

# IFX Day 2007

Munich, March 13, 2007

## Communications Solutions Access

Christian Wolff

Senior Vice President and General Manager



Never stop thinking

# Disclaimer

This presentation was prepared as of March 13, 2007 and is current only as of that date.

This presentation includes forward-looking statements about the future of Infineon's business and the industry in which it operates. These include statements relating to future developments in the world semiconductor market, including the market for memory products, Infineon's future growth, the benefits of research and development alliances and activities, Infineon's planned levels of future investment in the expansion and modernization of its production capacity, the introduction of new technology at its facilities, the continuing transitioning of its production processes to smaller structure sizes, cost savings related to such transitioning and other initiatives, Infineon's successful development of technology based on industry standards, Infineon's ability to offer commercially viable products based on its technology, Infineon's ability to achieve its cost savings and growth targets, and the impact of the carve-out of Qimonda, the group's memory products business, its initial public offering, and any further sales of Qimonda shares or other corporate financing measures in that regard.

These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for Infineon's products in particular, the success of Infineon's development efforts, both alone and with partners, the success of Infineon's efforts to introduce new production processes, the actions of competitors, the availability of funds for planned expansion efforts, and the outcome of antitrust investigations and litigation matters, as well as the other factors mentioned in this presentation and those described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on November 30, 2006 or contained in the company's quarterly reports. As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements.

Infineon does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

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- **Market Trends**

- **Why We Win**

- **Summary**

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- **Access Market Focus**

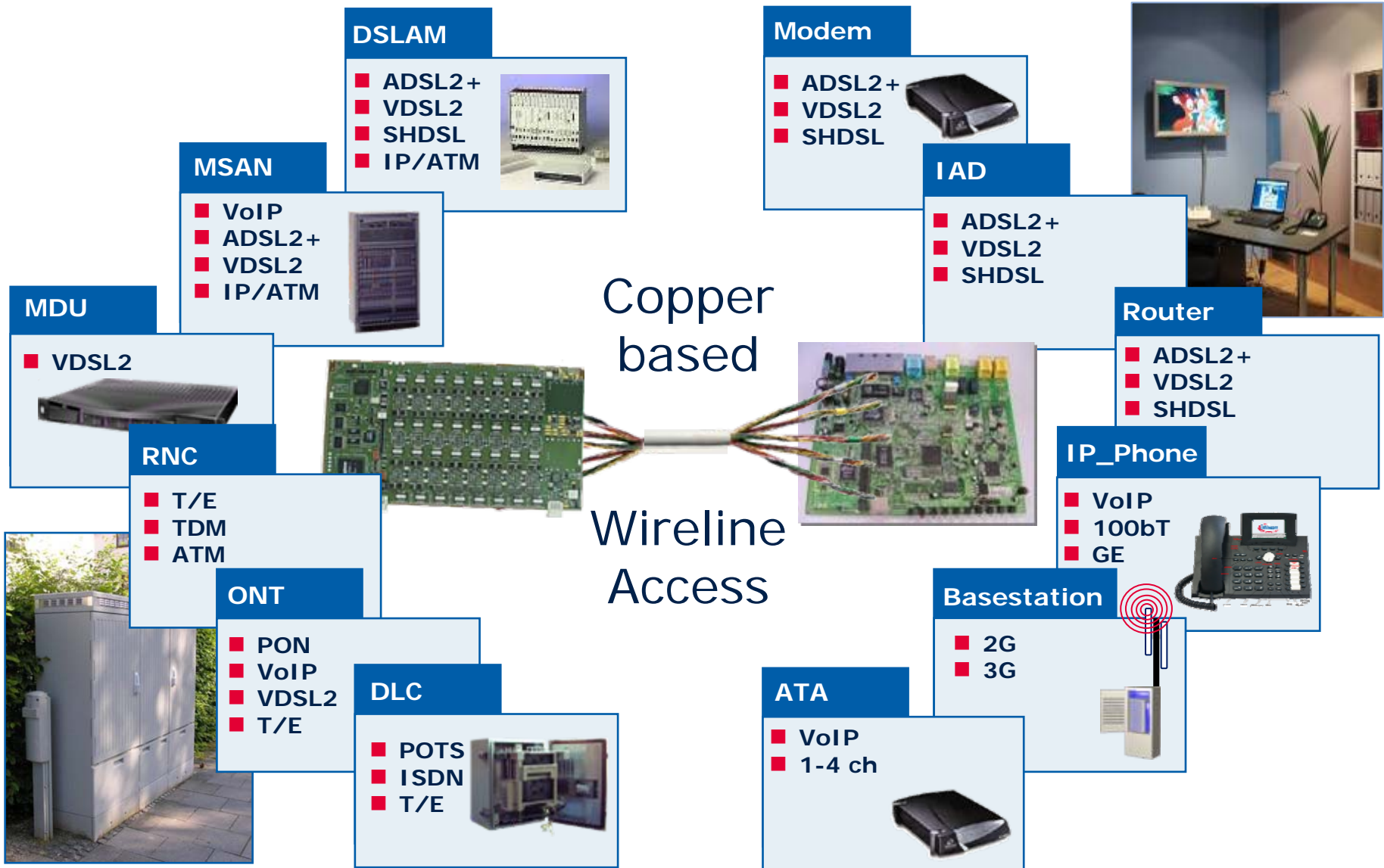
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# Target Applications Access Market Focus

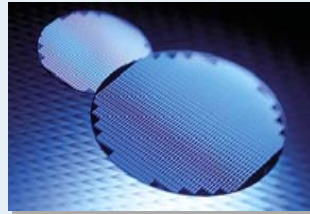


# Market Segmentation

## Access Market Focus



### Access Semiconductor Market



DSL-CO

DSL-CPE

VoIP

T/E

Analog Line Card

Others

structured by technologies

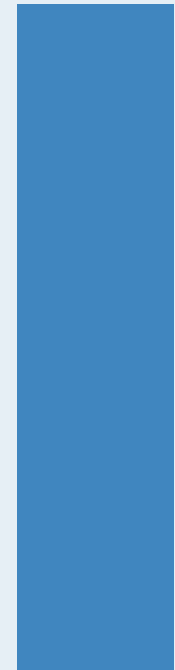
\$2.1 bn<sup>1)</sup> \$2.2 bn<sup>1)</sup> \$2.4 bn<sup>2)</sup>



2004



2005



2006

Source:

1) Gartner Dataquest, June 2006

2) Infineon Estimates

# Product Portfolio

## Access Market Focus



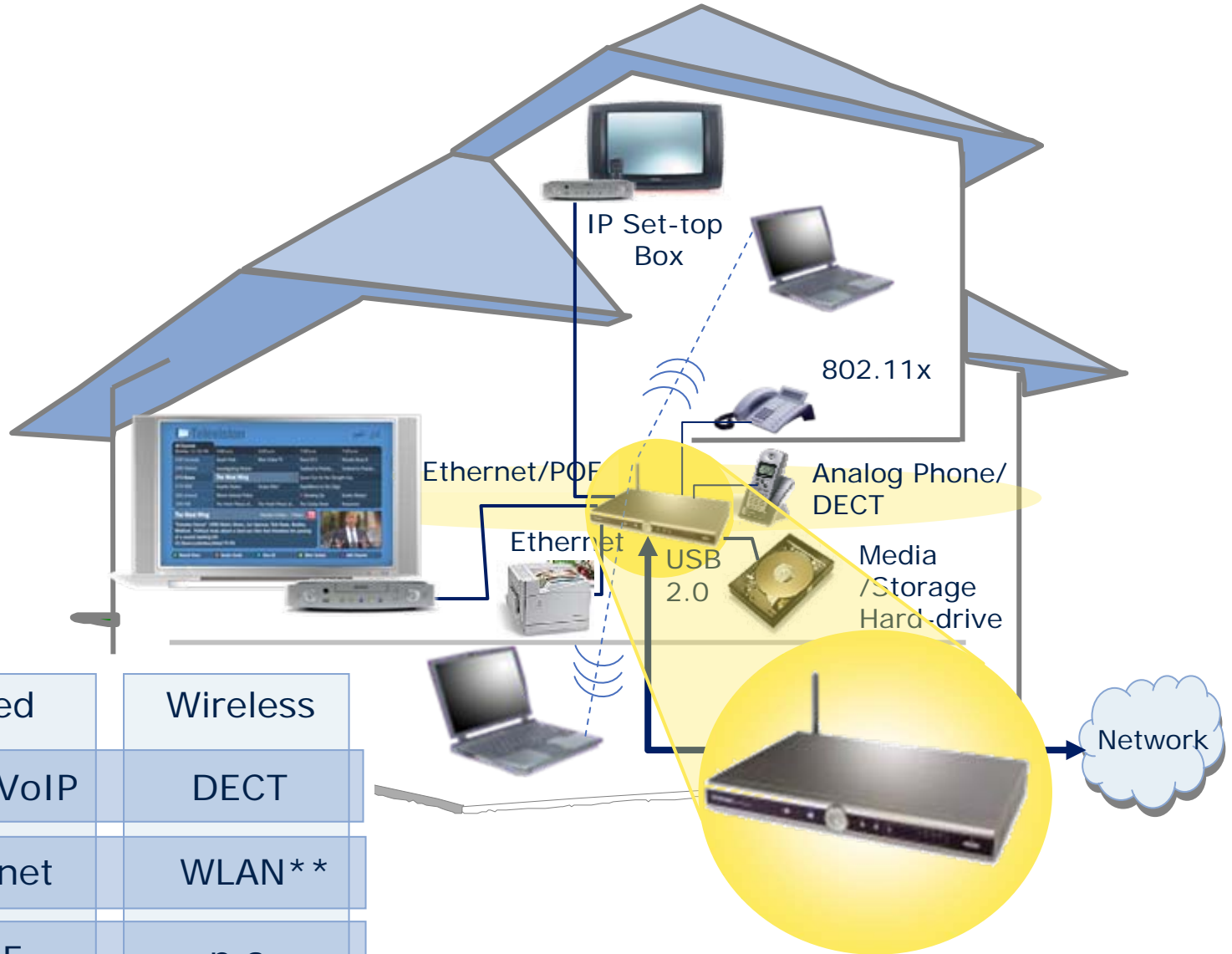
Infineon's major chip set families

	ADSL2+	VDSL2	SHDSL	NP
DSL-CO	GEMINAX_MAX	VINAX	SOCRATES	CONVERGATE
DSL-CPE	AMAZON	VINAX	SOCRATES	5120
VoIP	DANUBE VINETIC-2 (ATA/IAD)	INCA_IP (IP_Phone)		3120
T/E	FALC	QUAD_FALC	OCTAL_FALC	IWORX
Analog Line Card	SICOFI	DUSLIC	VINETIC	ELIC



Complete, end-to-end, modular.

# Product Portfolio – Home Networking Access Market Focus

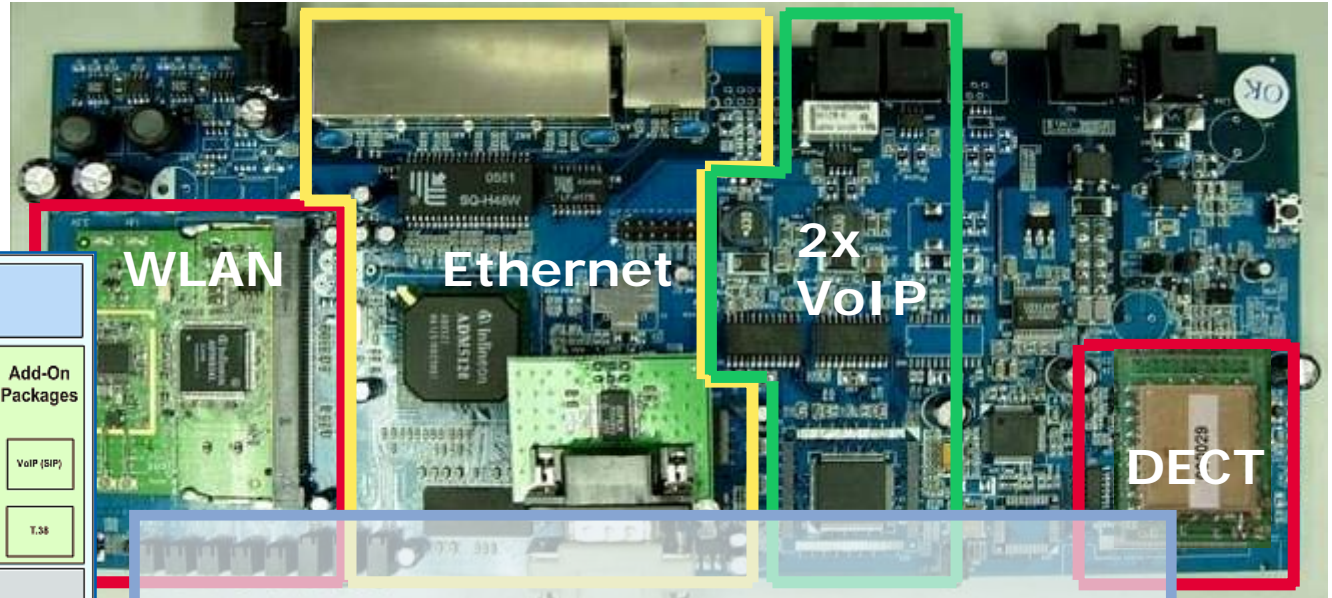


	Wired	Wireless
Voice	ISDN/VoIP	DECT
Data	Ethernet	WLAN**
Video	POF	n.a.

\*\* own and third party marketing partnership



# Product Portfolio – Home Networking Access Market Focus



Application Packages						
	ADSL2+ Gateway	IP Phone	Router/ ATA			
Add-On Packages	Config & Management	Config & Management		Add-On Packages		
	Appl. Server (DHCP, FTP, Web)	Appl. Server (DHCP, FTP, Web)	Config & Management		VoIP (SIP)	
	Firewall	VoIP (SIP, RTP)	Appl. Server (DHCP, FTP, Web)			T.38
	Routing	Residential (STUN, PPPoE)	Routing			
Residential (STUN, PPPoE)	Jitter Buffer	Firewall				
DECT	ATM / DSL	Display Keypad	Residential (STUN, PPPoE)			
WLAN						
BSP Packages						
	ADSL Gateway BSP	LAN/Phone BSP	Router/ ATA BSP			

**IFX Reference Design and SW Stack**  
WLAN, Ethernet, VoIP, DECT



# Customer Structure Access Market Focus



TeliaSonera



## Major Customers

### CO Side

- ADTRAN
- Alcatel-Lucent
- CISCO
- ECI
- Ericsson
- Fujitsu
- Huawei
- NEC
- Nokia
- Siemens
- Tellabs
- ZTE
- Others

### CPE Side

- 2wire
- Alpha
- ARCADYAN
- Asus
- AVM
- Aztech
- Dare
- Linksys
- Siemens
- Sphairon
- Westell
- TMM
- Zyxel
- Others



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# Major VDSL2 DSLAM Design-Wins Achievements in 2006



## Infineon's VINAX Solution Powers Germany's VDSL2 Rollout in 10 Cities De Telekom Becomes the First Carrier Worldwide to Deploy VDSL2 with Speeds up to 50 Mbit/s



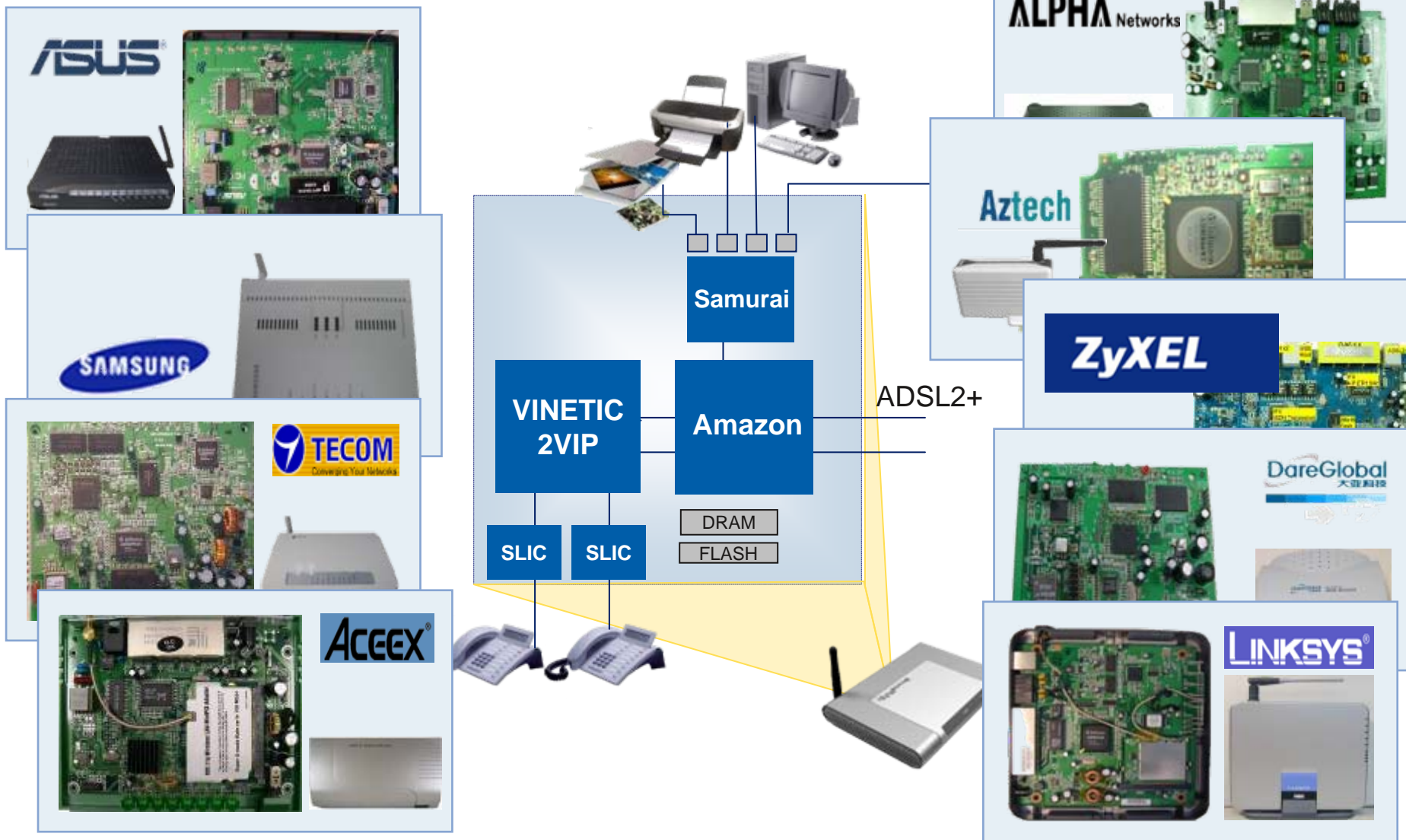
Munich, Germany – March 10, 2006 – Infineon Technologies, a leading provider of Communication ICs, today announced that T-Com, the Fixed Network business unit of Deutsche Telekom AG will base the rollout of its new hyper-speed VDSL2 network **entirely** on broadband access systems powered by Infineon's VINAX™ chip-set.

## Infineon Enables First VDSL2 Deployments in Korea: VINAX Selected by Hyundai Network Systems for National Roll-out

Munich, Germany – January 22, 2007 – Infineon Technologies, a leading provider of Communication ICs, today announced that its South Korean based customer Hyundai Network Systems will supply VDSL2 systems based on the **VINAX™ chipset from Infineon** to a major Korean Telecommunication carrier.



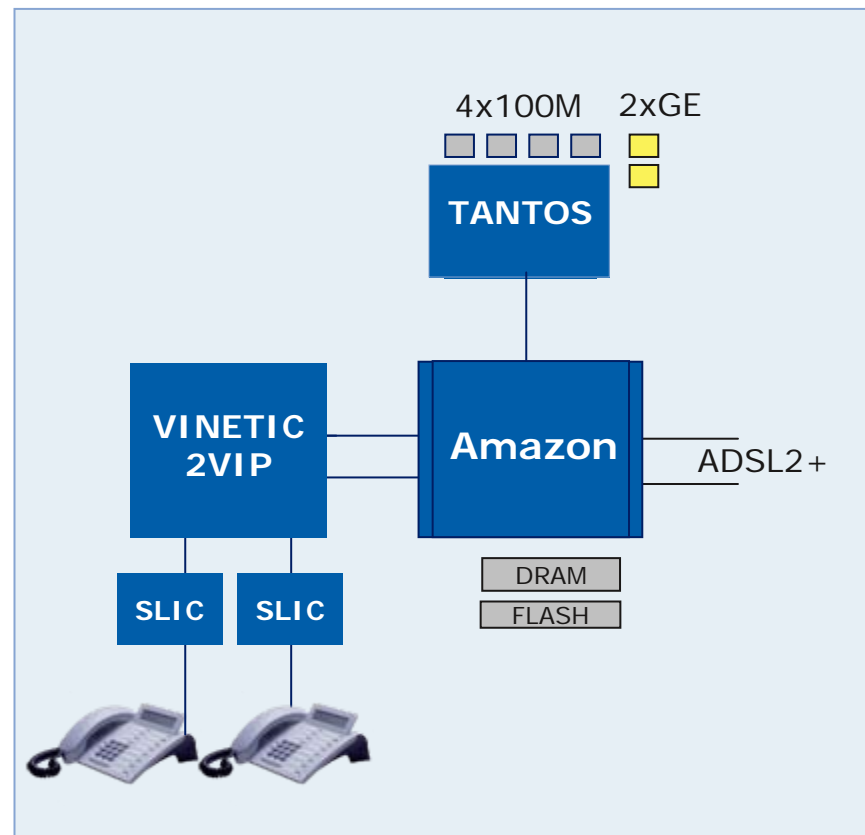
# Major CPE/VoIP Design-Wins Achievements in 2006



# Major CPE/VoIP Design-Wins Achievements in 2006



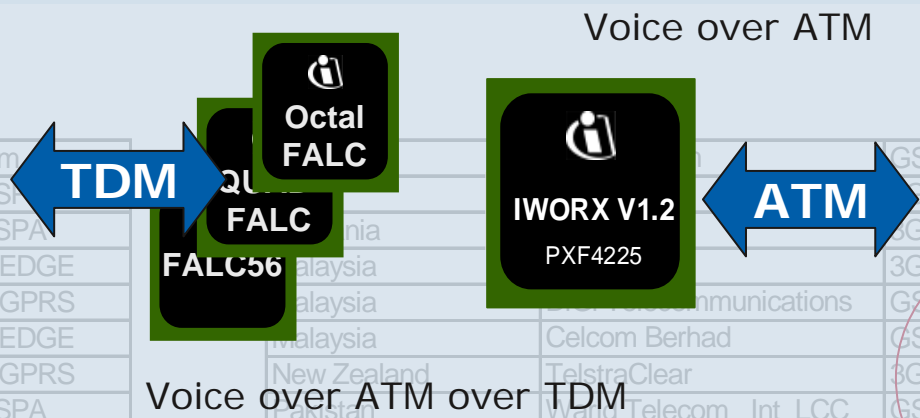
VoIP is now also accepted and driven by the big incumbent carriers.



# Major Design-Wins in Wireless Infrastructure Achievements 2006



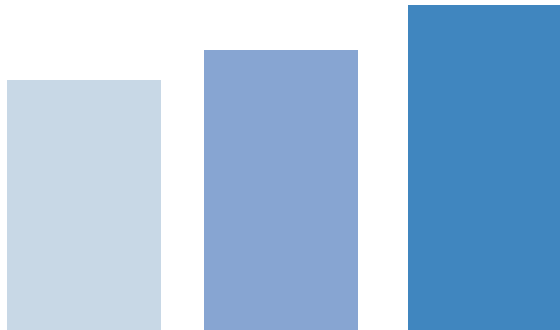
Country	Operator	System	Chipset	System	Chipset																																																																		
Austria	Mobilkom Austria	3G/HSPA	Octal FALC	WCDMA	WCDMA																																																																		
Bahrein	Batelco	3G/HSPA	FALC	WCDMA	WCDMA																																																																		
Bangladesh	Warid Telecom Int LLC	GSM/EDGE	FALC56	GSM	GSM																																																																		
Bangladesh	TM International	GSM/GPRS		GSM	GSM																																																																		
Bangladesh	GrameenPhone	GSM/EDGE		GSM	GSM																																																																		
Brazil	Vivo	GSM/GPRS		GSM	GSM																																																																		
Canada	Rogers Communications	3G/HSPA		WCDMA	WCDMA																																																																		
Chile	ENTEL PCS	3G/HSPA		WCDMA	WCDMA																																																																		
Chile	Claro Chile	GSM/GPRS		GSM	GSM																																																																		
China	China Mobile	GSM		GSM	GSM																																																																		
Czech Republic	Vodafone	3G		WCDMA	WCDMA																																																																		
El Salvador	Digicel Group	GSM/EDGE		GSM	GSM																																																																		
Estonia	EMT	3G/HSPA		WCDMA	WCDMA double arrow="TDM"         </tr <tr> <td>France</td> <td>Bouygues Telecom</td> <td>3G/HSPA</td> <td></td> <td>WCDMA</td> <td>WCDMA</td> </tr> <tr> <td>Guyana</td> <td>Digicel Group</td> <td>GSM/EDGE</td> <td></td> <td>GSM</td> <td>GSM</td> </tr> <tr> <td>Hong Kong</td> <td>Vodafone</td> <td>3G</td> <td></td> <td>WCDMA</td> <td>WCDMA</td> </tr> <tr> <td>India</td> <td>Bharti Airtel</td> <td>GSM/GPRS</td> <td></td> <td>GSM</td> <td>GSM</td> </tr> <tr> <td>Indonesia</td> <td>PT Indosat</td> <td>3G/HSPA</td> <td></td> <td>WCDMA</td> <td>WCDMA</td> </tr> <tr> <td>Indonesia</td> <td>Telekomsel</td> <td>3G/HSPA</td> <td></td> <td>WCDMA</td> <td>WCDMA</td> </tr> <tr> <td>Indonesia</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Ireland</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Japan</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Japan</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Kuwait</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr>	France	Bouygues Telecom	3G/HSPA		WCDMA	WCDMA	Guyana	Digicel Group	GSM/EDGE		GSM	GSM	Hong Kong	Vodafone	3G		WCDMA	WCDMA	India	Bharti Airtel	GSM/GPRS		GSM	GSM	Indonesia	PT Indosat	3G/HSPA		WCDMA	WCDMA	Indonesia	Telekomsel	3G/HSPA		WCDMA	WCDMA	Indonesia						Ireland						Japan						Japan						Kuwait					
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# Market Share and Market Growth Achievements in 2006

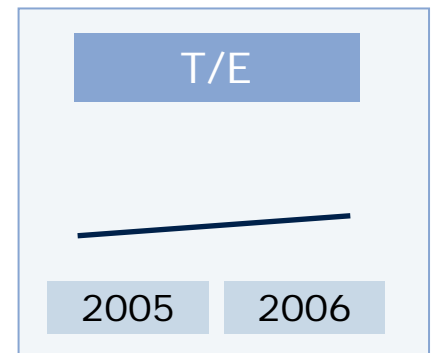
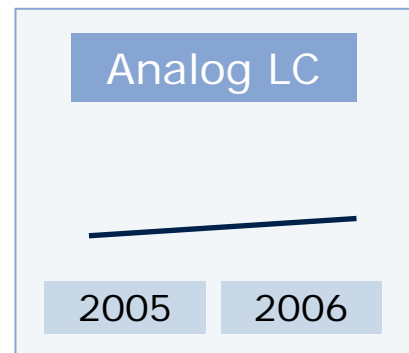
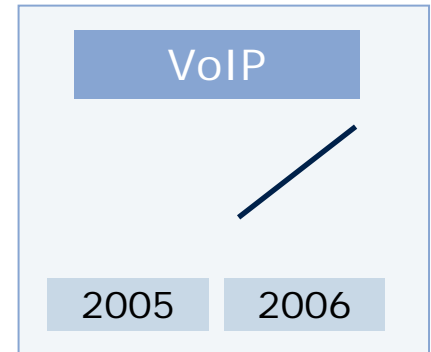
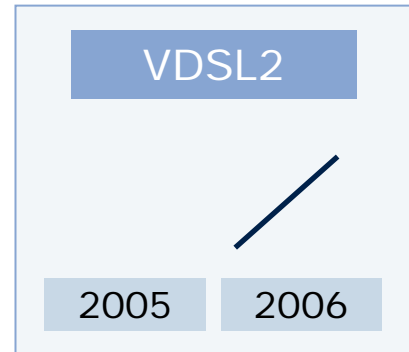
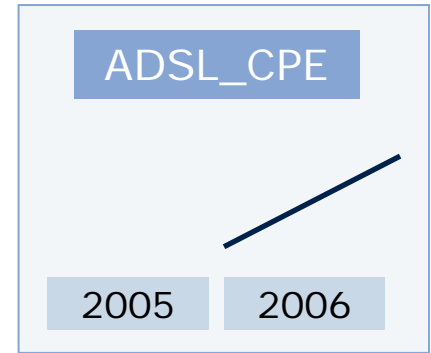
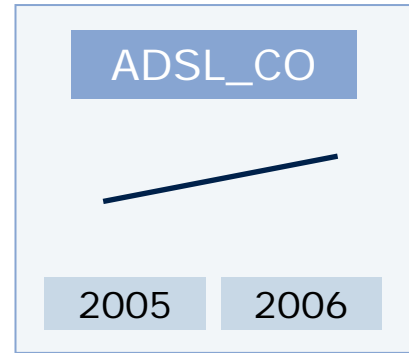


17%<sup>1)</sup>    19%<sup>1)</sup>    >21%<sup>2)</sup>



2004    2005    2006

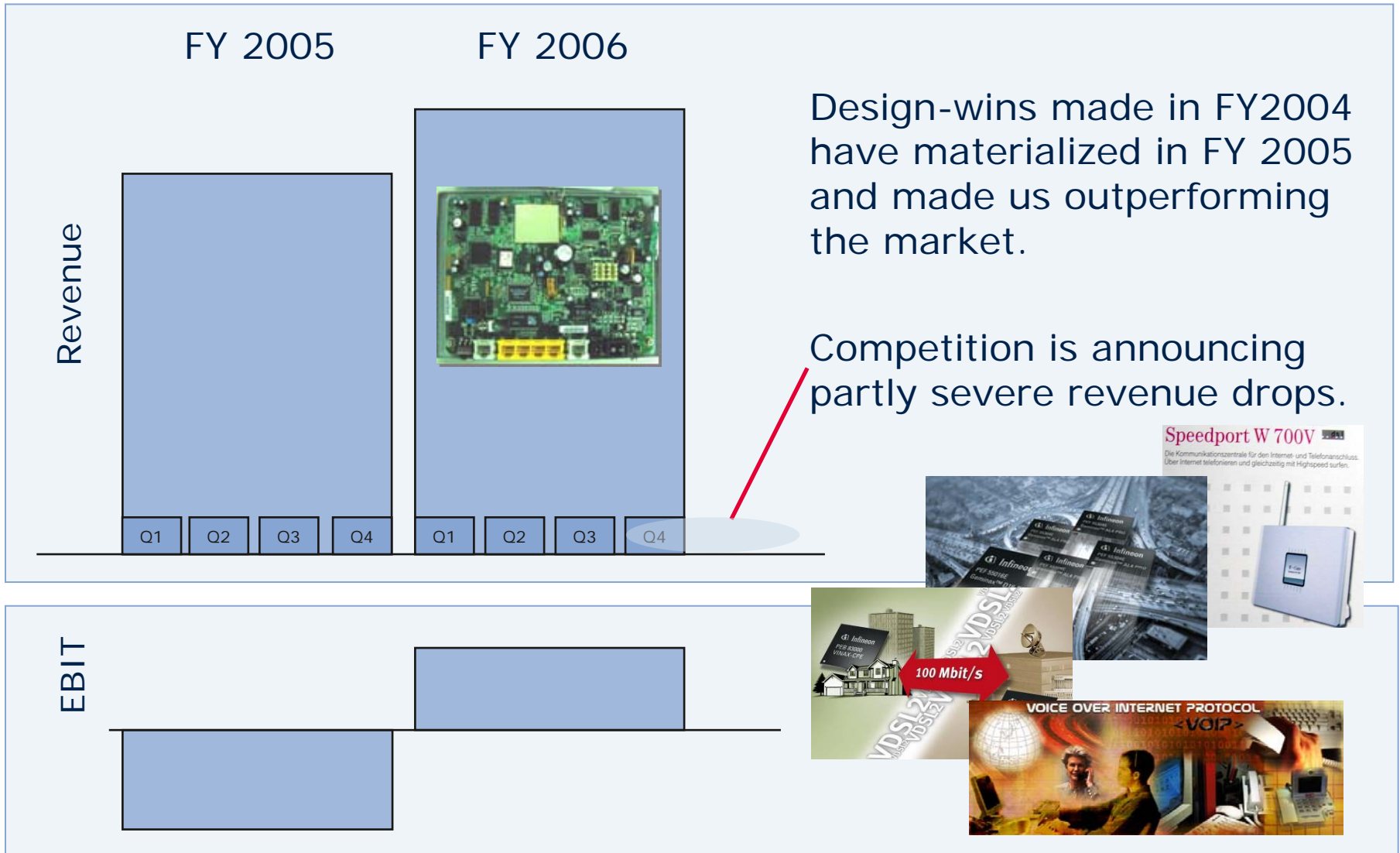
Source:  
 1) Gartner Dataquest, June 2006  
 2) Infineon Estimates



Source: for 2005: Gartner Dataquest, June 2006  
 for 2006: Infineon Estimates



# Business Performance Achievements in 2006



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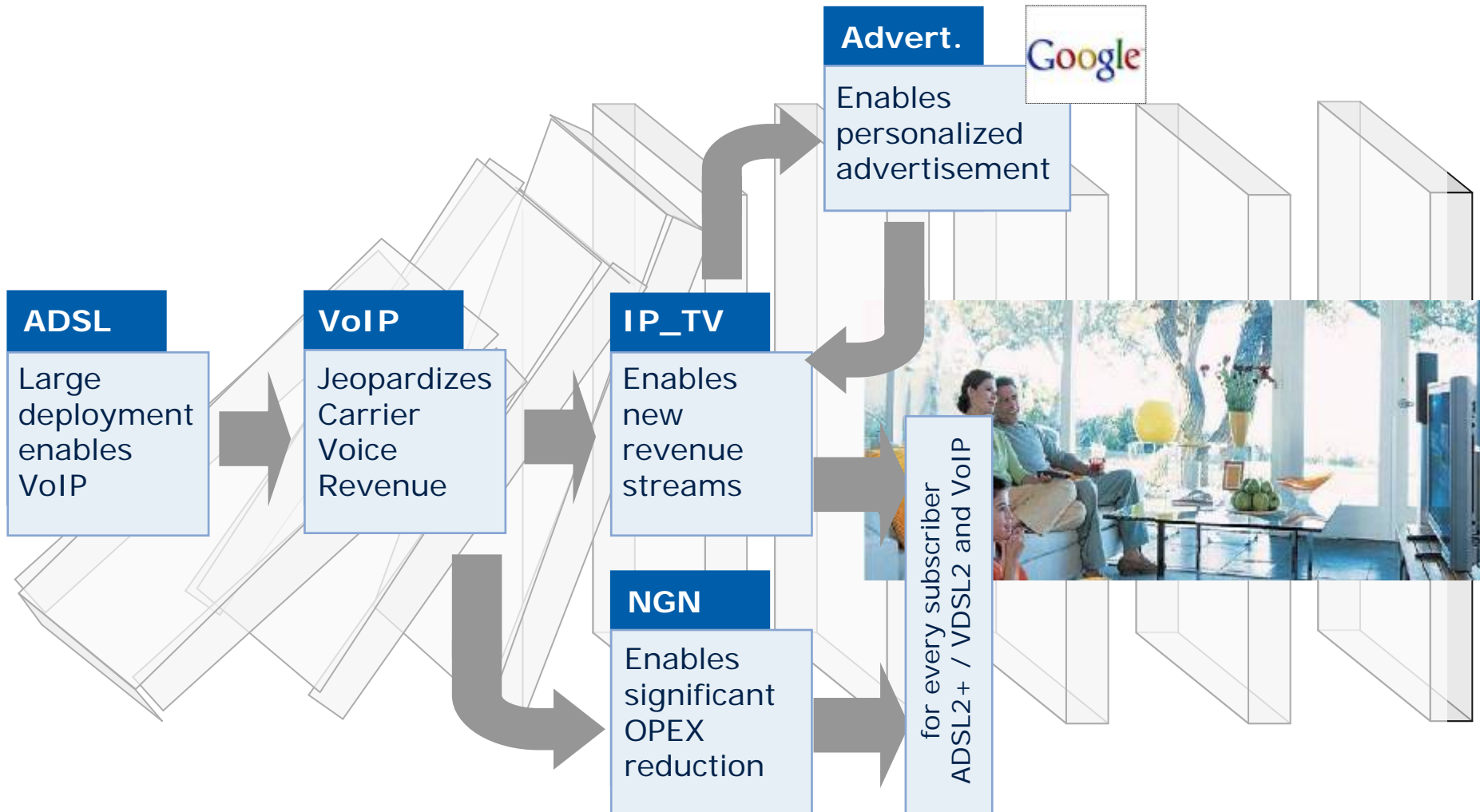
- Achievements in 2006

- **Market Trends**

- Why We Win

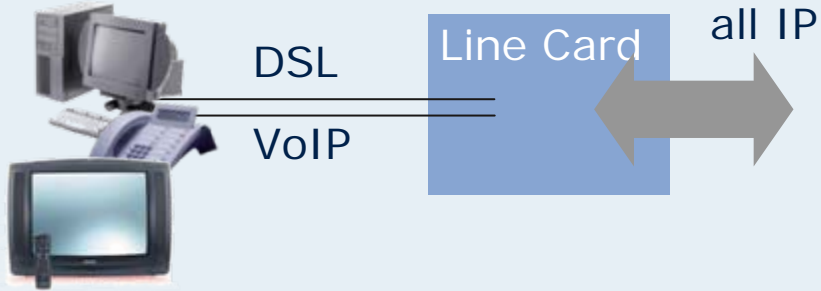
- Summary

# The "Domino Effect" Market Trends

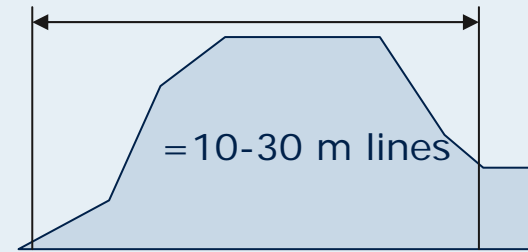


# Network Replacement Market Trends

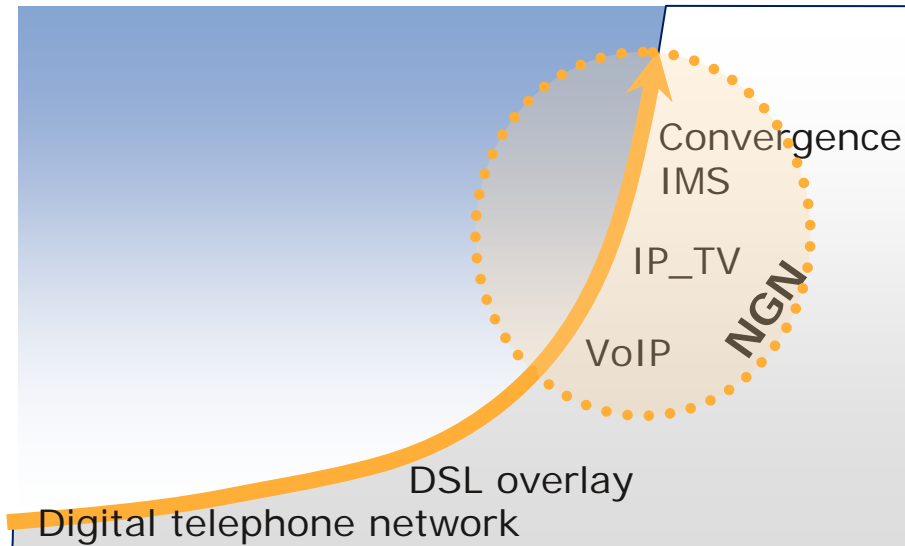
## NGN Basis Structure



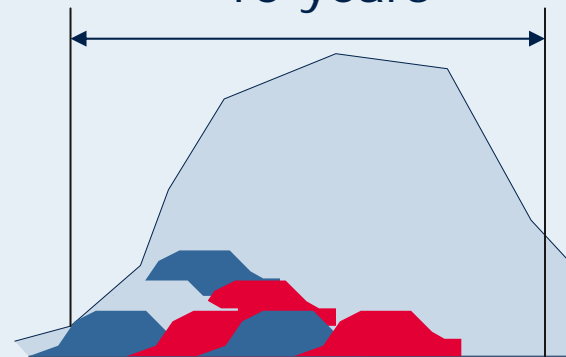
3-4 years



Network replacement profile per carrier

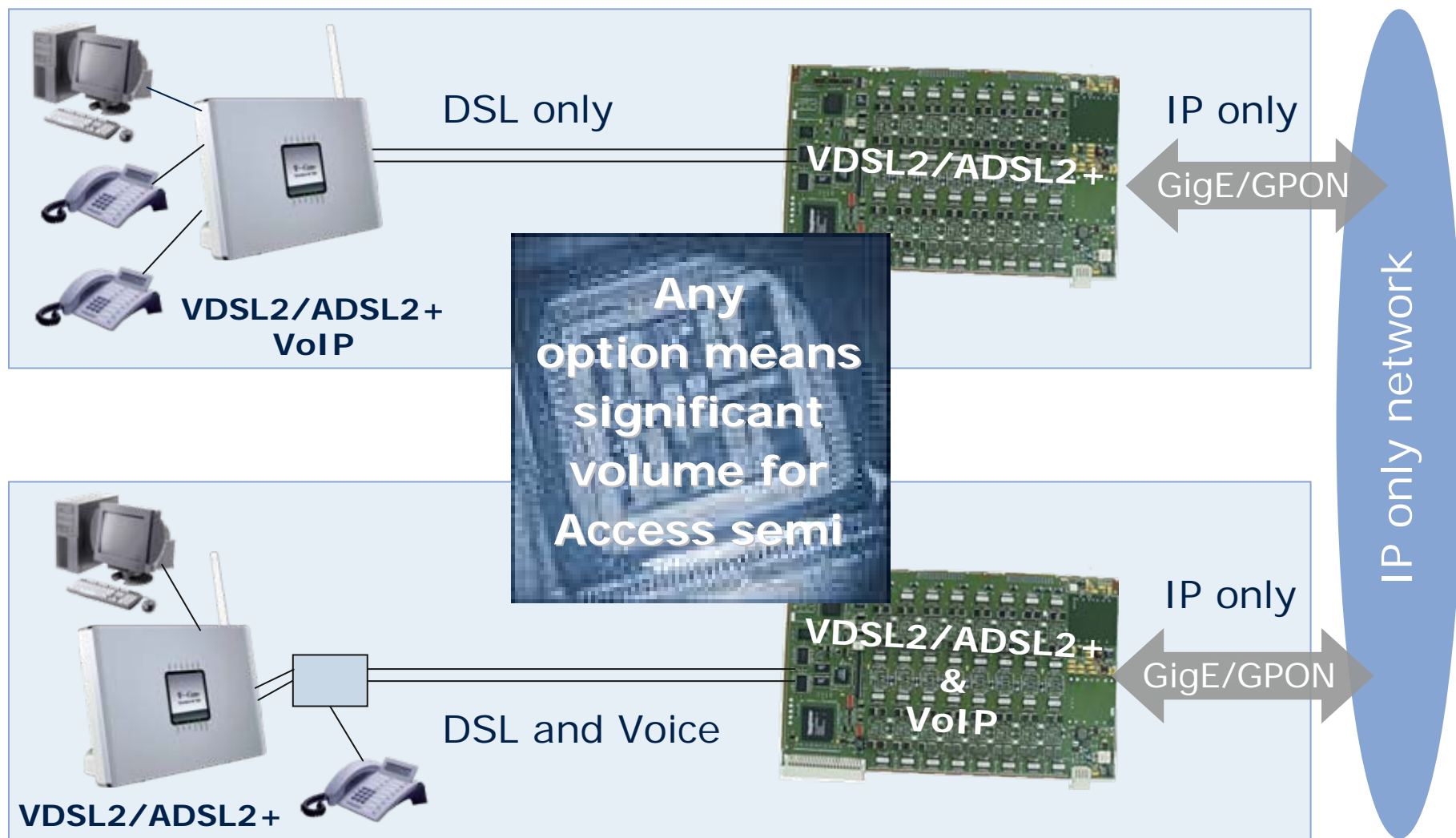


~ 10 years

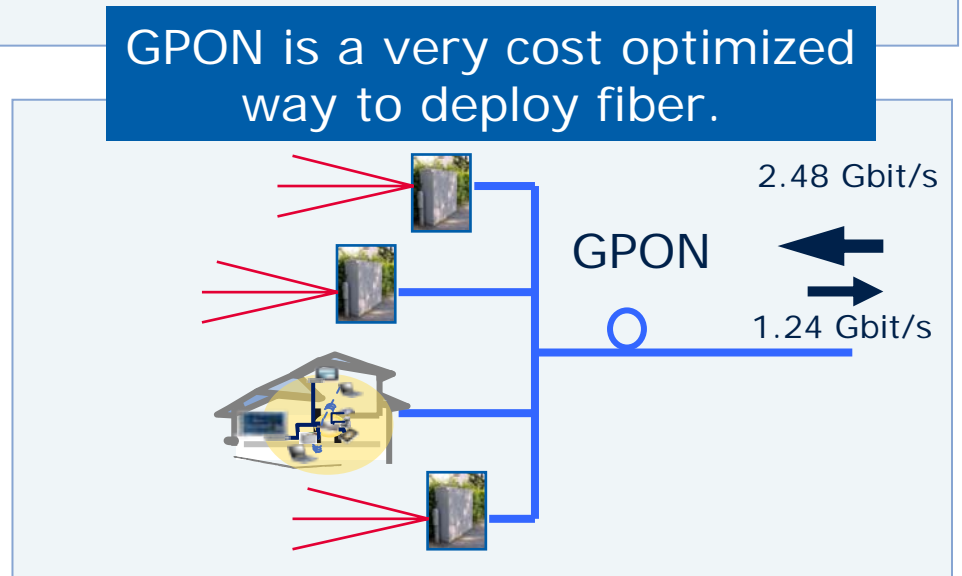
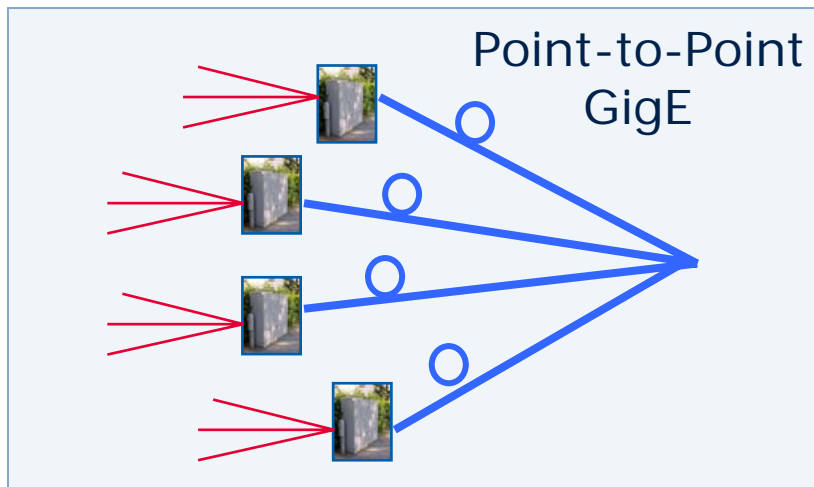
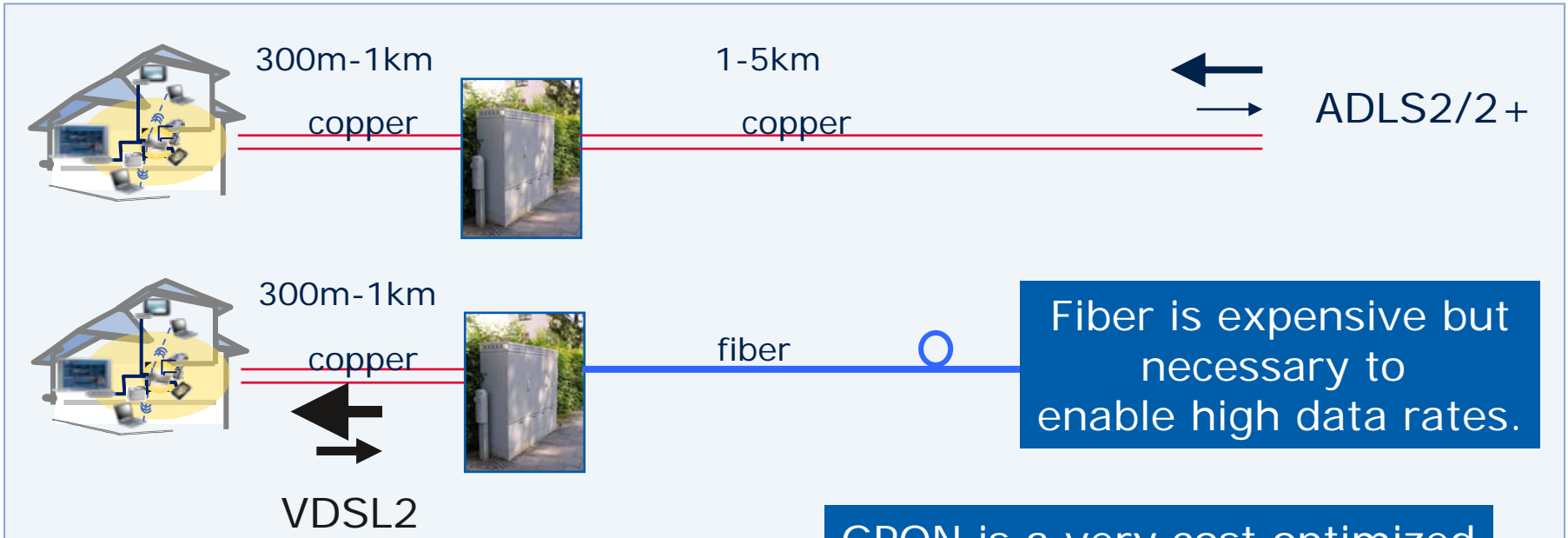


Cumulated worldwide demand

# NGN Means New Access Technology Market Trends



# Why GPON? Market Trends



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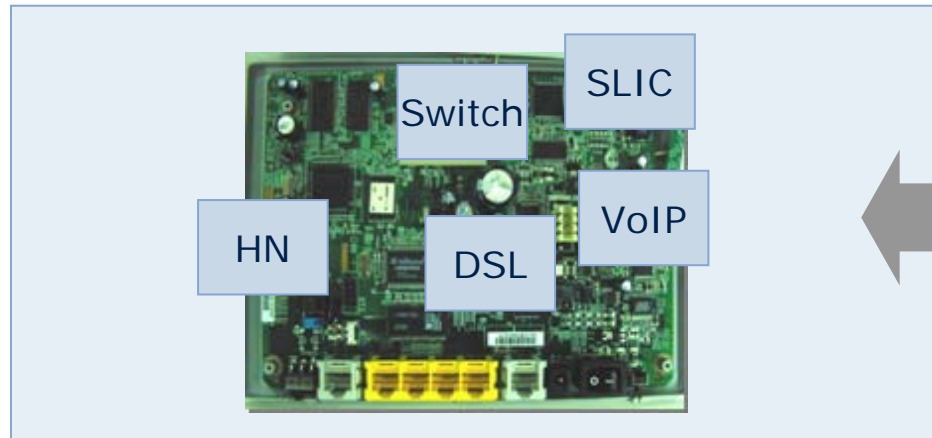
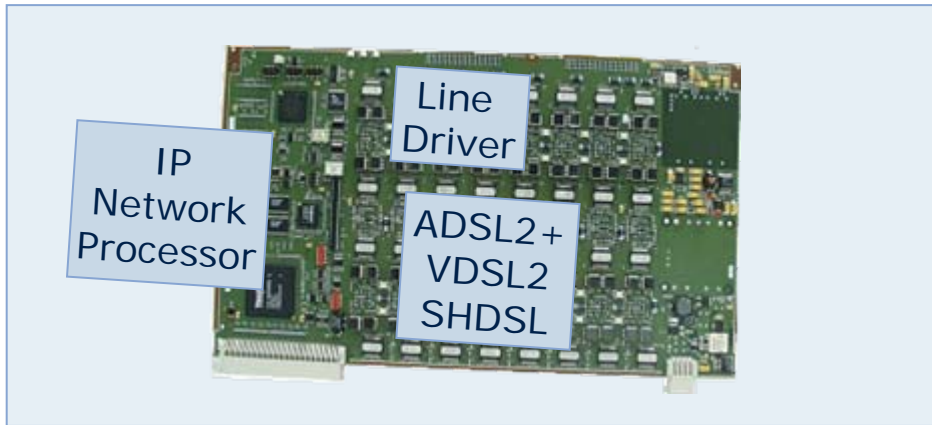
- **Why We Win**

- Summary

# Portfolio Why We Win

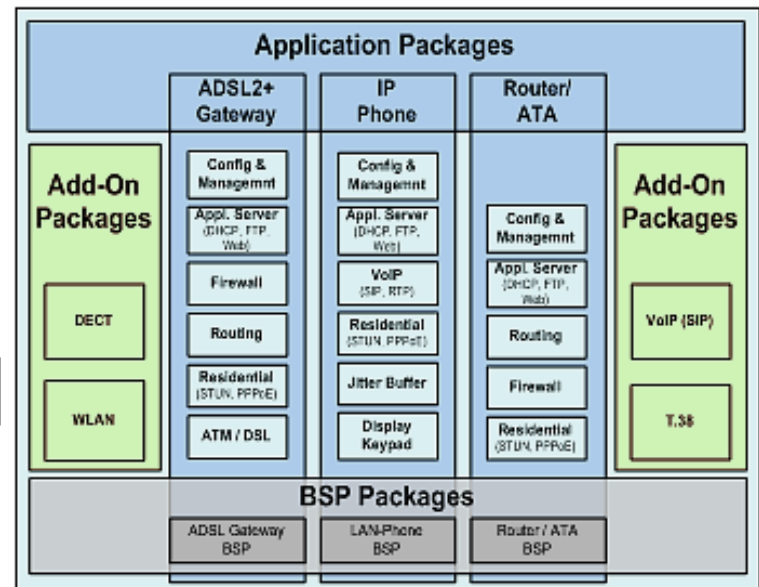


**Infineon has the most complete  
Access portfolio in the industry.**



## Customer Benefits

- simplified product development
- low BoM and cost advantage
- logistic advantage
- fast roadmap path





# Innovation and Time-to-Market Why We Win



**First to market**  
**VDSL2**  
**VINAX**



**First to market**

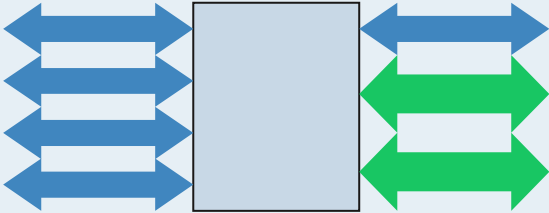


**Dual Core Architecture**

**TwinPass**

**ADSL2+ /VoIP - DANUBE**

**First to market**

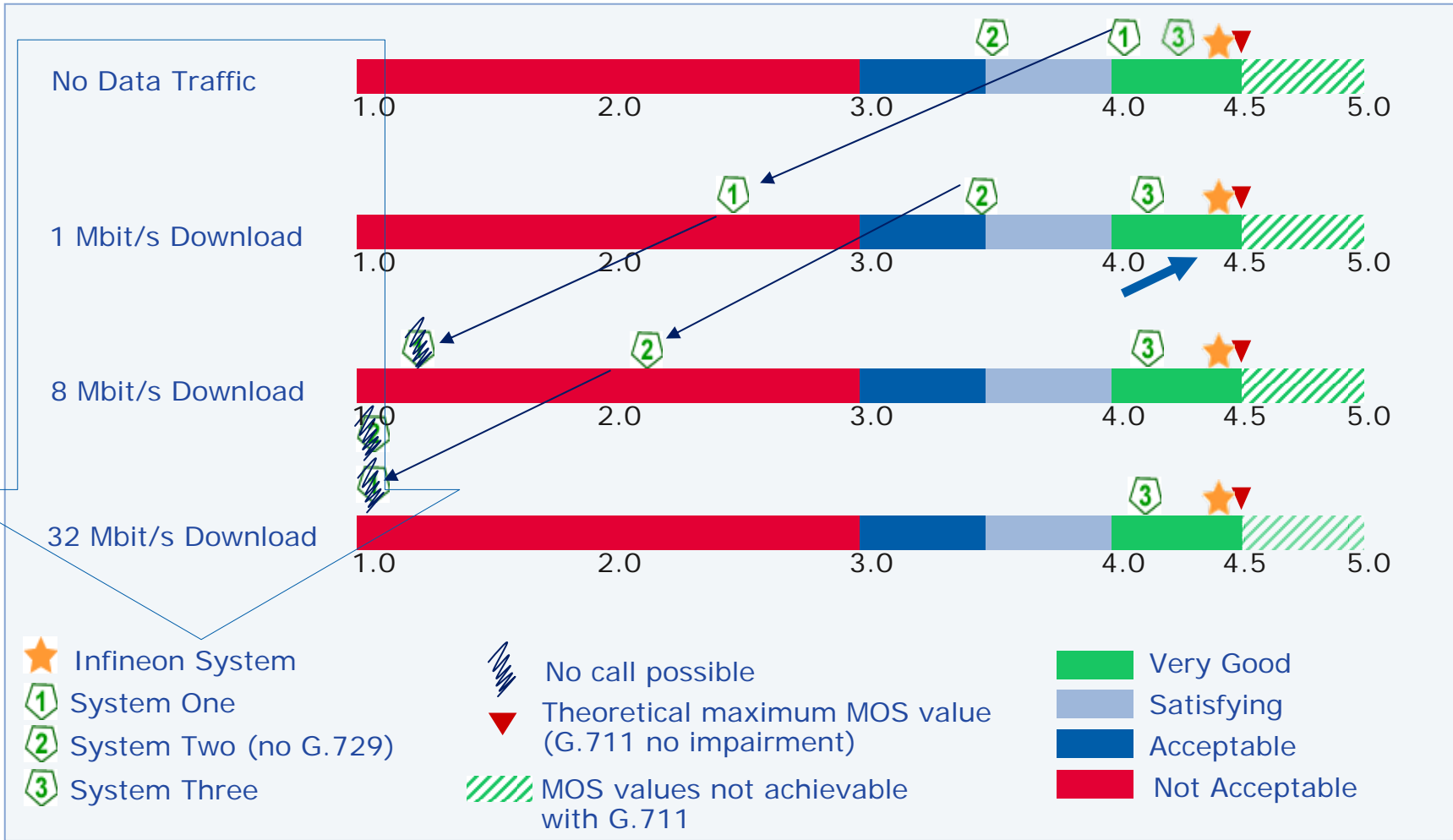


**5+2G Switch - TANTOS**

# Product Performance Why We Win



## Infineon's VoIP solution stays at maximum quality over all speeds



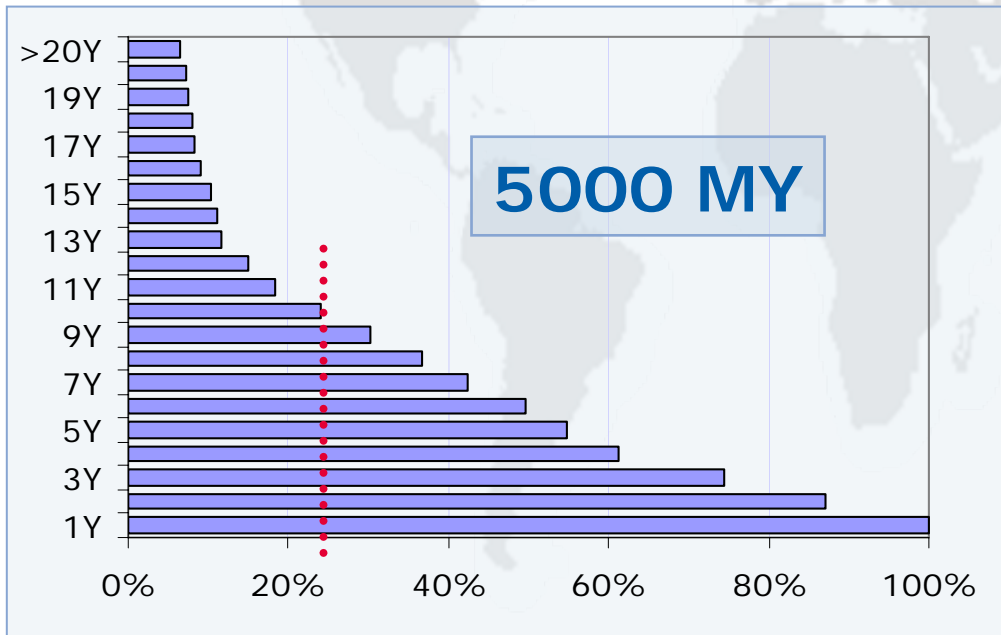
# Team Structure

## Why We Win



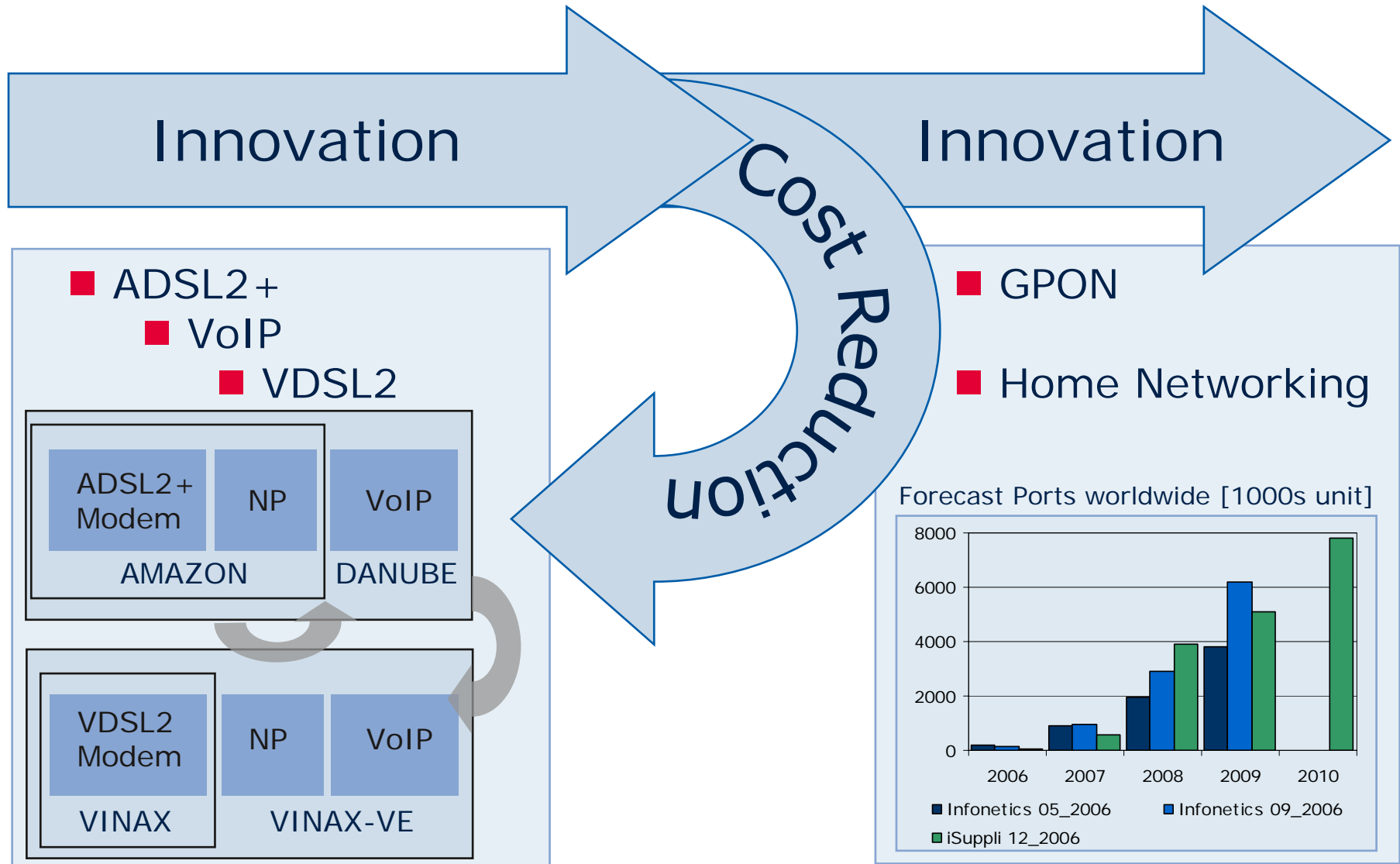
- Unique experience level
- Customer presence
- Optimized cost structure
- Stability

Infineon's engineers' experience [years]



● IFX development and sales locations

# Roadmap Why We Win



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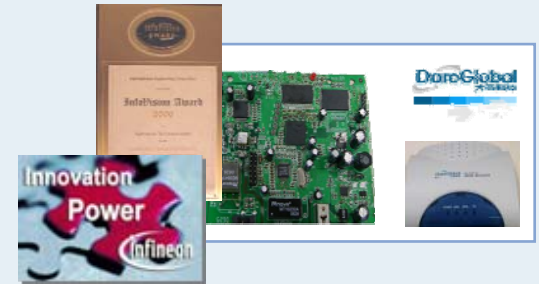
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- Market Trends

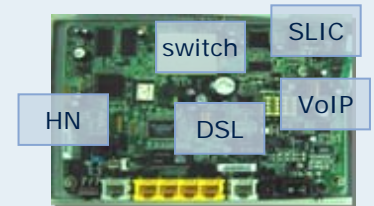
- Why We Win

- **Summary**

- As a result of a strong and innovative product roadmap we have been growing our design-in base significantly.

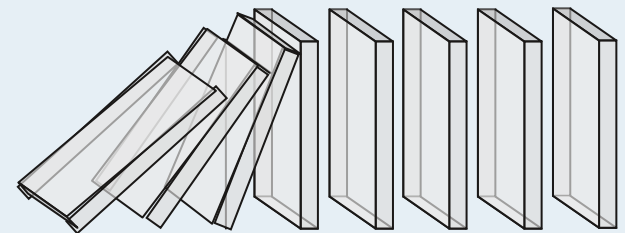


- Our product portfolio makes us different and creates
  - customer benefit
  - stability



- We believe we are taking market share.

- A “non linear” market development is possible in the next years.



Infineon –  
Never stop thinking



Never stop thinking