The future of communications

February 10, 2006

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Never stop thinking

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Four Hot Topics in the Wireless Communication Market – Infineon Drives Them All

HSDPA

- HSDPA enabled mobile phones to increase from 10 million in 2007 to more than 300 million by 2010*

Cellular ULC

- ULC ("Ultra-Low-Cost") phones to represent 12% of worldwide mobile phone sales by 2010 compared to 1% in 2005*

Connectivity

- Bluetooth penetration will increase to more than 50% by 2008*
- WLAN and GPS to move into smart phones

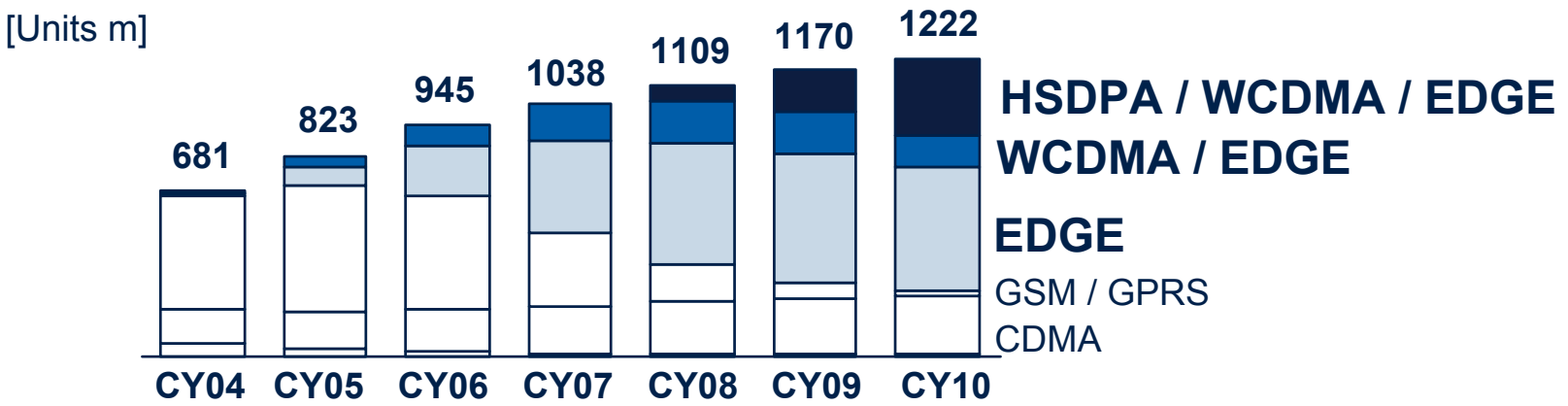
Mobile TV

- Mobile TV service (DMB) has started from May 2005 in Korea
- Portable receivers emerging

*Source: Strategy Analytics

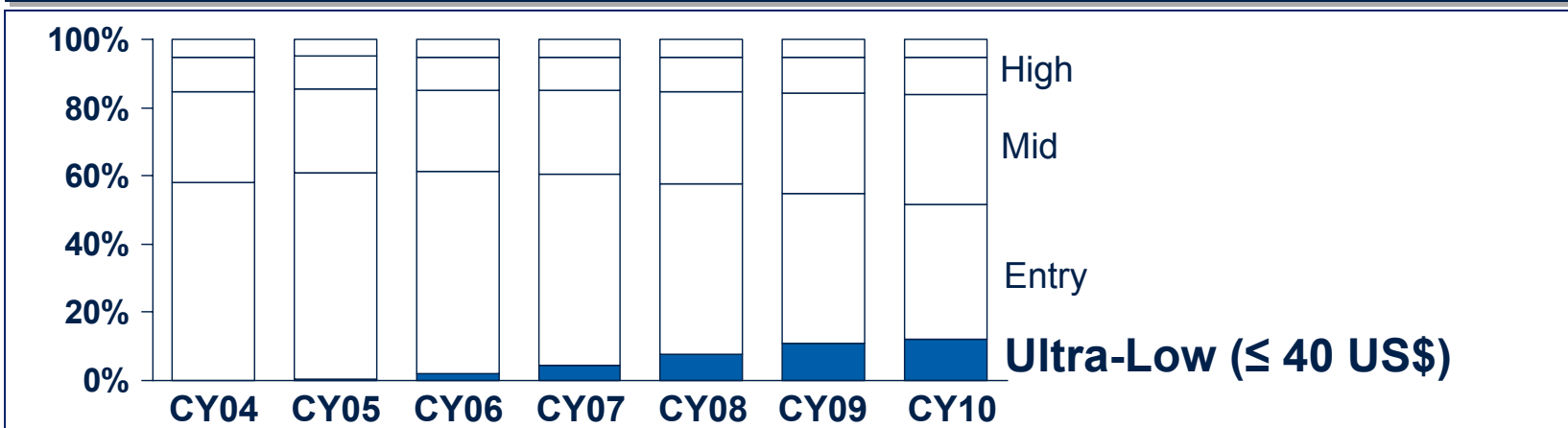
Growth Drivers: HSDPA, WCDMA, EDGE and ULC

Mobile phone market development



Source: Strategy Analytics, January 2006

Mobile phone sales by price-tier



Source: Strategy Analytics, January 2006

3GSM 2006:
Infineon Provides All Key Elements of HSDPA Solution

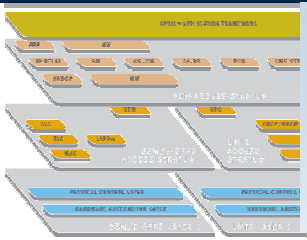
HSDPA multimedia baseband S-GOLD 3H

- One-chip HSDPA / WCDMA / EDGE solution
- 7.2 Mbit/s baseband
- Video telephony and streaming without companion
- Status: Sampling

HSDPA RF CMOS transceiver SMARTi 3GE

- World's first one-chip six-band WCDMA and quad-band EDGE transceiver
- Offers data rates up to 7.2Mbit/s
- Status: Sampling

HSDPA protocol stack



- 3GPP WCDMA FDD multimode type II protocol stack
- Full support of 3GPP release 5 HSDPA
- Supports GSM, GPRS and EDGE up to Class 12
- Status: Delivery to first customer in Q1 CY06

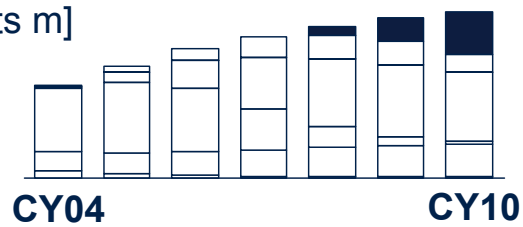
Power management and connectivity solutions

Infineon Introduces HSDPA Platform

HSDPA multimedia platform

- HSDPA data rates up to 7.2 Mbit/s
- Enabling broadband multimedia applications:
  - Video streaming
  - High-speed audio/video download
- Infineon provides complete solution:
  - ✓ All key hardware components
  - ✓ Reference design
  - ✓ Protocol stack and application software
- Reference design expected to be available mid CY06

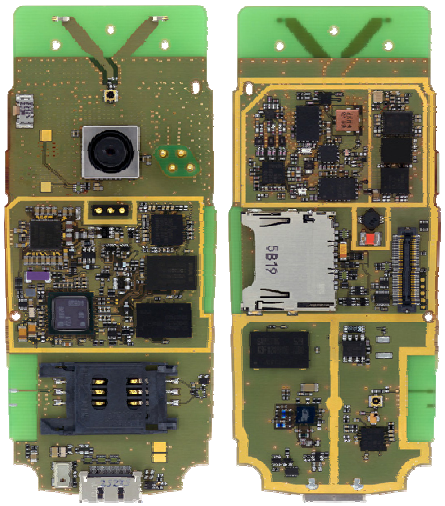
HSDPA market development



Source: Strategy Analytics, January 2006

Panasonic and Vodafone Selected Infineon's 3G Platform

Infineon's 3G platform



- Ramp-up expected 2H CY06
- Infineon provides multimedia baseband, RF transceiver, power management, connectivity solutions, reference design and software
- < 200 electronic components
- Low eBoM

3G market development

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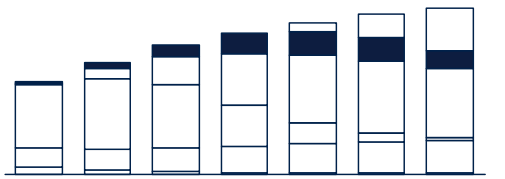

Source: Strategy Analytics, January 2006

Design win

Panasonic

Vodafone

Several OEMs Selected Infineon's EDGE Platform

Infineon's EDGE platform

- Ramp-up expected 2H CY06
- Infineon provides multimedia baseband, RF transceiver, power management, connectivity solutions, reference design and software
- PCB footprint < 12.5cm²
- Low eBoM

EDGE market development

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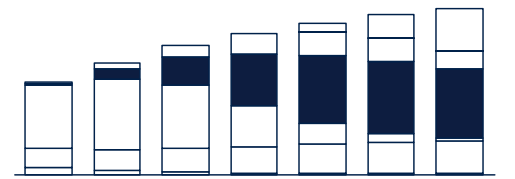


Source: Strategy Analytics, January 2006

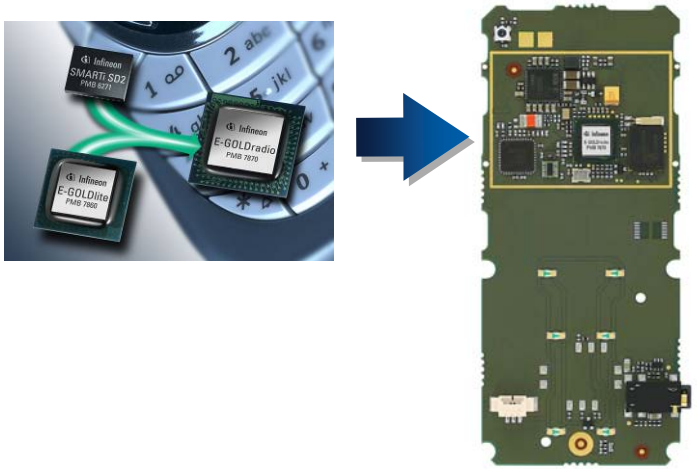
Design wins

BenQ

OEM

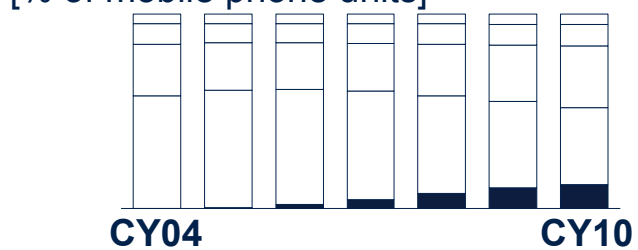
Several Design Wins for RF / Baseband Single-Chip "EGOLDradio"

Infineon's ULC1 platform



- Ramp-up expected 1H CY06
- Infineon provides RF / Baseband single-chip, power management, reference design and software
- < 100 electronic components
- PCB footprint < 9cm²
- ULC phone BoM < 20USD

ULC market development



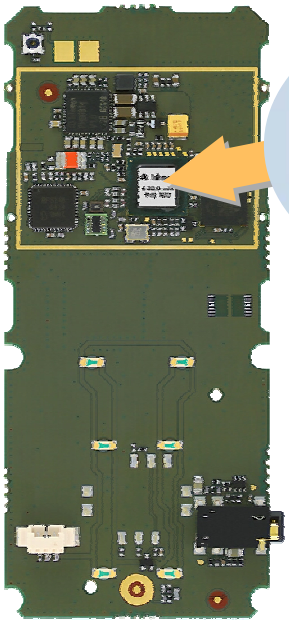
Source: Strategy Analytics, January 2006

EGOLDradio platform design wins

BenQ	ODM
OEM	ODM
OEM	

Infineon's New Single-Chip Generation Drives Further BoM Reduction

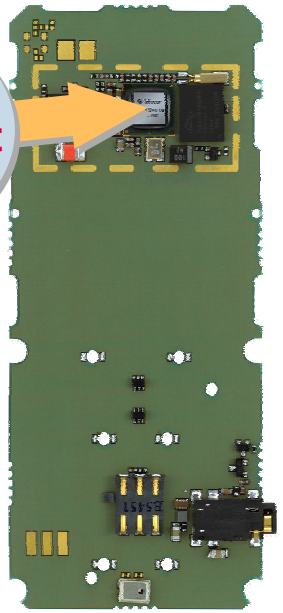
ULC1



EGOLDradio:
RF+Baseband
single-chip

EGOLDvoice:
RF + Baseband
+ Power Management
+ SRAM
single-chip

ULC2



≥ 20% BoM reduction

< 9 cm²	PCB size area	**4 cm²**
< 100*	PCB components	**< 50**
< $ 20	Phone BoM	**< $ 16**

2005 **2006**

Competitive Mobile Phone Platform Offering Leads to Several Design Wins

Complete offering from 2G to 3.5G

Software

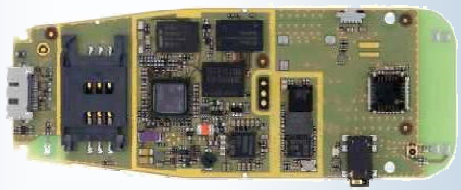
APOXI reference MMI | Applications

APOXI framework

Protocol stack

Hardware driver | Realtime operating system

Reference Design



Hardware

Baseband

RF transceiver

Power management

+ Bluetooth, A-GPS, WLAN single-chip solutions

Design wins

Customer	Platform	Ramp-up
OEM	GSM ULC	1H CY06
OEM	GSM ULC	2H CY06
ODM	GSM ULC	2H CY06
ODM	GSM ULC	2H CY06
BenQ	GSM/GPRS entry phones	2H CY06
BenQ	EDGE Multimedia	2H CY06
OEM	2x EDGE Multimedia	2H CY06
Panasonic	3G Multimedia	2H CY06

Expanding RF Customer Base Through RF CMOS Leadership

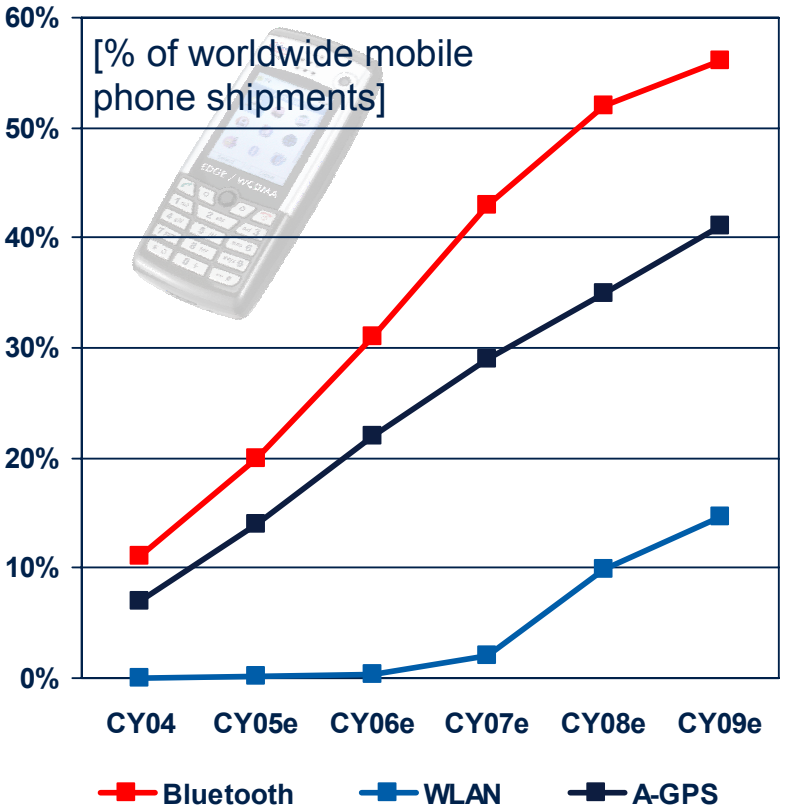
- **No. 1 in RF with approximately 200 million RF chips sold in CY05**
- **Several 3G and EDGE mobile phone platforms ramping up in 2H CY06 will be based on our CMOS transceivers**

SMARTi 3GE HSDPA / WCDMA / EDGE	SMARTi 3G HSDPA / WCDMA	SMARTi PM EDGE
		
World's first CMOS one-chip 6-band WCDMA and 4-band EDGE transceiver	**World's first CMOS single-chip 6-band transceiver**	**World's first CMOS EDGE single-chip transceiver**

Growth Driver: Connectivity

Growth driver

Increasing demand for connectivity in mobile phones:



Source: Strategy Analytics, March 2005

Infineon's position

Bluetooth
- Customers: BenQ, Panasonic
- Bluetooth 2.0 + EDR solution sampling since early 2005
- Design win at OEM

A-GPS
- World's first RF / BB single-chip solution sampling since early 2005
- Design-wins at 2 mobile phone platforms

WLAN
- 802.11 a/g single-chip for mobile phones available in 2006
- VoIP functionality integrated
- UMA support

UWB
- Single-chip in development

Growth Driver: Digital Terrestrial TV and Mobile TV

Digital terrestrial TV

Growth Drivers:

- Introduction of digital terrestrial TV in many regions
- Analog terrestrial TV to be switched off by 2015

Infineon's Position:

- Leading share worldwide in tuners for digital terrestrial TV
- Infineon tuners are fully compliant to DVB-T, DVB-C, ISDB-T, ATSC

Mobile TV

Growth Drivers:

- World's first roll-out took place in South Korea in May 2005
- Field trials in many regions all over the world

Infineon's Position:

- Volume shipments of portable TV tuners since end 2005
- DVB-H frontend solution demo at 3GSM '06

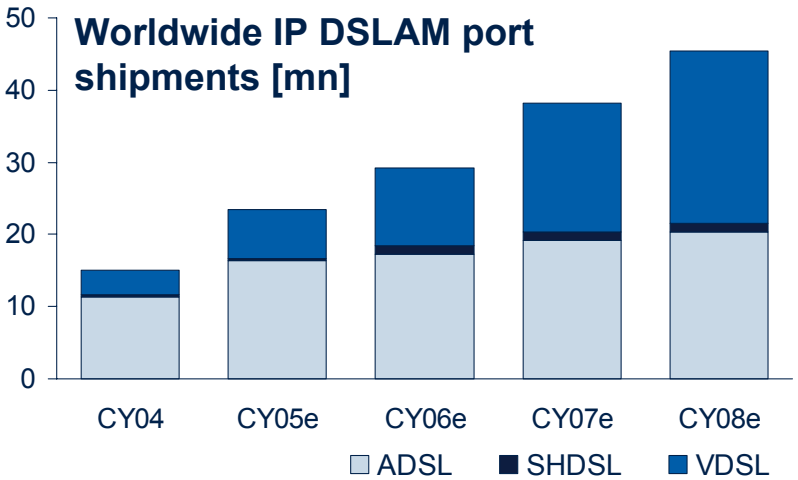
Growth Driver: DSL

DSL market development

Triple play services and network replacement drive DSL demand

For example:

- Deutsche Telekom intends to provide Germany's 50 largest cities with up to 50Mbit/s broadband lines by 2007
- By mid-2006, already 2.9 million households can use the new technology



Source: Infonetics, Q2 2005

Infineon's position

VDSL2 leadership

- We offer the first fully standard compliant VDSL2 chip solution
- Several major OEMs decided to start VDSL2 designs based on our chipset
- First VDSL2 revenues already achieved in Q4 CY05

New customers in ADSL2/2+

- Design-wins at several new major OEMs during CY05

Critical Factors for VDSL2 – 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

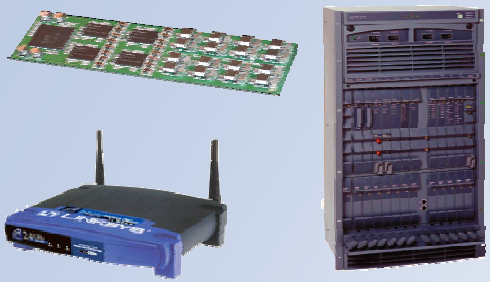
Complete solution

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

Infineon Communication Solutions Drive the Convergence of Communication Technologies

Broadband

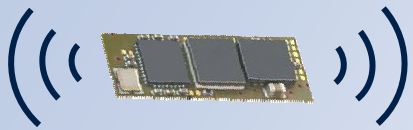
- **Access**



- Complete xDSL CO / CPE portfolio
- One chipset family for all VoIP applications
- Reference designs for VDSL2, ADSL2+ router, VoIP router and IP phones
- Chipsets for T/E carrier, analog linecards and ISDN

RF Solutions

- **RF Engine**
- **Tuner Systems**
- **Connectivity**



- RF transceivers and BAW filters for 3G and 2G mobile phones and wireless data modules
- Bluetooth EDR, A-GPS and WLAN connectivity solutions
- DECT/WDCT chipset
- Analog and digital terrestrial tuner systems
- Power amplifiers and RF ASIC for 3G and 2G base stations

Mobile Phone Platforms

- **Feature Phone**
- **Entry Phone**
- **Mobile Software**

- Reference designs for 3G and 2G mobile phones
- RF / Baseband single-chip and multimedia baseband for 3G and 2G
- Protocol stack and application framework software for 3G and 2G

Infineon Successfully Produced First 65nm Samples

- Successfully produced first sample chips in our 65nm technology
- Leveraging results of 65nm / 45nm ICIS alliance

- Wafer production was done at multiple fabs
- Volume production intended to start in Q4 CY06 at Chartered
- 65nm technology is expected to further strengthen our leading position in baseband and RF CMOS single-chip integration

Infineon's Advanced Logic Manufacturing Strategy

	Strategy	Advantage
130nm	■ Use existing in-house capacity to 100% ■ Surplus volume in foundry	■ Proven and low cost manufacturing technology
90nm	■ First ramp of technology in foundry, then, transfer to in-house manufacturing as second step ■ Only limited in-house capacity; major volume share stays in foundry	■ Limited investment in own fabs ■ Nevertheless, staying abreast of technology development
65nm	■ Development of 65nm / 45nm CMOS technology within ICIS alliance (IBM, Chartered, Infineon, Samsung) ■ Manufacturing cooperation between Chartered and Infineon	■ Pooling of intellectual capital ■ Sharing of R&D expenditures ■ Maintaining process technology and design system expertise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