The future of communications

February 10, 2006

Prof. Dr. Hermann Eul
Member of the Infineon Management Board
Business Group Communication Solutions

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.

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*
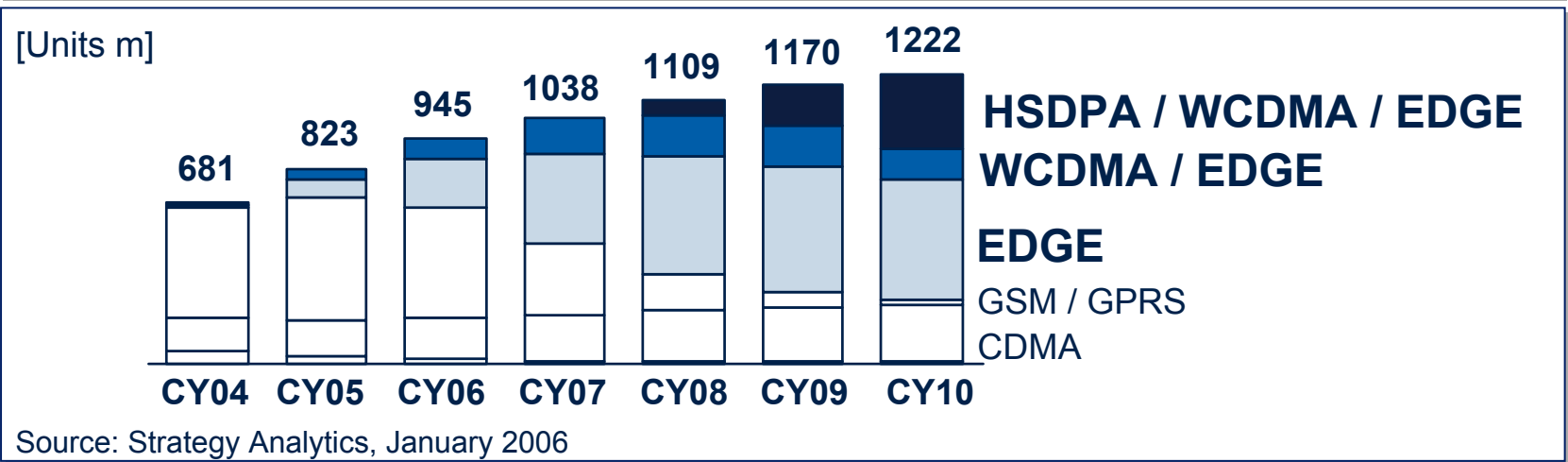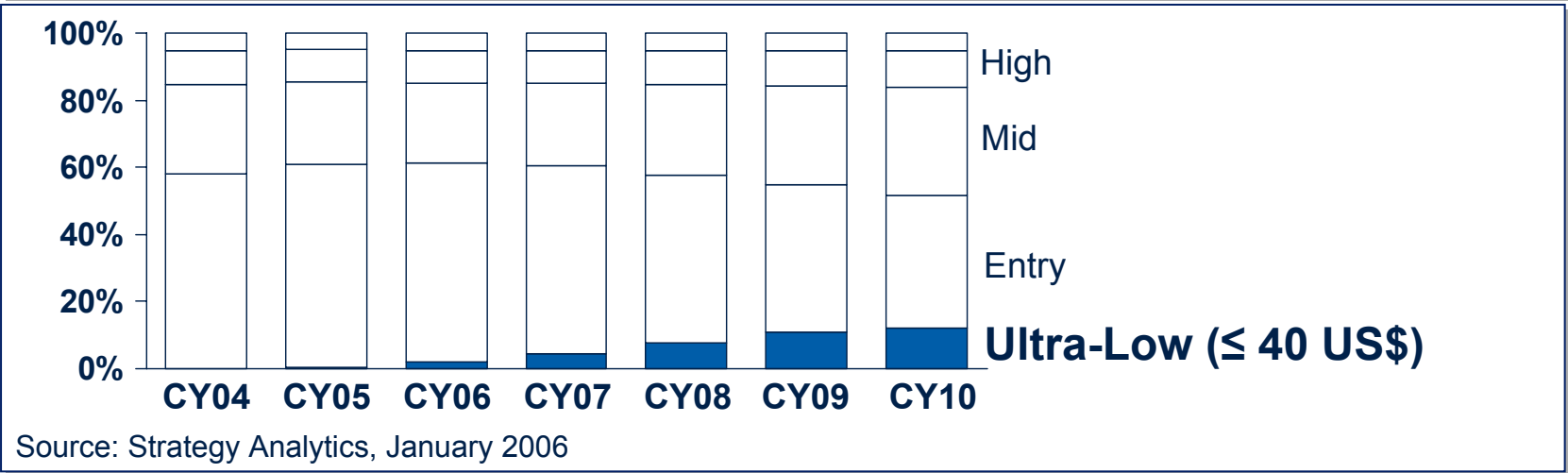- WLAN and GPS to move into smart phones

Mobile TV

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

*Source: Strategy Analytics

Never stop thinking

Growth Drivers: HSDPA, WCDMA, EDGE and ULC

Mobile phone market development

[Units m]

681 823 945 1038 1109 1170 1222

CY04 CY05 CY06 CY07 CY08 CY09 CY10

HSDPA / WCDMA / EDGE

WCDMA / EDGE

EDGE

GSM / GPRS

CDMA

Source: Strategy Analytics, January 2006

Mobile phone sales by price-tier

100%
80%
60%
40%
20%
0%

CY04 CY05 CY06 CY07 CY08 CY09 CY10

High

Mid

Entry

Ultra-Low (≤ 40 US$)

Source: Strategy Analytics, January 2006

Never stop thinking

infineon

3GSM 2006:
Infineon Provides All Key Elements of HSDPA Solution
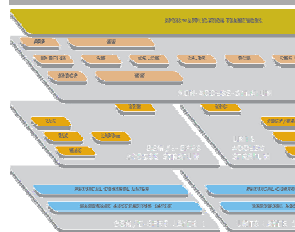
HSDPA multimedia baseband S-GOLD 3H

- 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
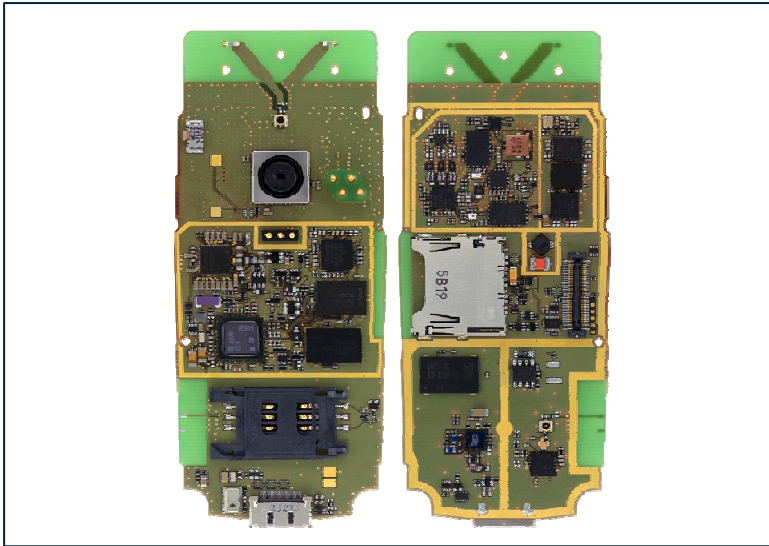- Reference design expected to be available mid CY06

HSDPA market development

[Units m]

CY04   CY10

Source: Strategy Analytics, January 2006
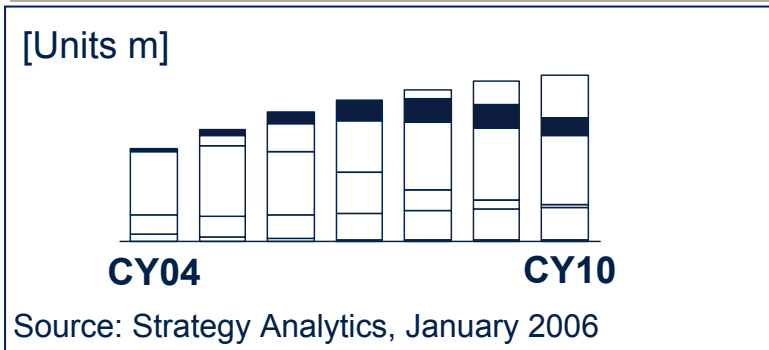
Never stop thinking

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

[Units m]

CY04   CY10

Source: Strategy Analytics, January 2006

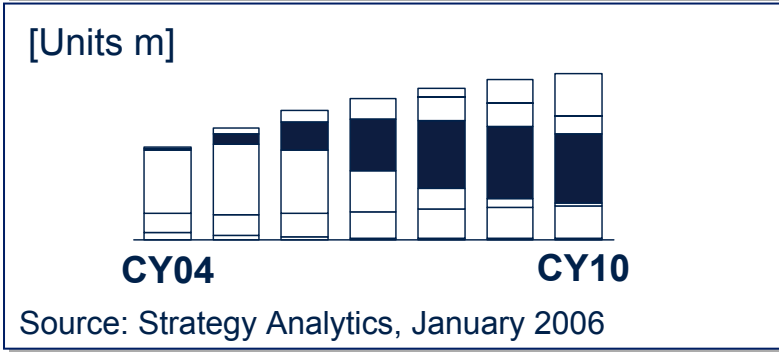## Design win

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**
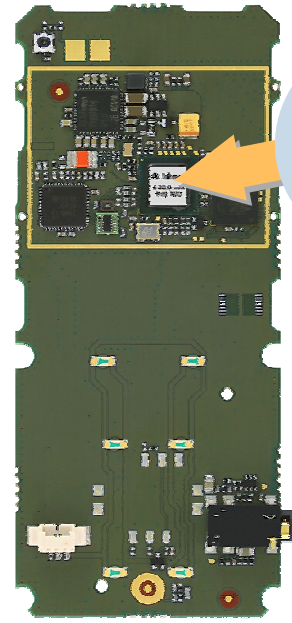- **Low eBoM**

EDGE market development

[Units m]

CY04   **CY10**

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

[% of mobile phone units]

CY04   CY10

Source: Strategy Analytics, January 2006

EGOLDradio platform design wins

BenQ	**ODM**
OEM	**ODM**
OEM	

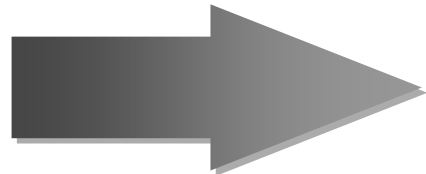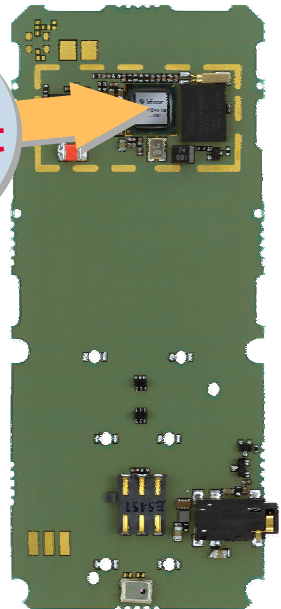# Infineon's New Single-Chip Generation Drives Further BoM Reduction

ULC1

ULC2

EGOLDradio:
RF+Baseband
single-chip

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

≥ 20% BoM reduction

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

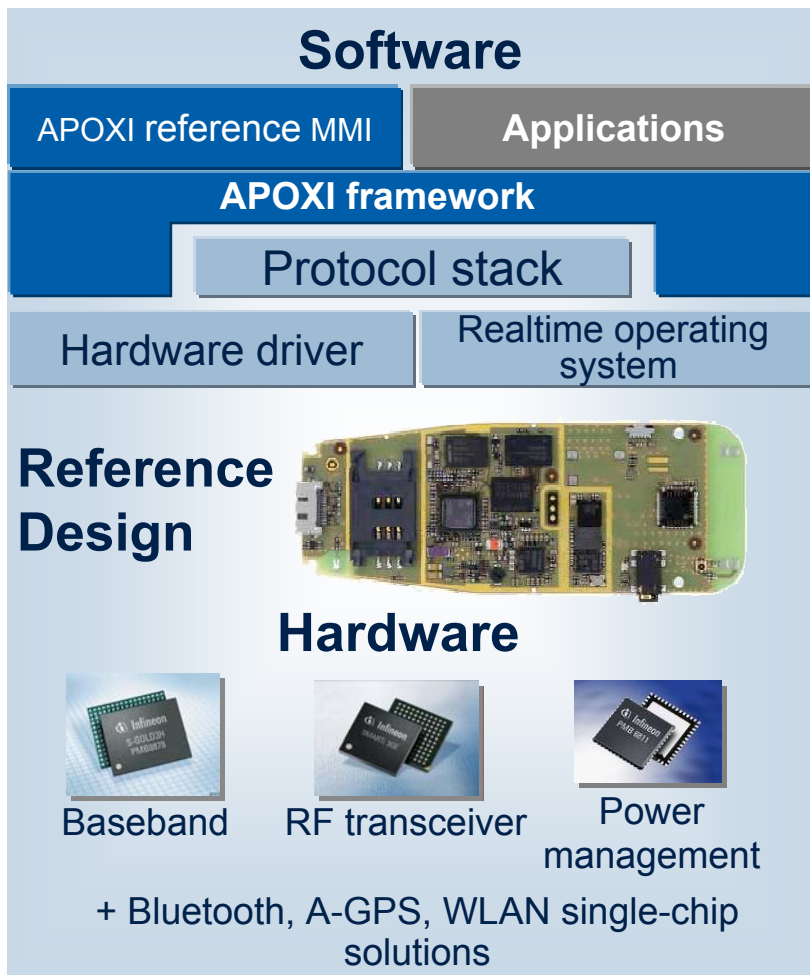**2005**

2006

Never stop thinking

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**

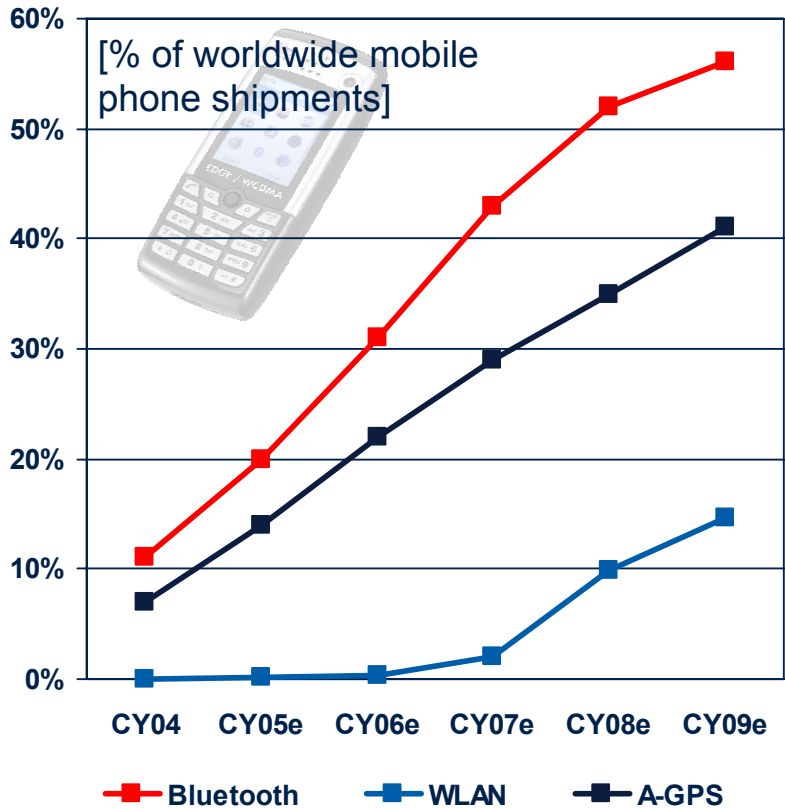| SMARTi 3GE HSDPA / WCDMA / EDGE	SMARTi 3G HSDPA / WCDMA	SMARTi PM EDGE
World's first CMOS one-chip 6-band WCDMA and 4-band EDGE transceiver	World's first CMOS single-chip 6-band transceiver	World's first CMOS EDGE single-chip transceiver

Growth Driver: Connectivity

Growth driver

Increasing demand for connectivity in mobile phones:

[% of worldwide mobile phone shipments]

Chart data (% of worldwide mobile phone shipments):

	CY04	CY05e	CY06e	CY07e	CY08e	CY09e
Bluetooth	11%	20%	31%	43%	52%	56%
A-GPS	7%	14%	22%	29%	35%	41%
WLAN	0%	0.5%	0.5%	2%	10%	15%

Legend: ■ Bluetooth ■ WLAN ■ A-GPS

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
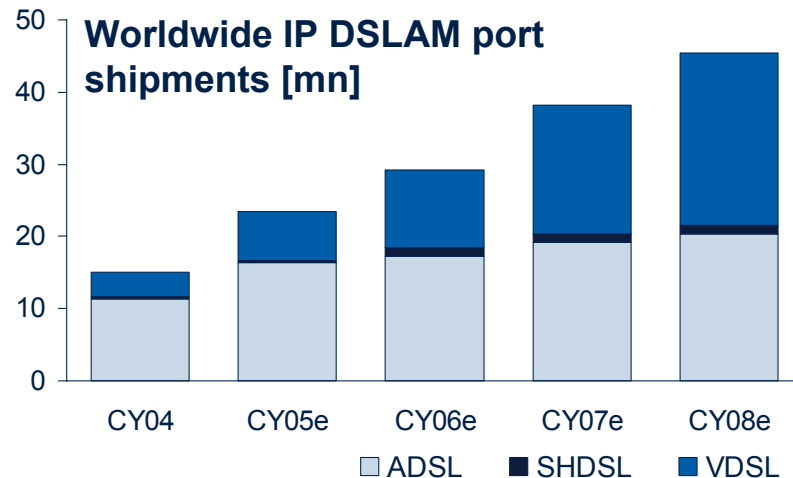- DVB-H frontend solution demo at 3GSM '06

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

Worldwide IP DSLAM port shipments [mn]

Legend: ADSL, SHDSL, VDSL

Categories: CY04, CY05e, CY06e, CY07e, CY08e

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

VDSL2 100 Mbit/s

Never stop thinking

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
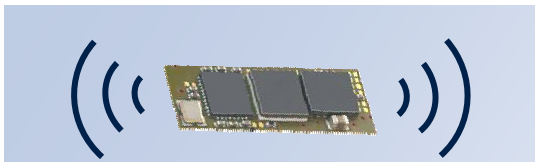
Broadband

- **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**

preview

- 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

Never stop thinking.