Infineon Communications Solutions

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Member of the Management Board
President Business Group Communication Solutions

Never stop thinking

Disclaimer

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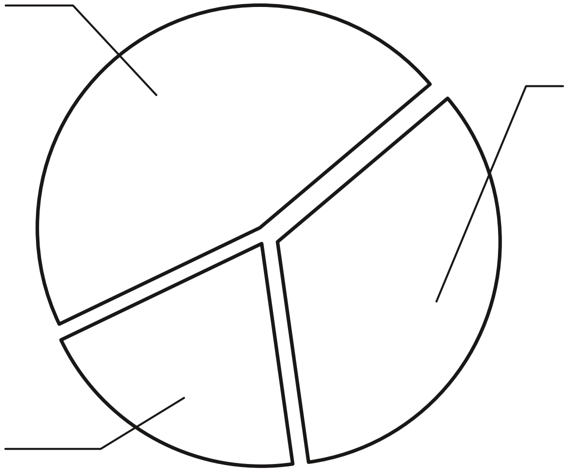
COM - Market Leader in Broadband and RF; Turning Around Mobile Platform Business

COM revenues by segment in FY 2006

Total: EUR 1.2 bn



RF Solutions

- **#1** in RF ICs1)
- Shipped more than 230 m RF ICs in CY 2006

Mobile Phone Platforms

- Revenue declined due to BenQ market share losses
- New customers ramping

Broadband

- **#1** in Access 1)
- Strong revenue growth in FY 2006
- Profitable

1) Source: Gartner Dataquest, 2006

COM Business Group Outlook

Q3 FY 2007

- Revenues to grow strongly q-o-q; EBIT to improve strongly.
- Executing on shipment ramp out of strong mobile platform backlog; growing baseband shipments to LG and other customers.
- Wireless revenue to grow, broadband sales seen about flat.
- Wireless design win momentum encouraging.

FY 2007 and beyond

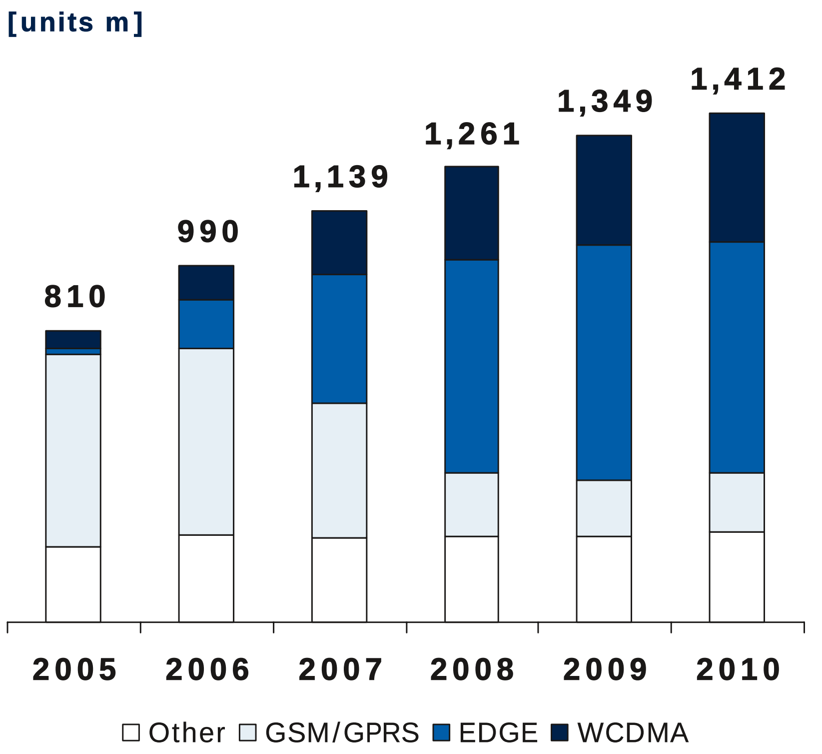
- FY 2007: expect sales decline y-o-y; expect EBIT before charges to remain broadly flat y-o-y.

- Beyond FY 2007: Wireless business to break-even in Dec Q 2007; expect strong sales growth versus FY 2007 and positive EBIT.

Update:
Mobile Phone Platforms

Major COM Growth Opportunities: Mobile Phone Platforms

Market development



Source: ABI Research, Q1 2007

IFX content

LG "Shine"

- ✓ Multimedia baseband
- ✓ RF CMOS transceiver
- ✓ Power management
- ✓ Bluetooth
- ✓ Protocol stack
- ✓ Application framework software

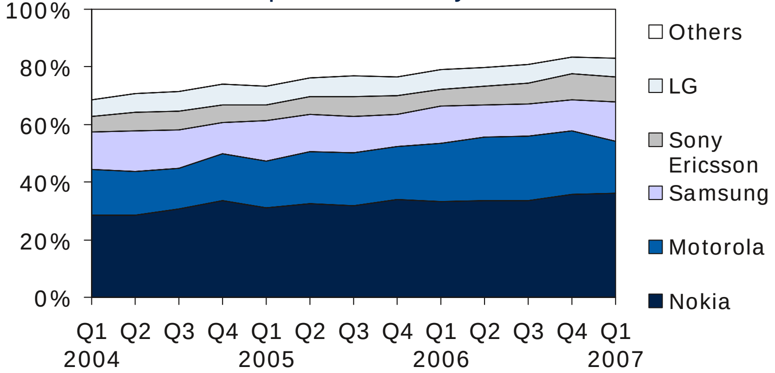
Key Cellular Market Trends

Mobile music, mobile video, mobile internet

7.2 Mb/s
and more

Mobile communication in emerging markets

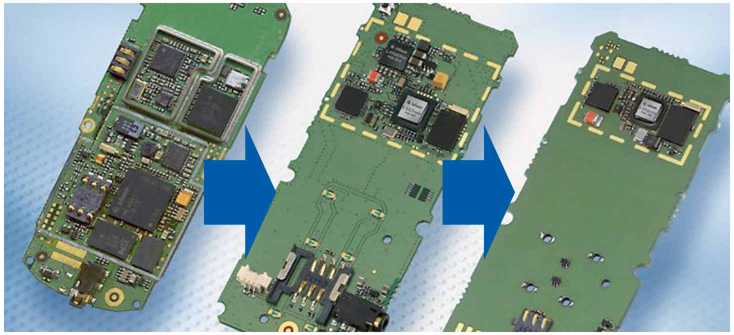
Ongoing consolidation



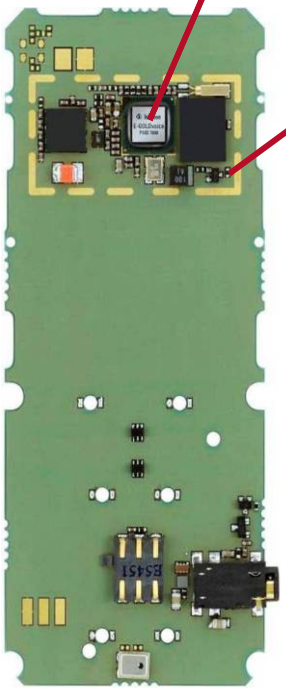
Mobile phone sales by OEM

Source: Strategy Analytics, October 2006

Ongoing BoM optimization



Infineon's Advantage:
Mobile Platform System Competence



Chipset
- Baseband
- Power management
- RF transceiver

+

PCB reference design

+

Software
- Protocol stack
- Drivers
- Middleware (Apoxi)

+

Customization

+

System integration

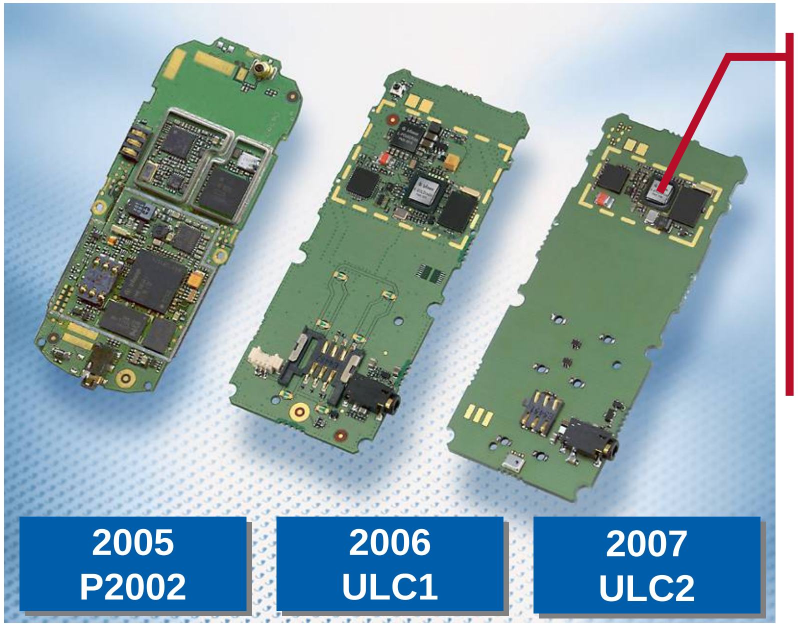
+

IOT and GCF testing

Advantages:

- Small platform footprint
- Low component count
- Low power consumption
- Time-to-market

Infineon's ULC2 is Benchmark in Component Count and Footprint



E-GOLDvoice single-chip integrating:
- **Baseband**
- **RF transceiver**
- **Power management**
- **SRAM**

ULC2 Highlights:

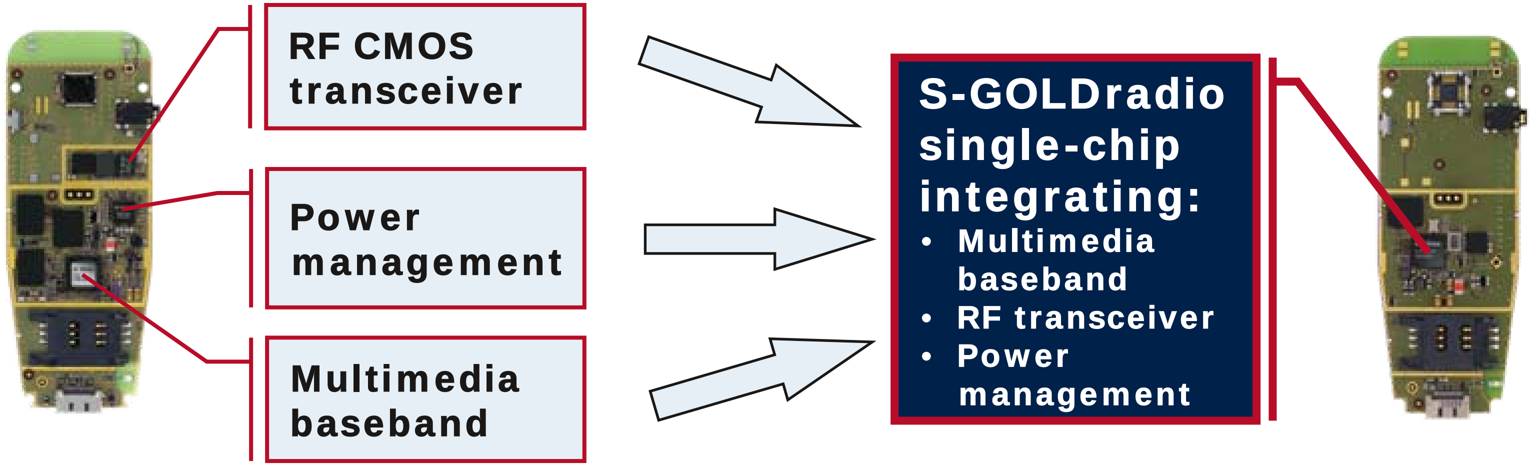
- In volume production
- Footprint: 4cm²
- Component count: <50

ULC2 features:

- Color display
- Text messages
- MP3 quality ring tones
- Applications such as integrated handsfree and speaking clock

> "Nokia aims to further improve the power performance in our entry level phones and reduce their size. Adding Infineon's single-chip solution to Nokia's portfolio of chipset suppliers helps us ensure access to optimized solutions …"
>
> Soren Petersen, Senior Vice President, Entry Business Unit, Nokia

Introducing the MP-Elite EDGE Single-Chip Platform



RF CMOS transceiver

Power management

Multimedia baseband

S-GOLDradio single-chip integrating:
- **Multimedia baseband**
- **RF transceiver**
- **Power management**

2006
MP-E

2007
MP-Elite

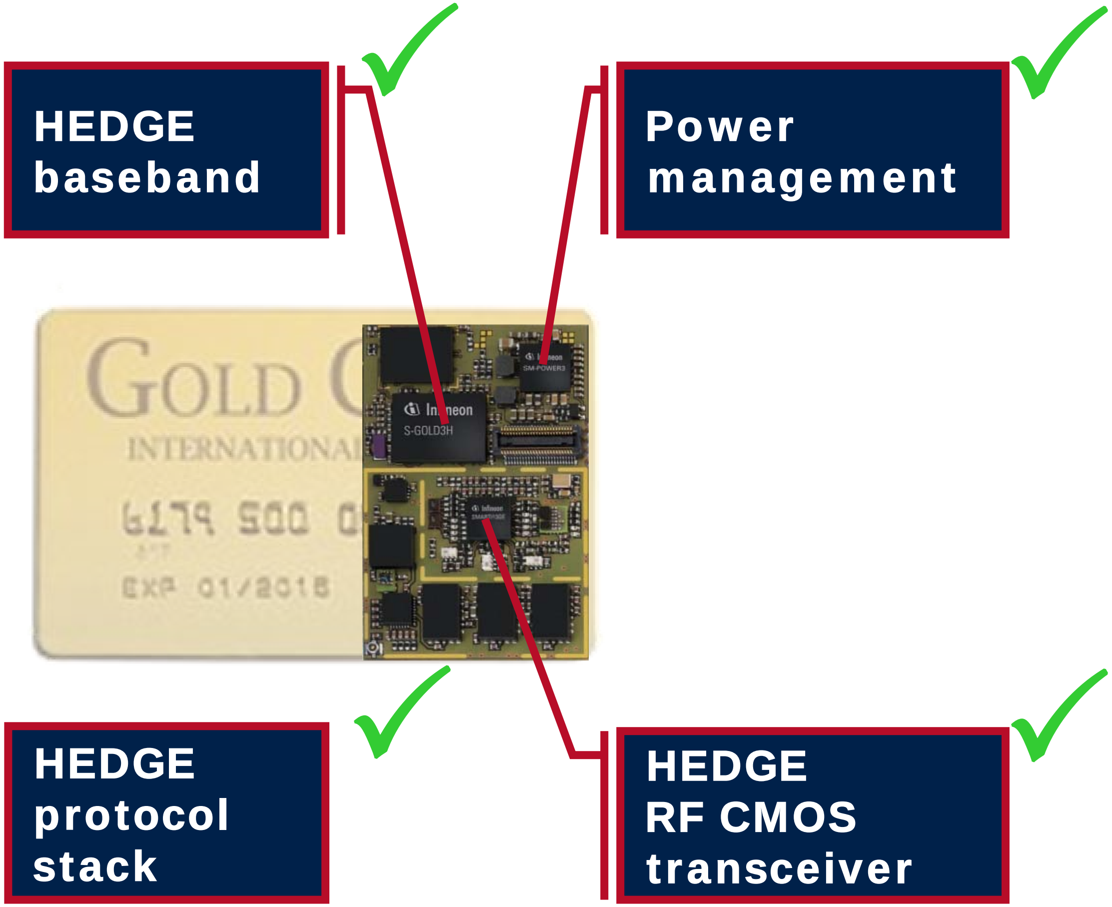
MP-E and MP-Elite features:

- Video and audio playback and recording
- Video streaming
- Dual color display
- Camera modules
- Enhanced security features

Up to **30% lower eBoM**
Up to **20% lower footprint**
15% lower component count

Infineon’s 7.2 Mb/s HSDPA Platform MP-EH Enables Broadband Multimedia on Less than 16cm²

Complete 7.2 Mb/s HSDPA platform



HEDGE baseband ✓

Power management ✓

HEDGE protocol stack ✓

HEDGE RF CMOS transceiver ✓

MP-EH Highlights:

- Volume production start planned in 2007
- 7.2 Mb/s HSDPA
- Video streaming
- High-speed audio/video download
- Footprint: < 16cm²

Complete Mobile Phone Platform Solutions for Major Growth Markets

Target markets	**2G / 2.5G GSM / GPRS**		**2.75G EDGE**		**3G UMTS**	**3.5G HSDPA**
Platform	**ULC1**	**ULC2**	**MP-E**	**MP-Elite**	**MP-EU**	**MP-EH**
Baseband	**E-GOLDradio**	**E-GOLDvoice**	✓	**S-GOLDradio**	✓	✓
RF CMOS transceiver			✓		✓	✓
Power management	✓		✓		✓	✓
Protocol stack	✓	✓	✓	✓	✓	✓
Ramp-up	✓	✓	✓	2H CY07	✓	CY 2007+

▨ Integrated in one chip

Successful Launch of Platforms in Major Target Markets

EDGE

3G

ULC

ULC2:

Plus:

- Design win at NOKIA with E-GOLDvoice single-chip for entry level phones.
- Design wins across our ULC, EDGE and 3G platforms at other major customers.

Clear Path to 65 Nanometer

Key mobile phone platform introductions

	2006	2007	2008
3G	MP-EU ✓	MP-EH	65 nm 3G
EDGE	MP-E ✓	MP-Elite	65 nm EDGE
ULC	ULC1 ✓	ULC2 ✓	65 nm ULC

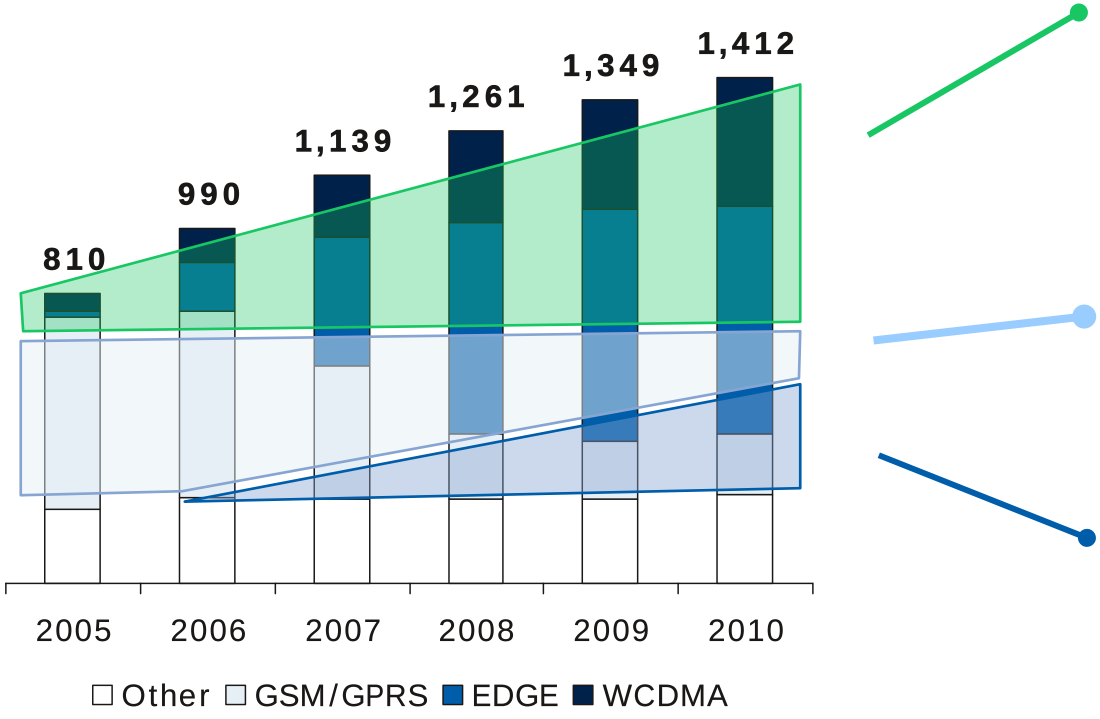
⬜ In production 🟦 Sampling 🟥 Under development

Update:
RF Transceivers

Major COM Growth Opportunities: RF Transceiver

Market Development

Worldwide mobile phone shipments by air interface [mn]



Source: ABI Research, Q1 2007; IFX

RF Transceiver Segmentation

Innovative RF Engines

- Stand alone transceiver solutions
- Multi Bands, Multi Mode
- Size & power consumption critical
- Growing volume
- High Innovation
- High ASP (x3-x5 GSM/GPRS)

Commoditized RF Engines

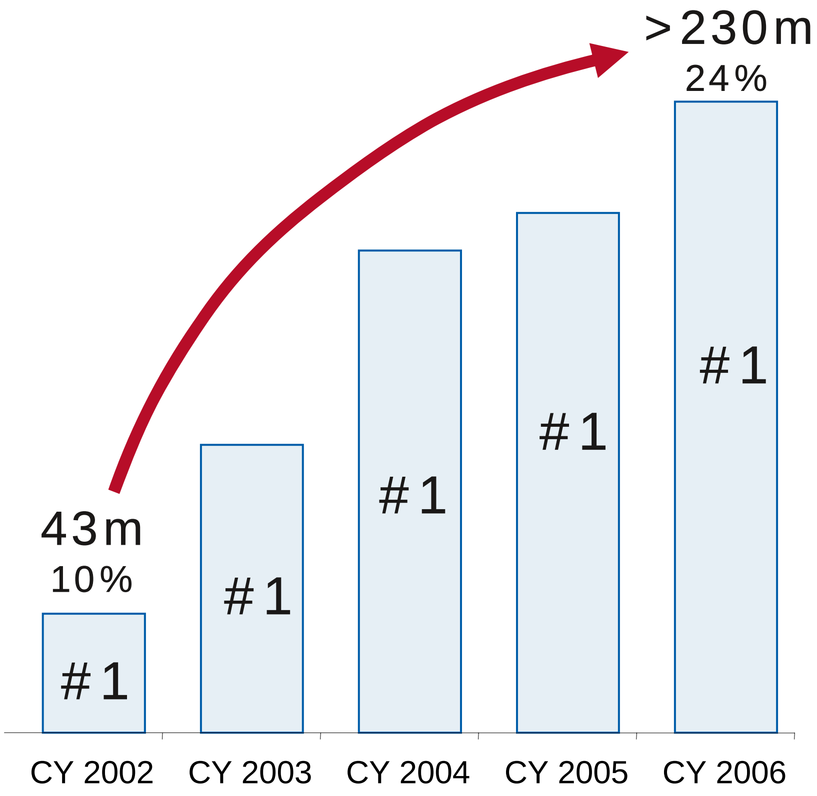
- Stand alone transceiver solutions
- High Volume
- Cost competitive market

Single Chip

- Baseband + RF Integration
- Handsets with fixed feature set
- Commodity
- Ultra Low Cost

Market Leader in RF Transceivers

IFX market share and ranking in RF transceivers



Source: Gartner, Strategy Analytics; IFX

Major contributors

- Successful ramp-up of new RF transceiver for a major OEM
- Complete product and roadmap conversion to CMOS technology
- CMOS transceiver in volume production since 2004
- Excellent RF performance
- Focus on customer cost of ownership

RF Transceiver
CMOS Leadership Turns Into Design-Wins

2G / 2.5G GSM / GPRS	2.75G EDGE	3G WCDMA	3.5G HSDPA	4G WiMAX / LTE
SMARTi SD SMARTi SD2 130nm CMOS	SMARTi PM SMARTi PM2 SMARTi PM+ new 130nm CMOS	SMARTi 3G SMARTi 3GE 130nm CMOS	SMARTi UE new 130nm CMOS	SMARTi WiMAX new 130nm CMOS

Customer	Air Interface
two tier-1 OEMs	EDGE (SMARTi PM+)
three tier-1 OEMs	WCDMA / WEDGE (SMARTi 3GE / 3G)
tier-1 OEM	HEDGE (SMARTi UE)
multiple DW on IFX platforms	EDGE / WEDGE / HEDGE

Selection of major design-wins

Shipped more than 230m Cellular Tranceiver IC's in 2006

Nr.1 worldwide in RF Transceivers ✓

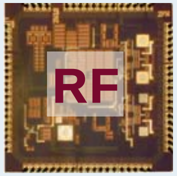
World's first EDGE CMOS RF Transceiver in volume ✓

World's first WCDMA CMOS RF Transceiver in volume ✓

65 nm CMOS Solutions Will Pave the Way for Cost, Size and Performance Improvements in '08

2003

Stand-alone transceiver

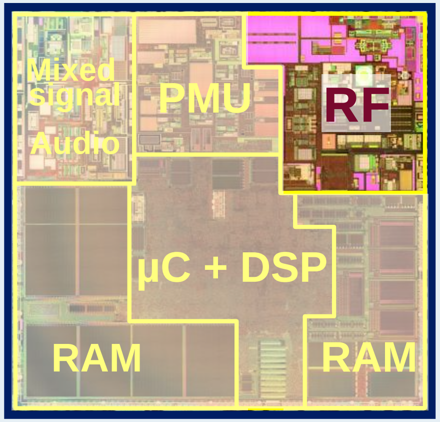


130 nm RF CMOS

Infineon is the leading company in RF CMOS design

2006

Baseband with integrated RF



130 nm RF CMOS

Infineon is the leading company in baseband + RF integration

2008

RF transceiver cores for stand alone TRx and leading BB/radios

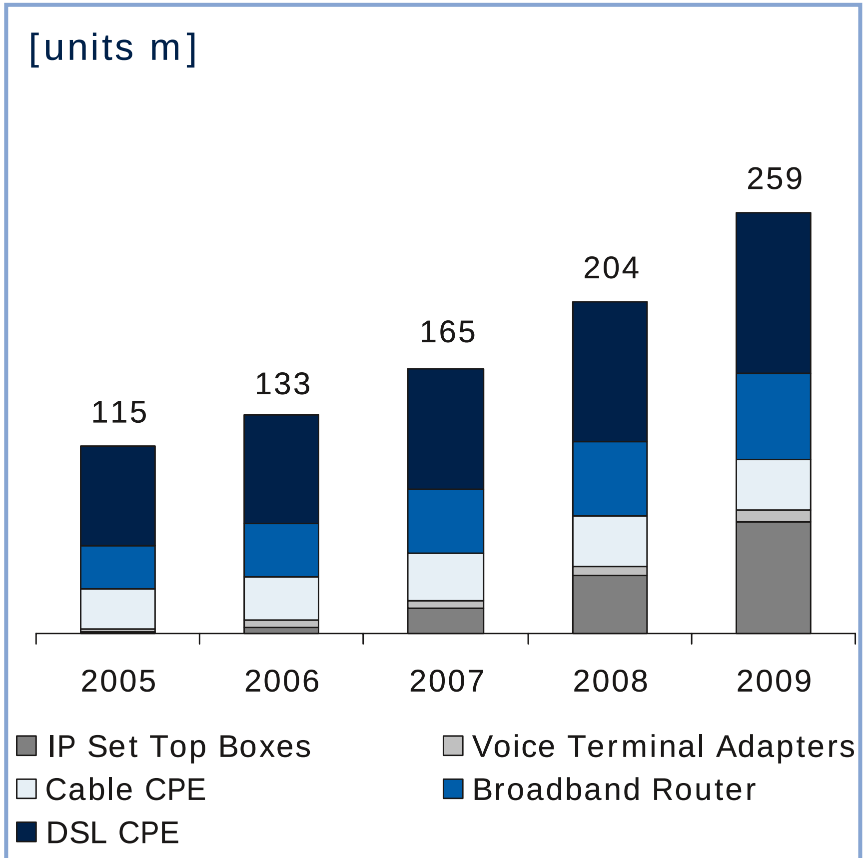
65 nm CMOS

- 95% digital signal processing in receive path
- Fully digital transmit path
- No compromises in RF performance
- Plain vanilla CMOS technology

Update:
Broadband

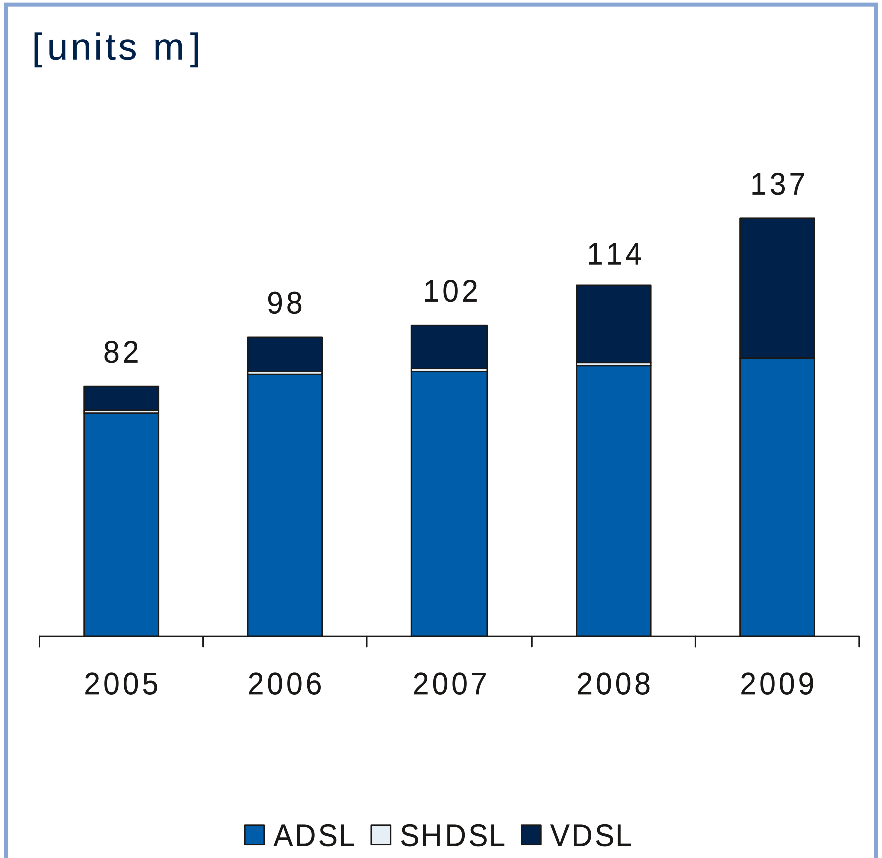
Major COM Growth Opportunities: Broadband

Broadband CPE



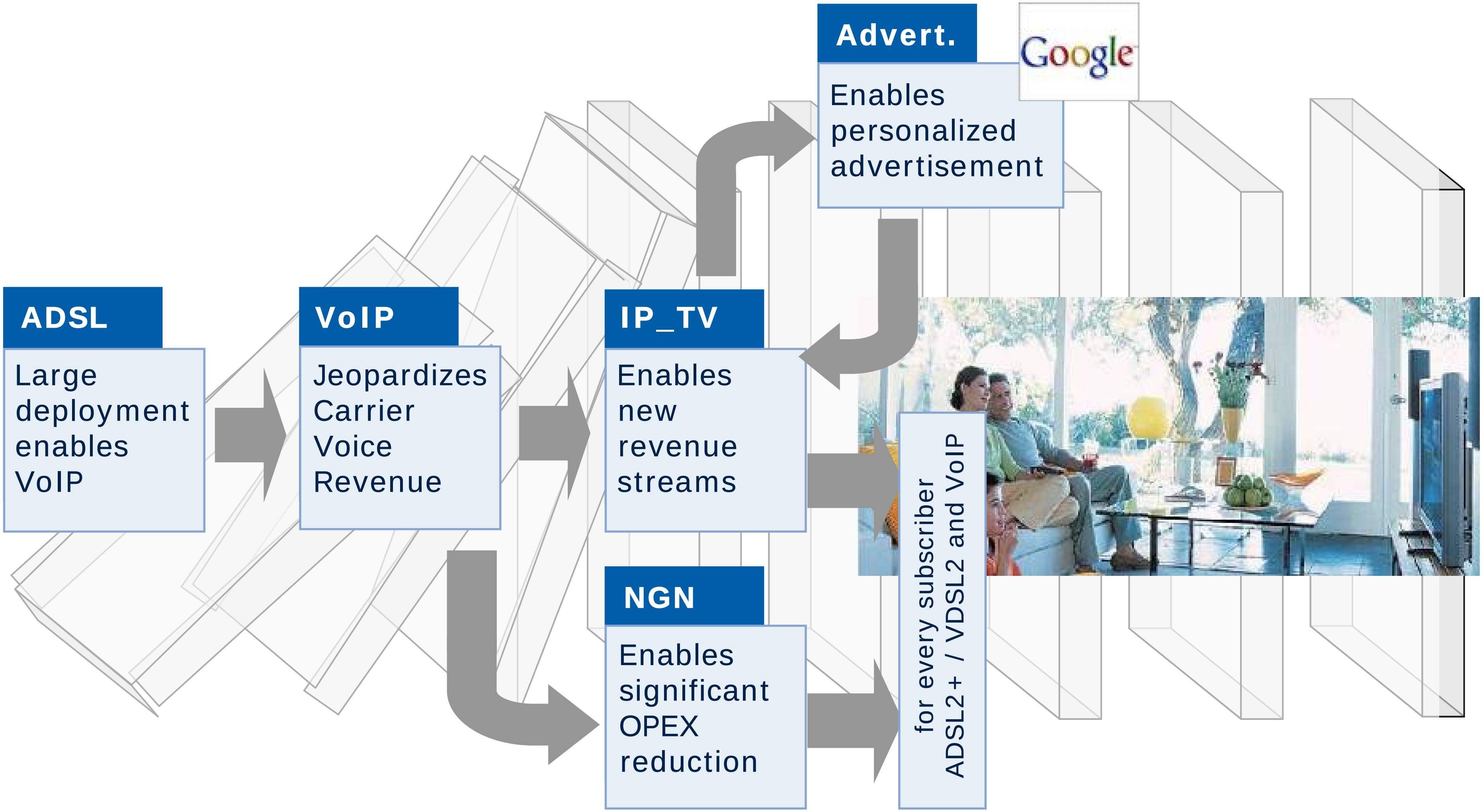
Source: Infonetics, Q3 2006

Broadband CO



Source: Infonetics, Q3 2006

The “Domino Effect”
Market Trends



ADSL

Large deployment enables VoIP

VoIP

Jeopardizes Carrier Voice Revenue

IP_TV

Enables new revenue streams

Advert.

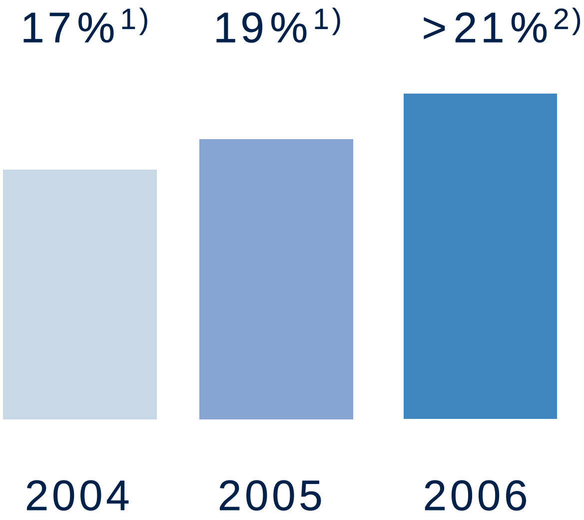
Enables personalized advertisement

NGN

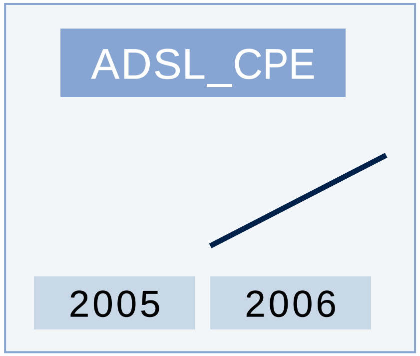
Enables significant OPEX reduction

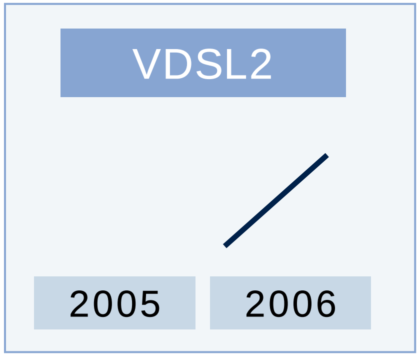
ADSL2+ / VDSL2 and VoIP for every subscriber

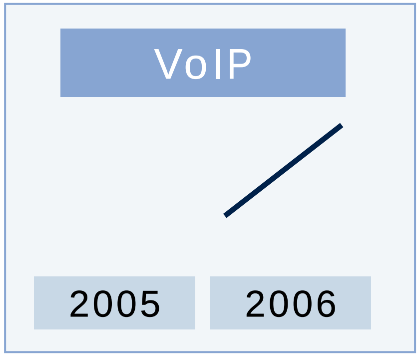
Market Share and Market Growth Achievements in 2006

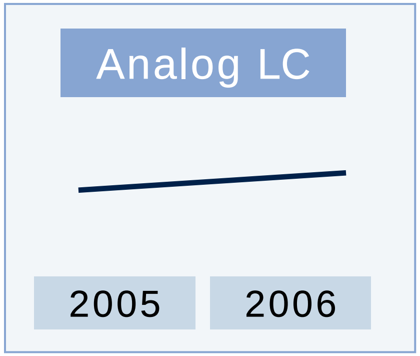


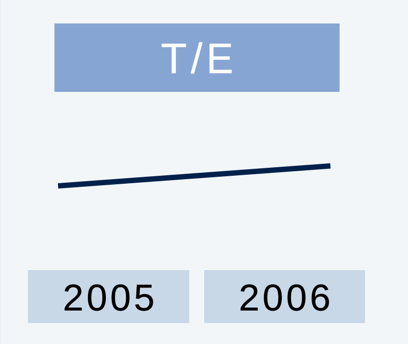
Source:
1) Gartner Dataquest, June 2006
2) Infineon Estimates











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

Product Porfolio
Access Market Focus

Infineon's major chipset families

	ADSL2+		VDSL2	SHDSL
DSL-CO	**GEMINAX-MAX**		**VINAX**	**SOCRATES**
DSL-CPE	**AMAZON**	**DANUBE**	**VINAX**	**SOCRATES**
VoIP	**VINETIC-2** (ATA/IAD)		**INCA_IP** (IP_Phone)	
T/E	**FALC**		**QUAD_FALC**	**OCTAL_FALC**
Analog Line Card	**SICOFI**		**DUSLIC**	**VINETIC**

Broadband Design-Win Momentum Continues

VDSL2
„VINAX™“

- World’s first VDSL2 roll-out with Deutsche Telekom on CO- and CPE-side in Germany continues as planned
- Design-Wins in APAC and NAFTA for profile 17a and 30a

ADSL2+
„GEMINAX™-MAX“

- Design-Win at two customers based in APAC
- Major European customer

ADSL & VoIP
„AMAZON, DANUBE“

- Design-Win at major EU carrier for ADSL IAD

VoIP
„VINETIC™“

- Extension of customer & technology base by positioning VINTETIC™ in alternative access technologies
- Major global customer

SHDSL.bis
„SOCRATES®-4e“

- Leading SLAM customers in Europe and Asia

Q & A