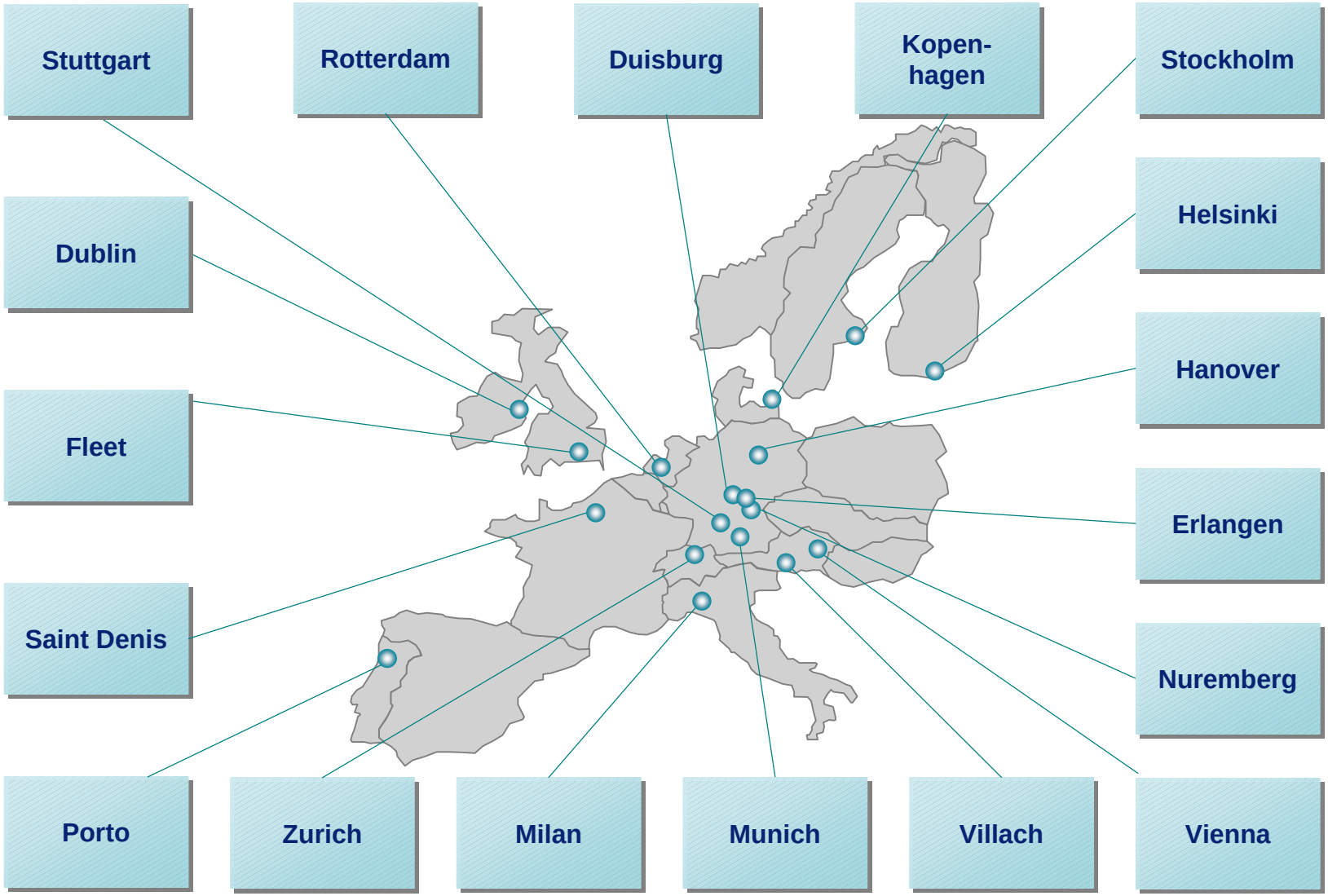
1996	Dresden (Germany) opened (DRAM and Logic)
1998	Richmond (Virginia, USA) opened (DRAM)
1999	ALTIS (Essonnes, France) JV with IBM founded (Logic)
2001	Dresden (Germany) 300mm module opened
2003	Inotera Memories (Taiwan), JV with Nanya: 300mm module opened
2004	Expansion Richmond to 300mm production

More than 10 production sites (wafer manufacturing, assembly and testing)

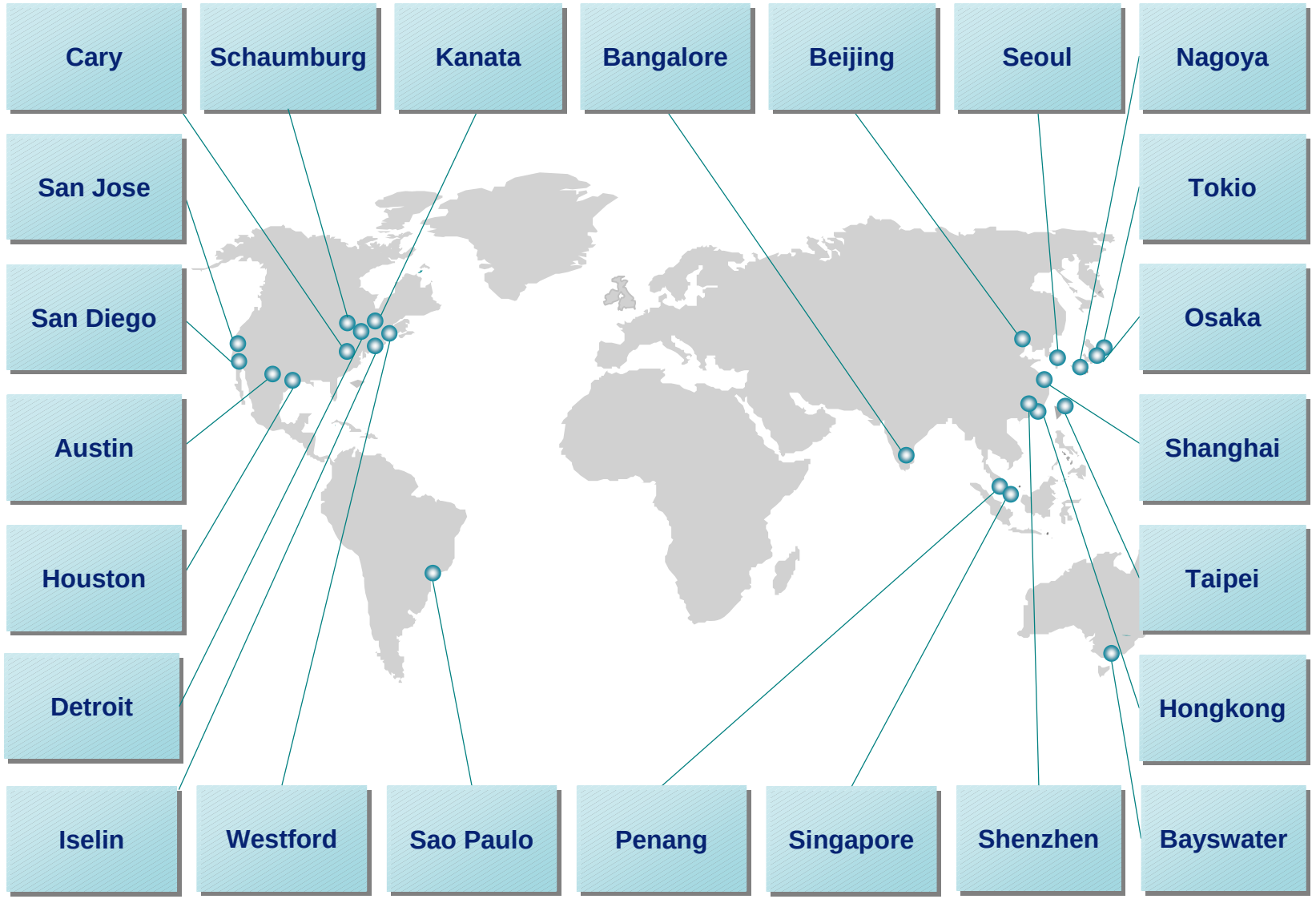
Infineon production sites



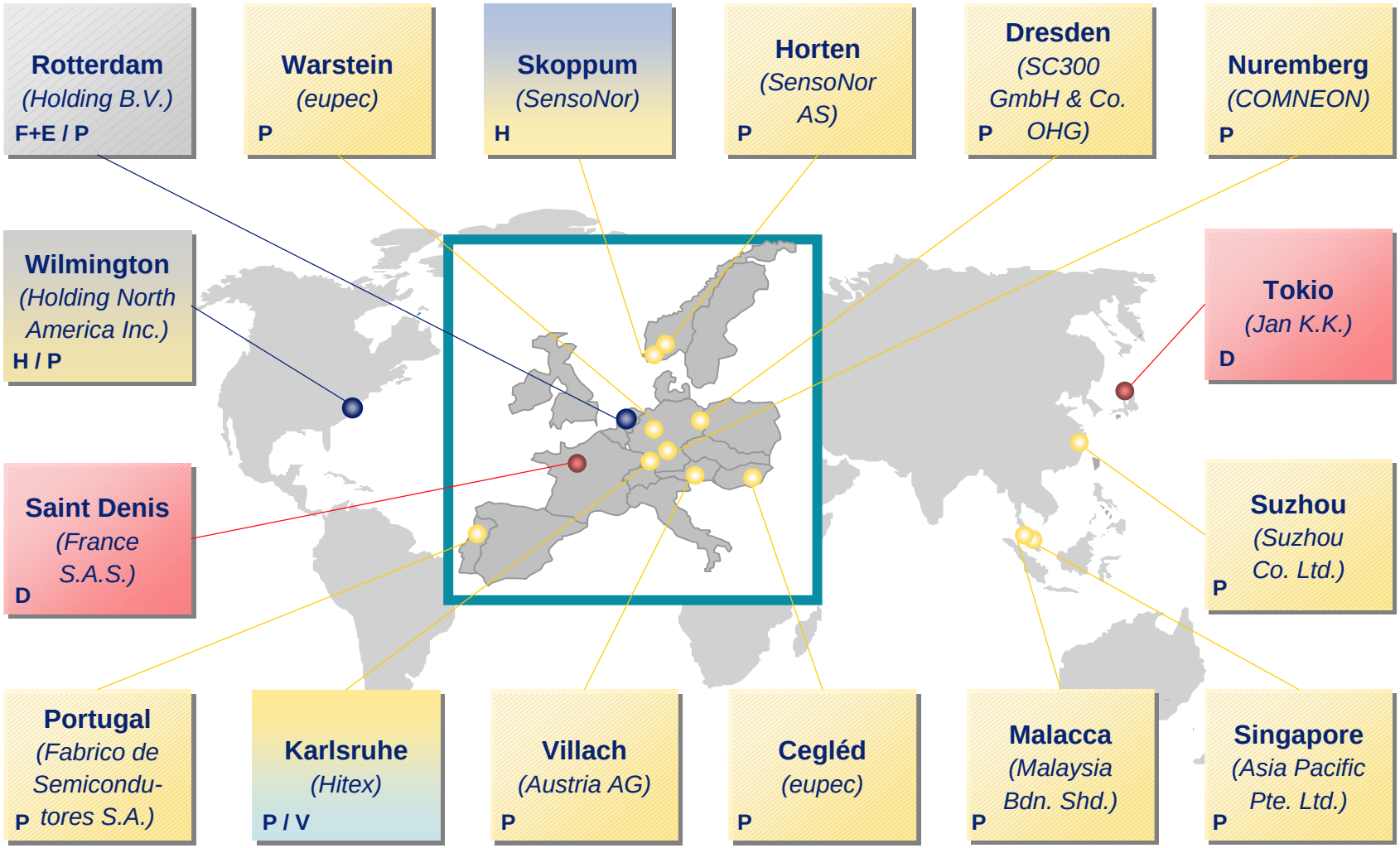
Infineon sales offices in Europe



Infineon sales offices worldwide (excluding Europe)

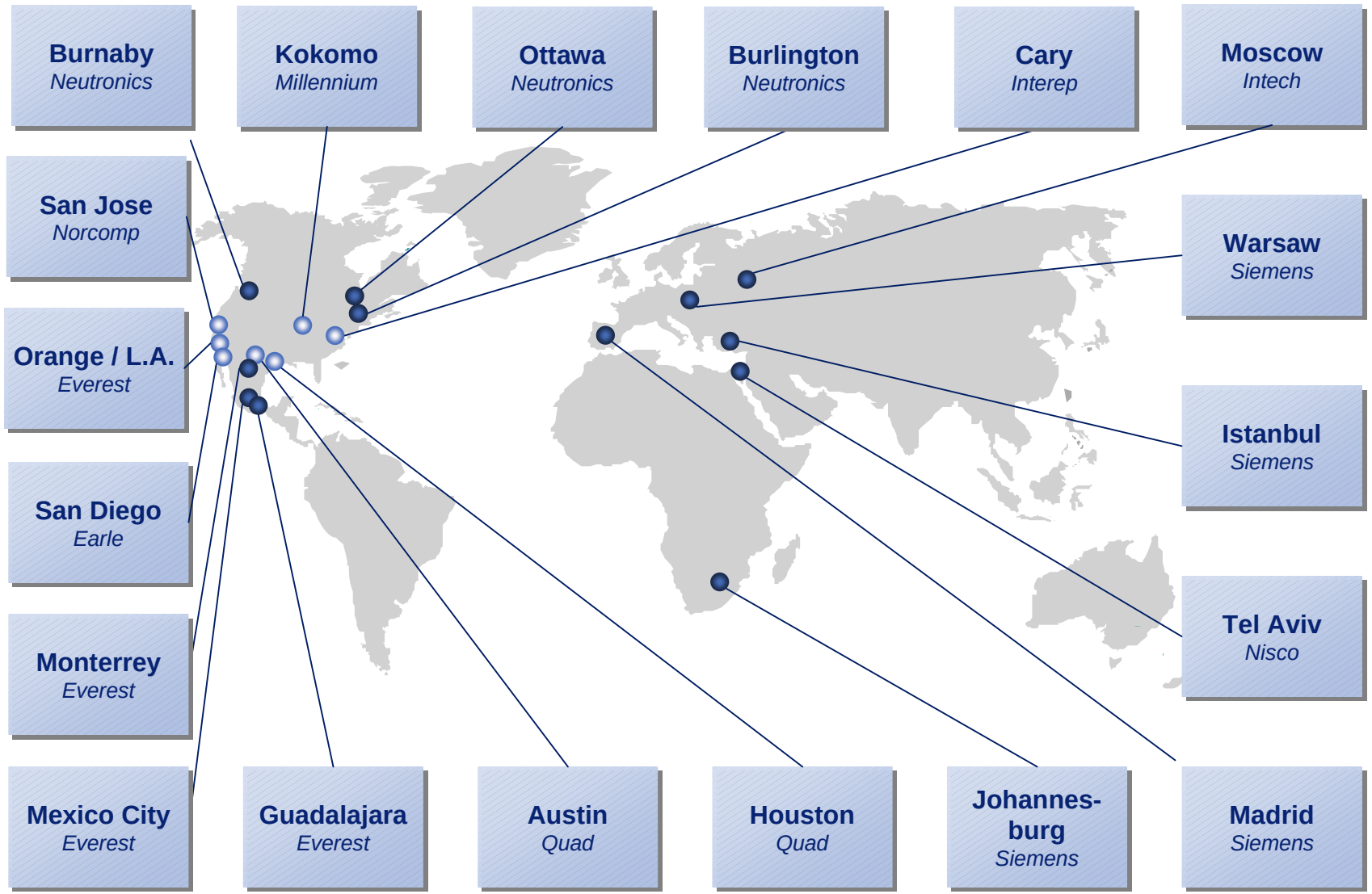


Infineon's principal subsidiaries



R&D Research & Development | P Production | S Sales | H Holding | D Distribution

Infineon representative offices worldwide



selected examples; more than 50 representative offices in the US

Infineon – partner of the worldwide electronics industry

Main Customers

Automotive, Industrial & Multimarket

- Autoliv
- Axalto
- Bosch
- Conti AS
- Delphi
- Delta
- Denso
- Gemplus
- Gieseke & Devrient
- Hella
- JCAE
- Kostal
- Lear
- Motorola
- Oberthur Card Systems
- Siemens
- TRW
- Visteon

Communication

- Alcatel
- DBTel
- Ericsson
- Fujitsu
- Huawei
- Konka
- Lucent
- Matsushita
- NEC
- Nokia
- Siemens
- Sony-Ericsson
- Vtech
- ZTE

Memory Products

- Acer
- Cisco
- Dell
- Fujitsu Siemens
- HP
- IBM
- Kingston
- Lenovo
- NEC
- Sony
- Sun

- Main channel partners: Arrow, Avnet, Fujitsu Devices, Silicon Applications
- Electronic Manufac-turing Services: Celestica, Flextronics, Foxconn, Jabil, Sanmina-SCI Solectron

Expanding global network: Selected partnerships*

Technology Development	Chip- & Software Development	Manufacturing	System Integration & Solutions
■ **AMTC** (together with **AMD & DuPont**)	■ **StarCore** (together with **Agere & Motorola**)	■ **SMIC**	■ **SAP**
■ **Nanya**	■ **InterDigital**	■ **Winbond**	■ **Huawei**
■ **IBM**	■ **Emuzed**	■ **Inotera** (together with **Nanya**)	■ **Broadcom**
■ **Chartered**		■ **Altis** (together with **IBM**)	■ **Ritchtek**
■ **Samsung**			

* some of almost 40 Infineon alliances as per September 2004

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Never stop thinking.