

Infineon

International Trade Press Briefing, Munich

September 28, 2006

The Dynamics of the Broadband Market

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Member of the Management Board
President Business Group Communication Solutions



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Disclaimer

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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.

Agenda

■ **Communication Solutions Business Group**

■ **Access Business Unit**

■ **Broadband Market Dynamics**

■ **Infineon Positioning**



Agenda



Communication Solutions Business Group



Access Business Unit



Broad Band Market Dynamics



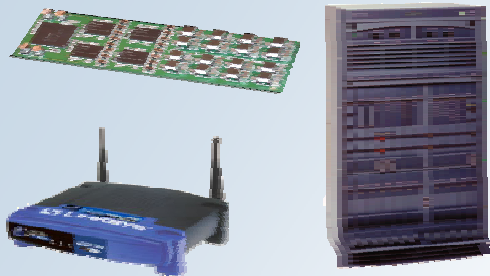
Infineon Positioning



Infineon Communication Solutions Drives the Convergence of Communication Technologies

Broadband

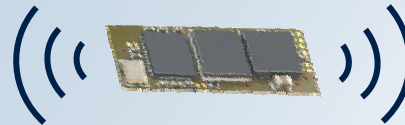
■ Access



- 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

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Four Hot Topics in the 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 & Mobile TV

- Bluetooth penetration to increase from 19% in 2005 to 50% in 2008*
- WLAN, GPS, UWB and Mobile TV to move into high-end phones



DSL & VoIP

- Triple play services and network replacement drive DSL demand
- Strong growth in residential VoIP market

Communication Solutions - Recent Highlights

Major Highlights

- ✓ **Achieved profitability in Broadband driven by successful restructuring and revenue growth**
- ✓ **Introduced new important products, for example:**
 - **ADSL2+ CPE chip, new VoIP products**
 - **3G RF CMOS transceivers**
 - **GSM/GPRS RF/Baseband single-chip, 7.2 Mb/s HSDPA solution**
 - **ULC2 Platform, enabling <\$16 mobile phone BoM**
- ✓ **Expanded our customer base in Broadband, RF Solutions and Mobile Phone Platforms based on strong product offering**
- ✓ **Maintained no. 1 position in RF for mobile phones with ~200 million RF chips sold in CY05**
- ✓ **More than 500k VDSL2 lines already deployed with Deutsche Telekom**

The Backbone for Seamless Communication

Infineon is in a Strong Position to Drive the Convergence of Voice, Video and Data Towards Seamless Communication

Broadband gateways

Potential Infineon content:

- ✓ ADSL2/2+ / VDSL2 transceiver
- ✓ Switch / router
- ✓ VoIP
- ✓ ISDN
- ✓ WLAN
- ✓ DECT
- ✓ Softw



Mobile phones

Potential Infineon content:

- ✓ 3G / 2G RF CMOS transceiver
- ✓ 3G / 2G Baseband
- ✓ Power management
- ✓ 3G / 2G Protocol stack
- ✓ Application framework
- ✓ IMS
- ✓ WLAN
- ✓ Bluetooth
- ✓ UWB
- ✓ A-GPS
- ✓ DVB-H



Agenda

■ Communication Solutions Business Group

■ **Access Business Unit**

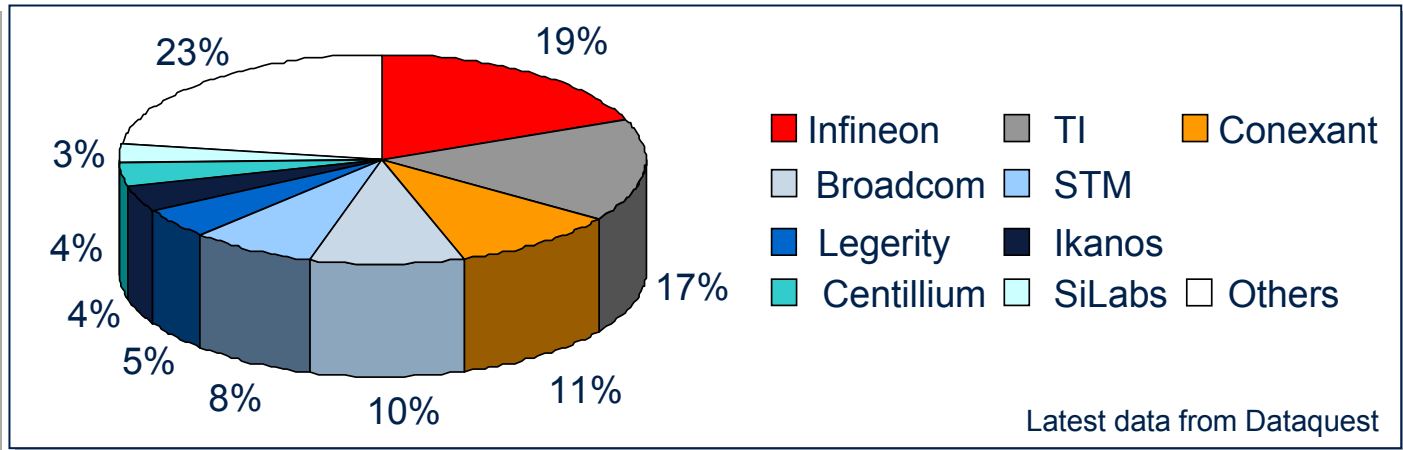
■ Broad Band Market Dynamics

■ Infineon Positioning

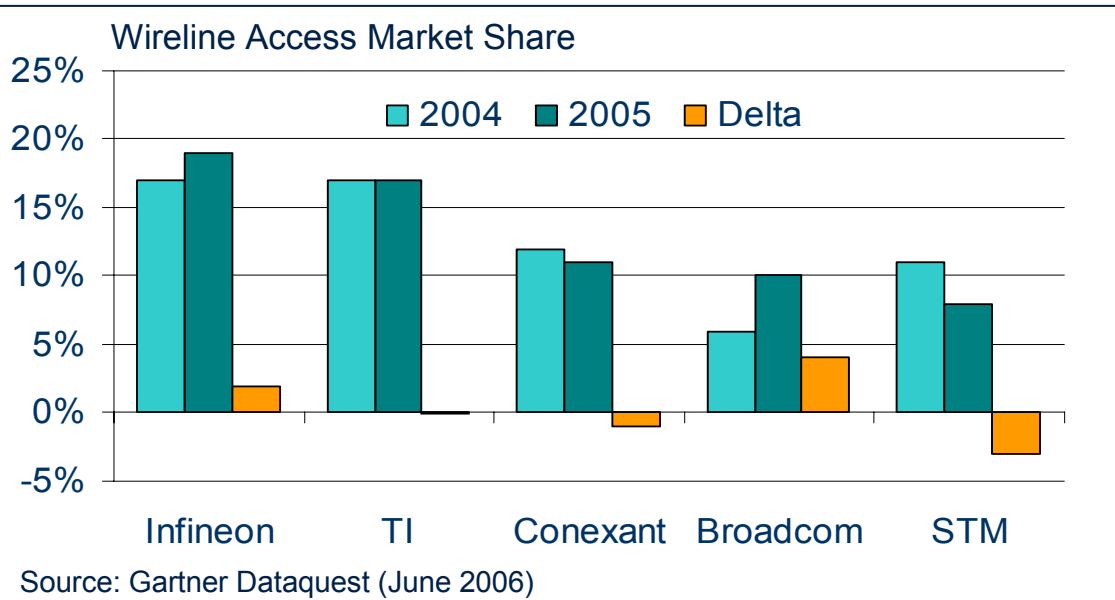


Wireline Access

BU Wireline Access, Market Share Development in 2005



Wireline Access Market Share



Comments

- Only 2 companies show growth YoY: IFX and BRCM
- IFX is separating from the pack with 19% share
- 2005 IFX growth driven by VoIP and DSL CO

DSL and VoIP strategy



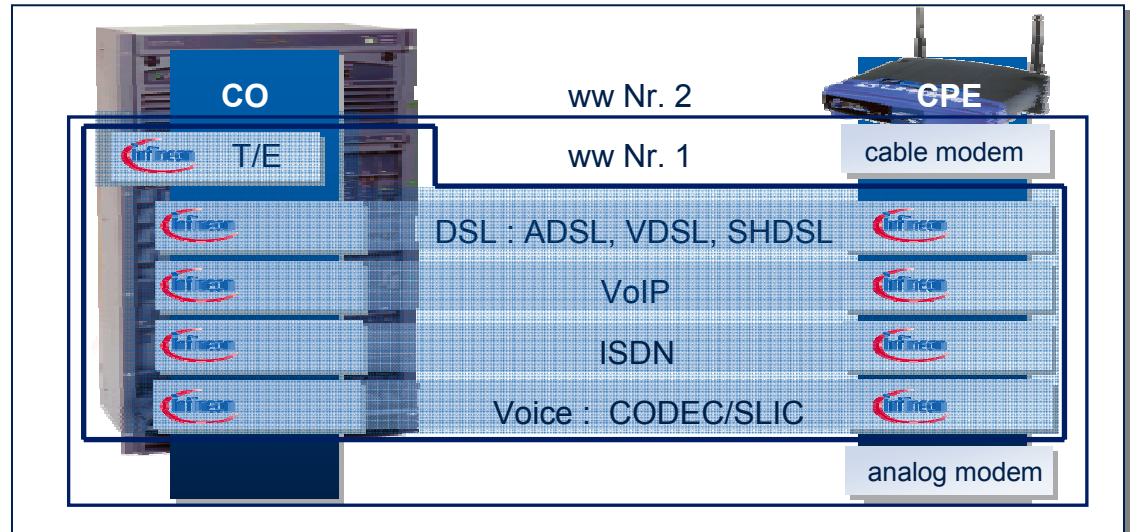
**Creating
Customer
Value and Satisfaction**



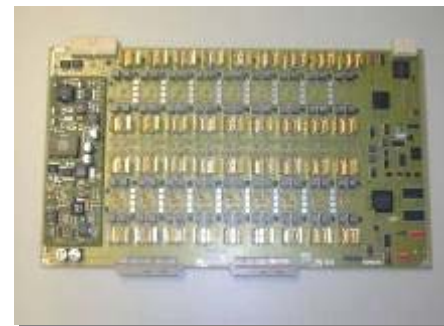
Broadest Product Portfolio in the Industry

We serve all "interlinked" market segments and enable :

- BOM optimization
- end-to-end solutions
- backwards compatibility
- technology integration
- one stop shopping



Technology	Product Family	CO	CPE
ADSL2+	GEMINAX	X	
	AMAZON		X
VDSL	VINAX	X	X
SHDSL	SOCRATES	X	X
VoIP	VINETIC	X	X
	INCA_IP		X
ATM2Eth	CONVERGATE	X	
ATM2TDM	IWORX	X	
T/E	FALC	X	X
NP	5120/3120		X
Switch	Samurai		X
ISDN	ISAC/IEC	X	X
Voice	DuSLIC/SICOFI	X	X



can build
any line card



any gateway

> 250 Products, optimized for Access Solutions

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■ **Broadband Market Dynamics**

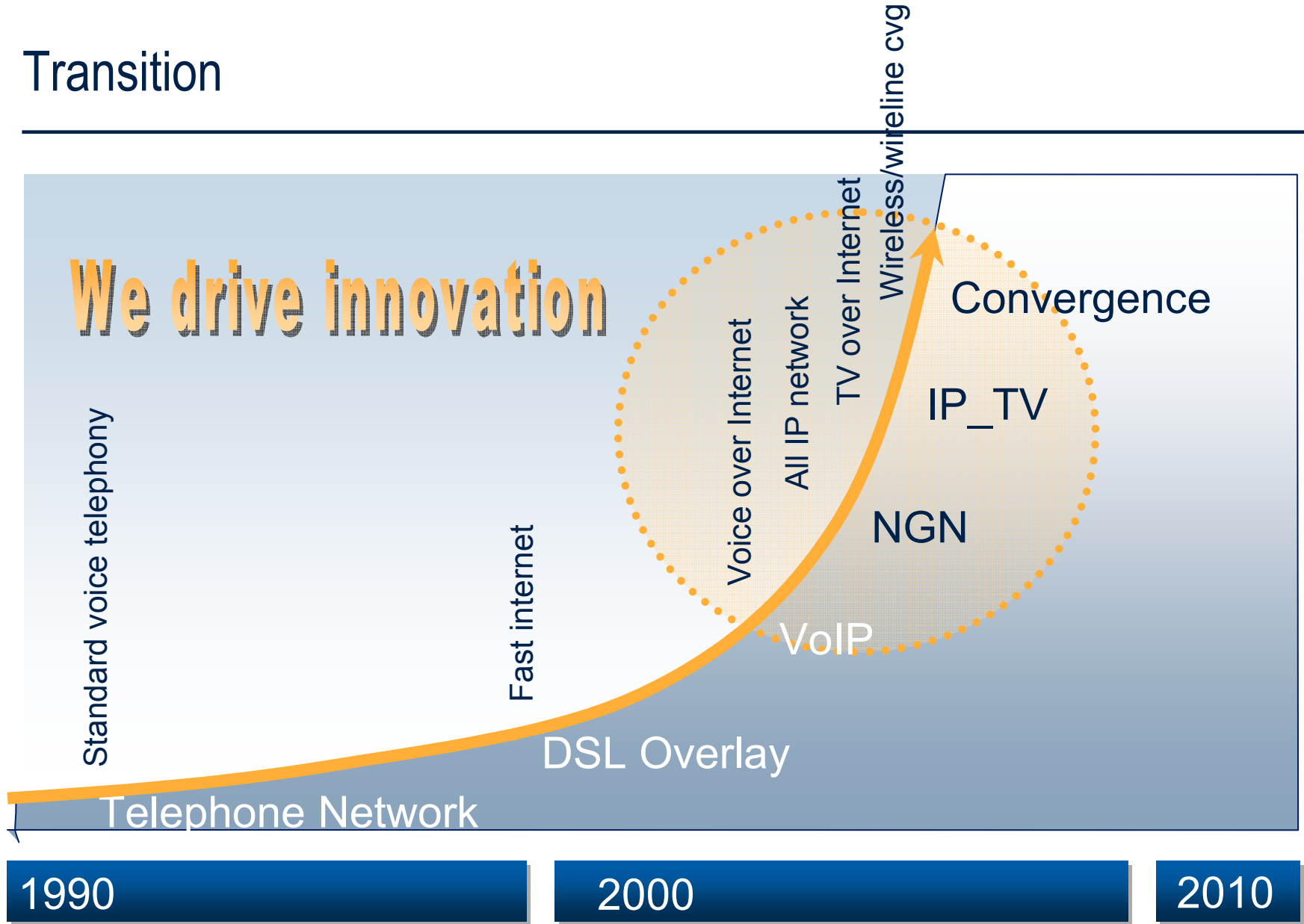
■ **Infineon Positioning**



We drive innovation

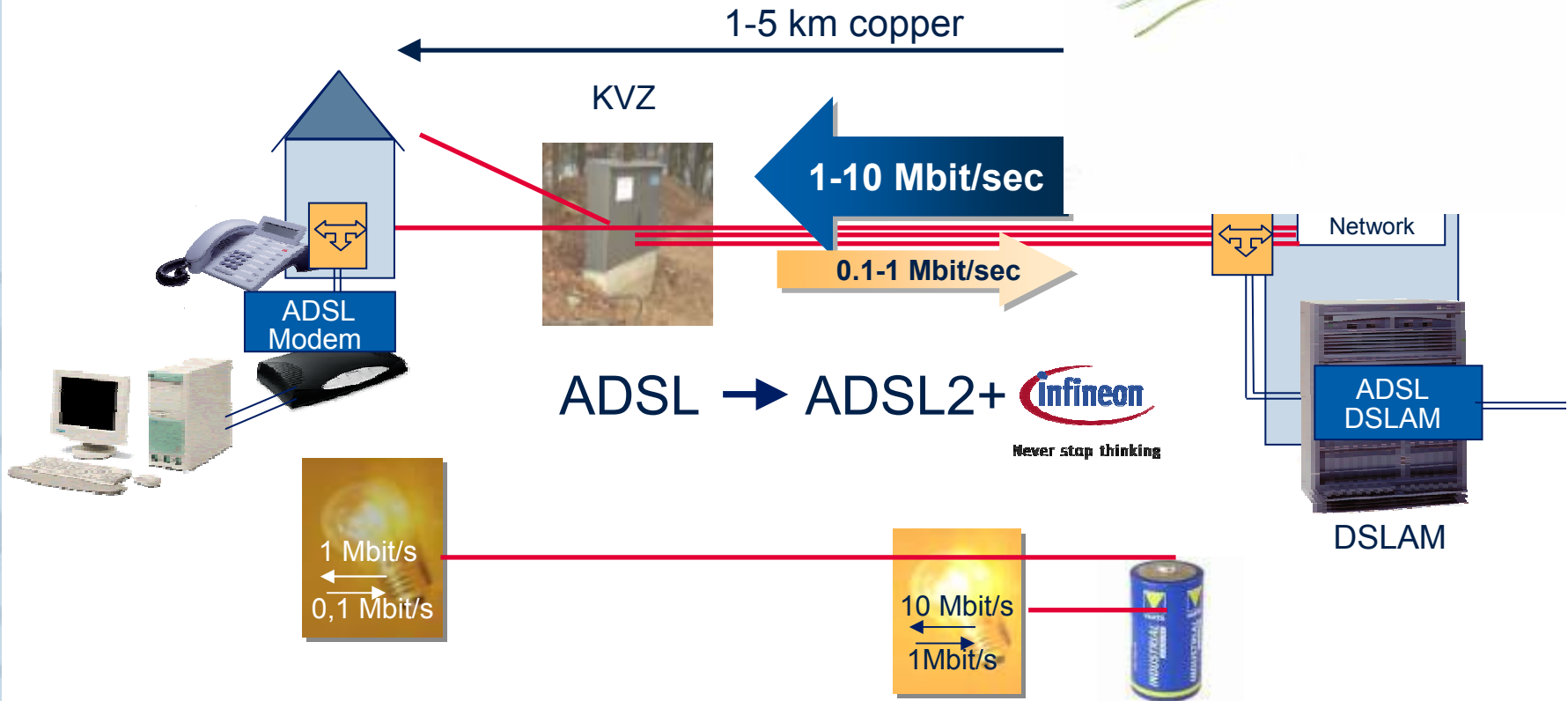
Transition

We drive innovation



Voice and Data Overlay, enabling fast Inte

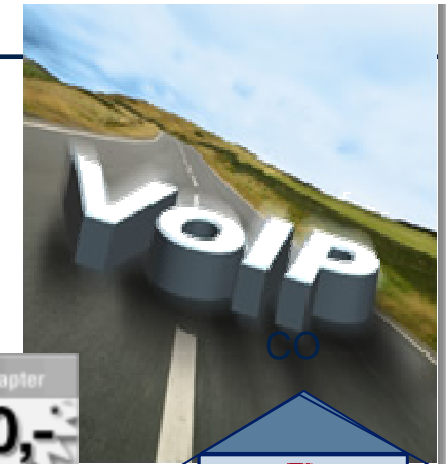
Access Network – was built for voice te



Voice over IP provides obvious End-User Benefit Fuels DSL growth rates

Telefonieren übers Internet
Günstige und innovative Telekommunikation über DSL

Info-Tour starten >

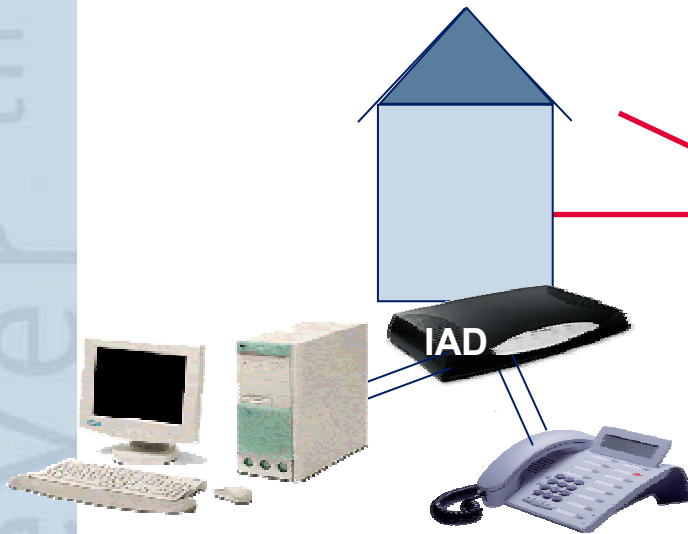


iPhone Easy Tarif inkl. Telefonadapter

- ▶ monatlich 200 Freiminuten ins deutsche Festnetz für €0,-
- ▶ weltweit erreichbar mit persönlicher Rufnummer
- ▶ inklusive kostenlosem DSL-Router + TK-Anlage
- ▶ auch ohne PC ab 0 Cent telefonieren

PCPraxis Testsieger

€4,90/mtl. mehr Infos > Jetzt einsteigen



Voice Quality

ADSL2+ & VoIP

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Voice Network

ADSL DSLAM

Innovation Power

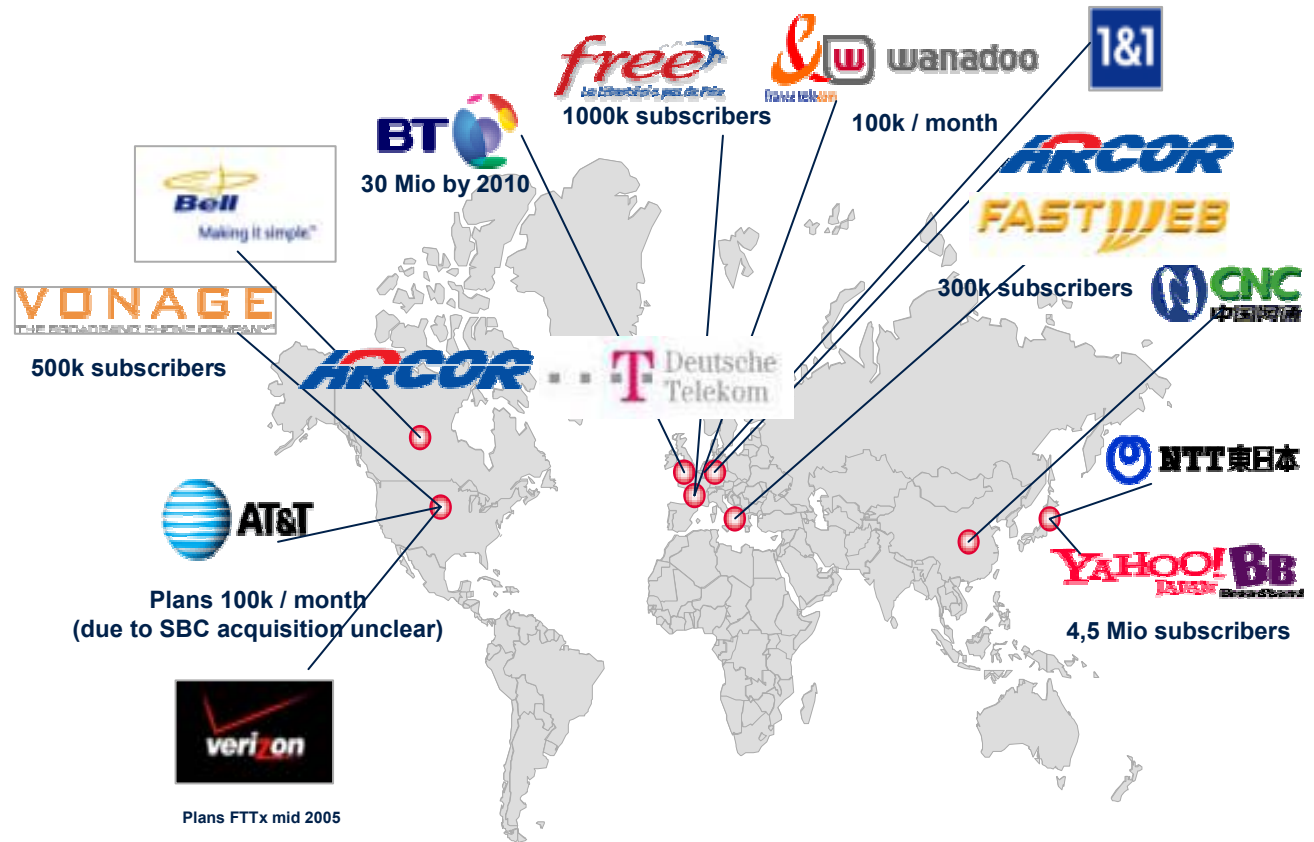
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Big competition: Many players compete in different niches of the VoIP market

The VoIP provider market is very fragmented.

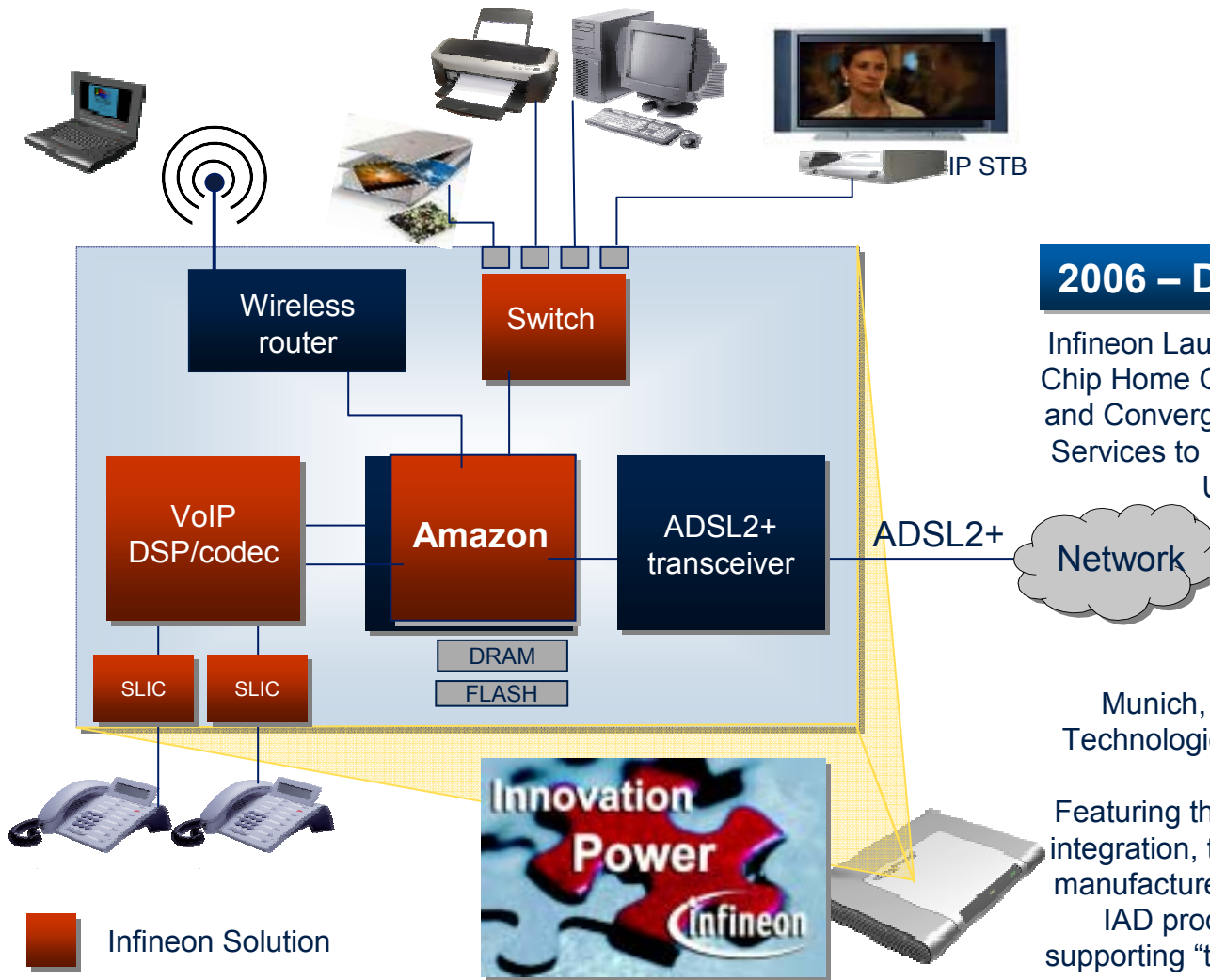
In the beginning CLECs were using VoIP to attack ILECs.
Today ILECs have accepted VoIP and try to take leadership.

Country	# VoIP provider
USA	169
Germany	55
Canada	50
UK	41
Australia	27
Switzerland	20
Denmark	17
Netherlands	12
Italy	12
France	11
Spain	8
South Africa	7
Ireland	7
Belgium	7
Austria	7
Sweden	5
Argentina	5





Danube Features the Industry's Highest Level of Integration Introduced in July 2006



2006 – Danube-based IAD

Infineon Launches Breakthrough Single-Chip Home Gateway; Integrates ADSL2+ and Converged Broadband Value Added Services to Reduce System Chip Count Up to 60 Percent

Munich, June 5, 2006 – Infineon Technologies AG (FSE/NYSE: IFX), a

...
Featuring the industry's highest level of integration, the new Danube chip allows manufacturers of residential broadband IAD products to deliver systems supporting "triple-play" services using up to 60 percent fewer chips compared to competing solutions.

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W700 IAD DTAG

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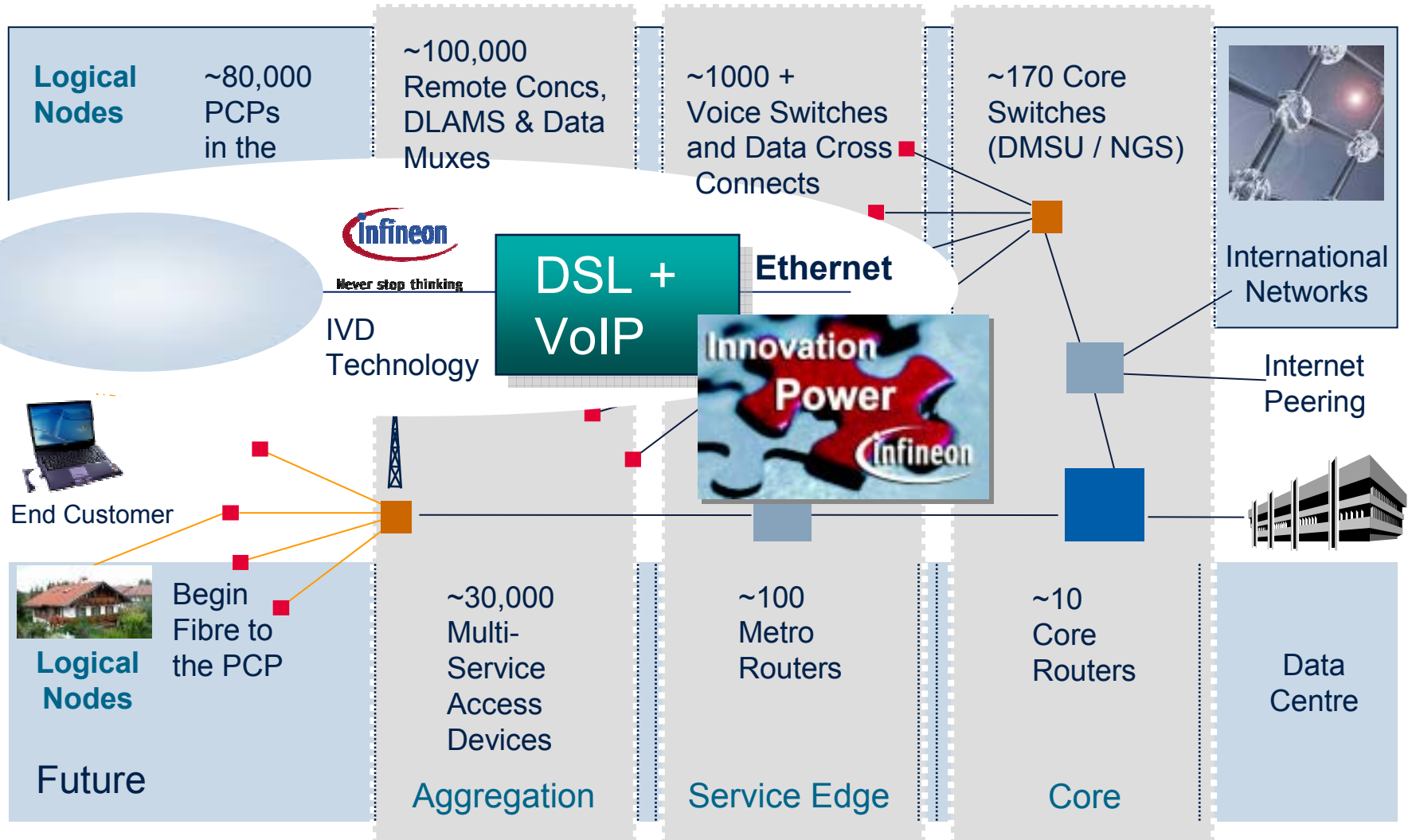


Speedport W 700V 

Die Kommunikationszentrale für den Internet- und Telefonanschluss.
Über Internet telefonieren und gleichzeitig mit Highspeed surfen.



21st Century Network structure vision



IP_TV is the way forward



- IP_TV is the (only?) way forward for big carriers to recover revenues after VoIP victory.
- Capabilities of personalization may influence advertisement money streams.
- IP_TV requires major innovation steps.

VDSL2

Opening the Access Bottleneck !!!

VDSL2: Latest and greatest DSL Standard, approved by the ITU E2005



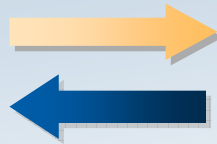
Goldman Sachs
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 Matthew Gehl +44 (20) 7774-5536 matthew.gehl@gs.com
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 29 March 2006

We hosted the 2nd Annual GS IPTV Conference in London with presentations from Philips, Infineon, BT, Telefonica, Liberty Global, SES-Astra and Siemens. Key takeaways for our coverage universe were:

Infineon currently leads the industry in VDSL2 chipset development.



VDSL2 Complexity



"Direct" transmission, after a few m, all information is gone

DMT – Discrete Multi Tone

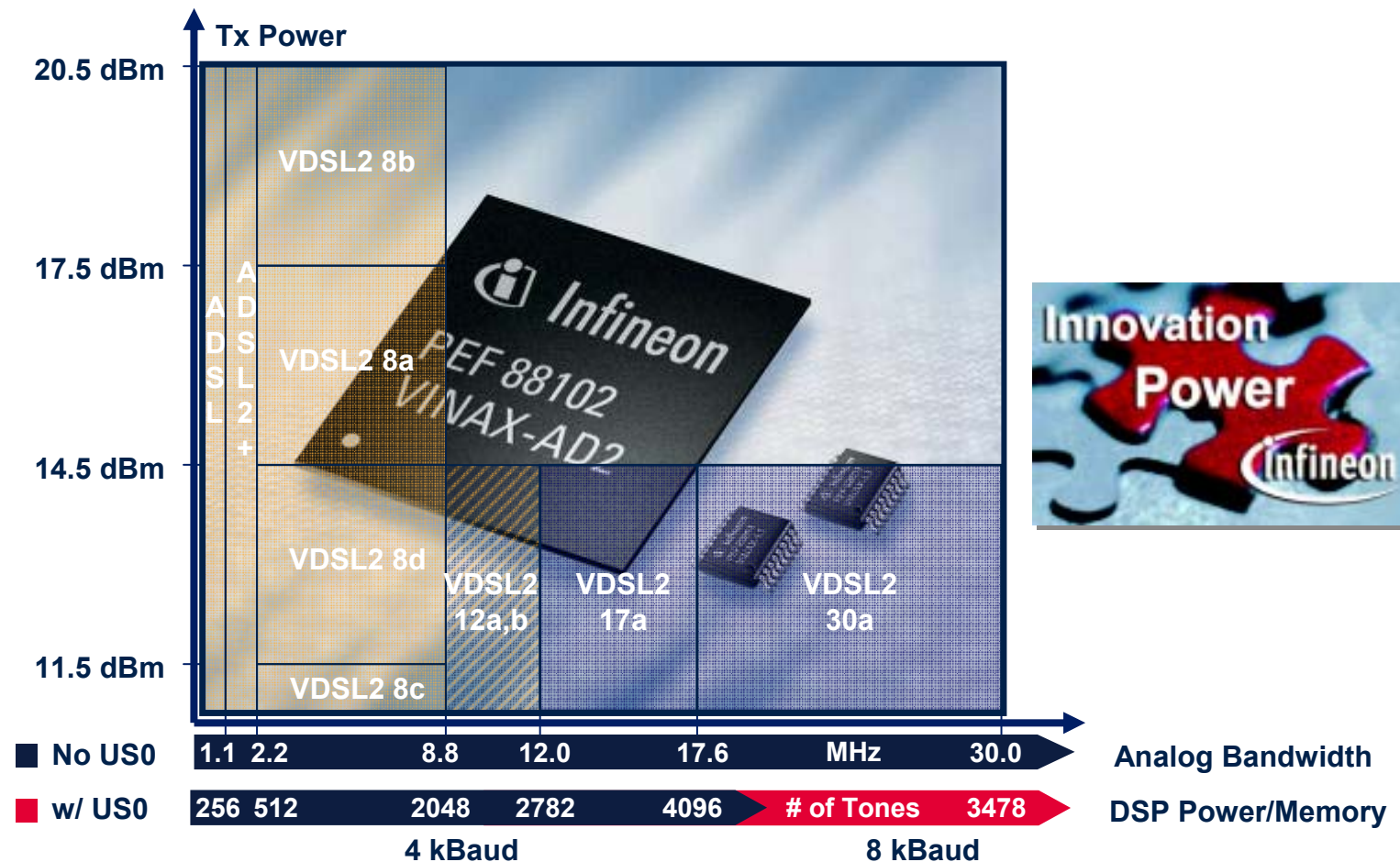


2000 instruments,
15 tones each,
playing cords:
4000 per sec

VINAX – First Fully Standard Compliant VDSL2 Product

True End-2-End Solution, ADSL backwards compatible ...

Many Companies claim to have a standard compliant product but many promises turned out to be Powerpoint only!



Infineon's VINAX family is the only true standard compliant VDSL2 solution in the market.

Infineon introduces world's first VDSL2 solution



Infineon powers Germany's VDSL2 network

Infineon's VINAX™ Solution Powers Germany's VDSL-2 Rollout in 10 Cities: Deutsche 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.



> 20 Design Ins in 6 month



T-Home Speed Project

How it looks like

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Major Investment is necessary to build the new high speed network

1

&

2



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MODERNES LEBEN

INAKTION IM NETZ Schon vor mehr als 20 Jahren ist das Internet ein fester Bestandteil des Lebens geworden.

SÜDKOREA

Das Schlaffenland der Internet-Gemeinde heißt Korea: Kabel für alle und Bytes satt

Auf digitaler Überholspur

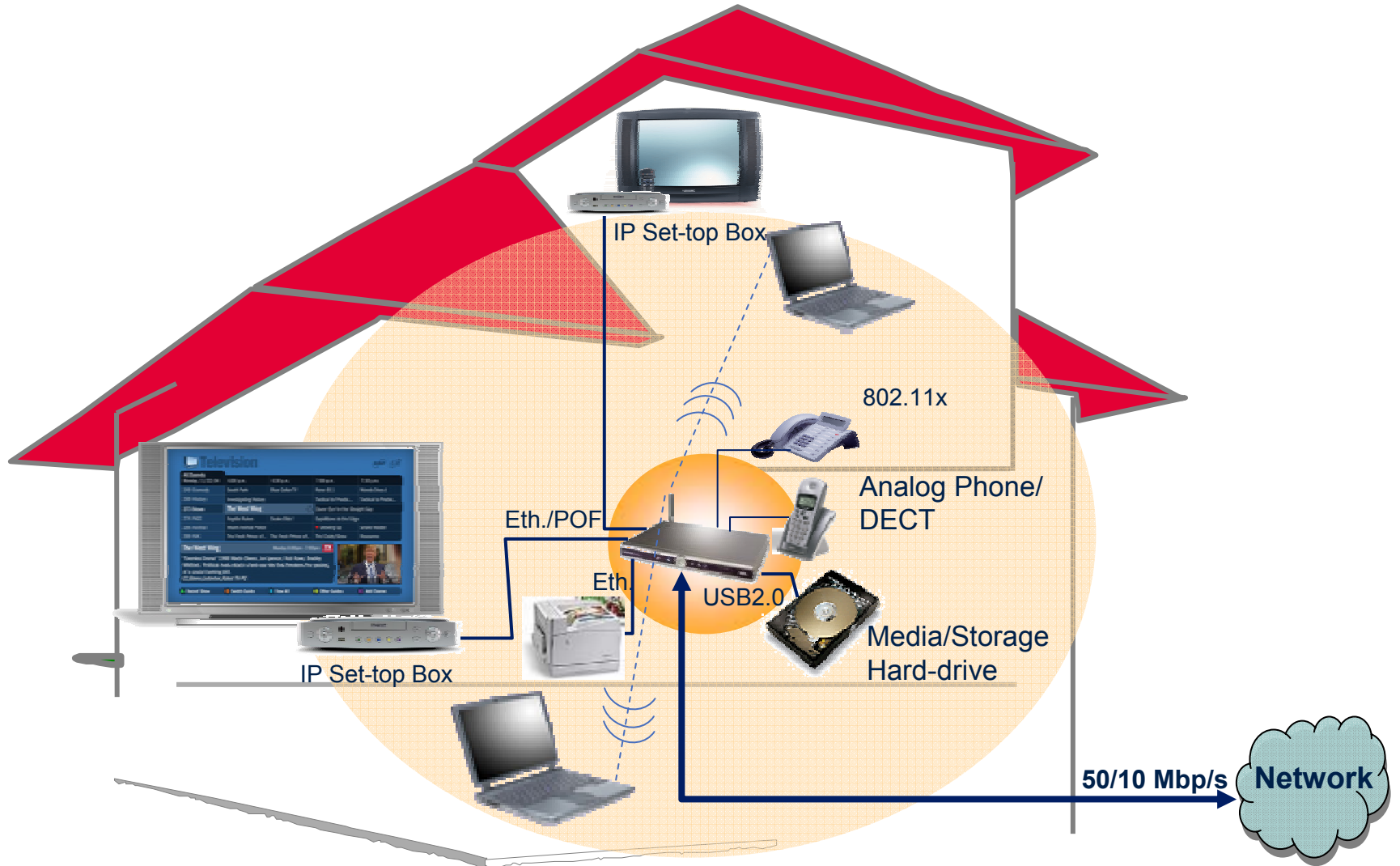
STOLZER GASTGEBER Der japanische Minister für Wirtschaft, Industrie und Energie besucht die Expo 2005 in Osaka. Im Bild: Japanischer Minister für Wirtschaft, Industrie und Energie (Mitte) mit dem südkoreanischen Informationsminister Roh Jun Hyong (links) und dem deutschen Informationsminister Heiko Maas (rechts).

WELT VORN Die Regierung hat die Finanzierung der High-Speed-Internet-Infrastruktur beschlossen.

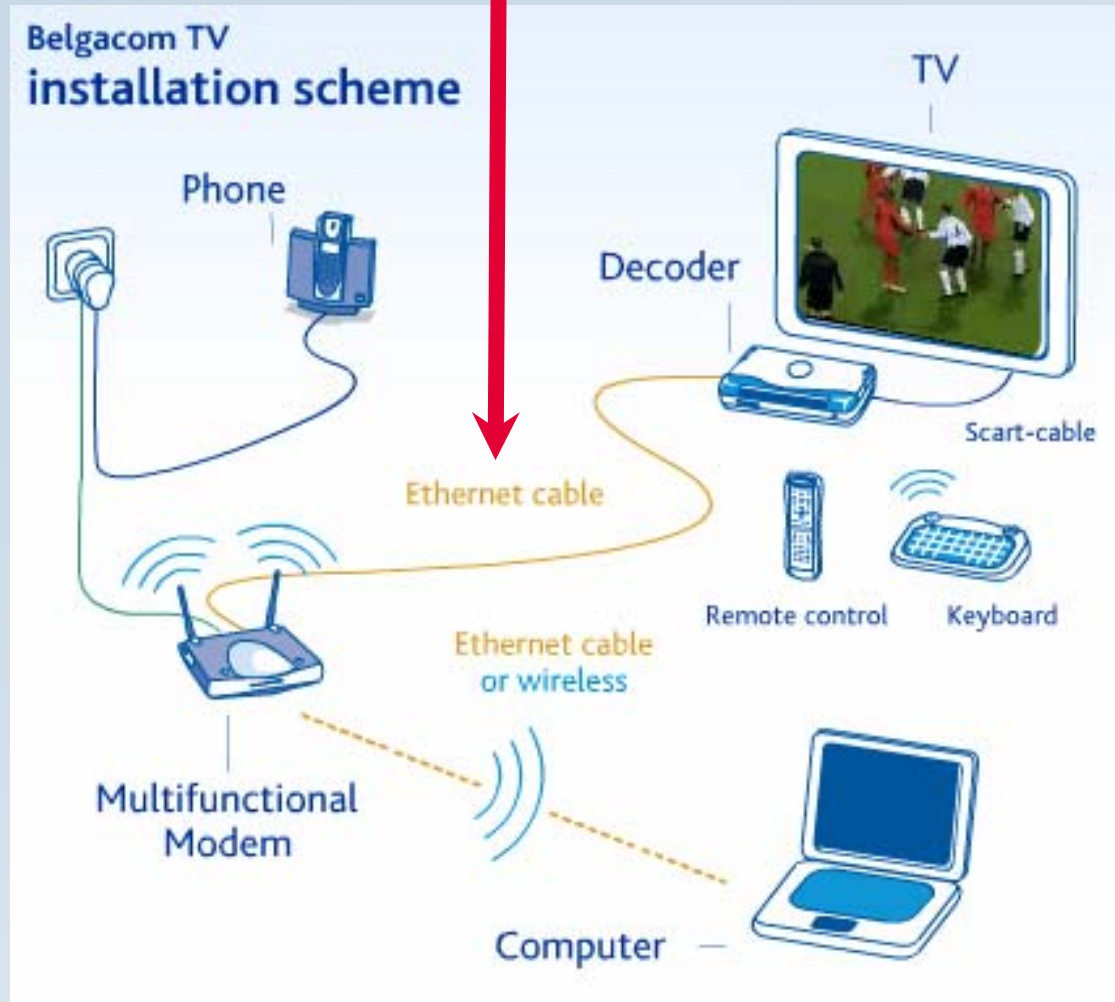
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Der Informationsminister Südkoreas lächelte bedeutsam, als er den Deutschen Raizner und Kolb erklärt, warum Korea so viel ins Internet investiert. "Wenn Deutschland mit der Autobahn nicht die perfekte Infrastruktur für die gedeihende Automobilbranche geschaffen hätte", glaubt Roh Jun Hyong, "dann wäre die deutsche Autowirtschaft nie so stark geworden." Hyong erzählt gern davon, wie die Regierung den High-Tech-Boom mit ehrgeizigen Infrastrukturprojekten unterstützt hat.

A new Challenge: QoS for high speed home networking.



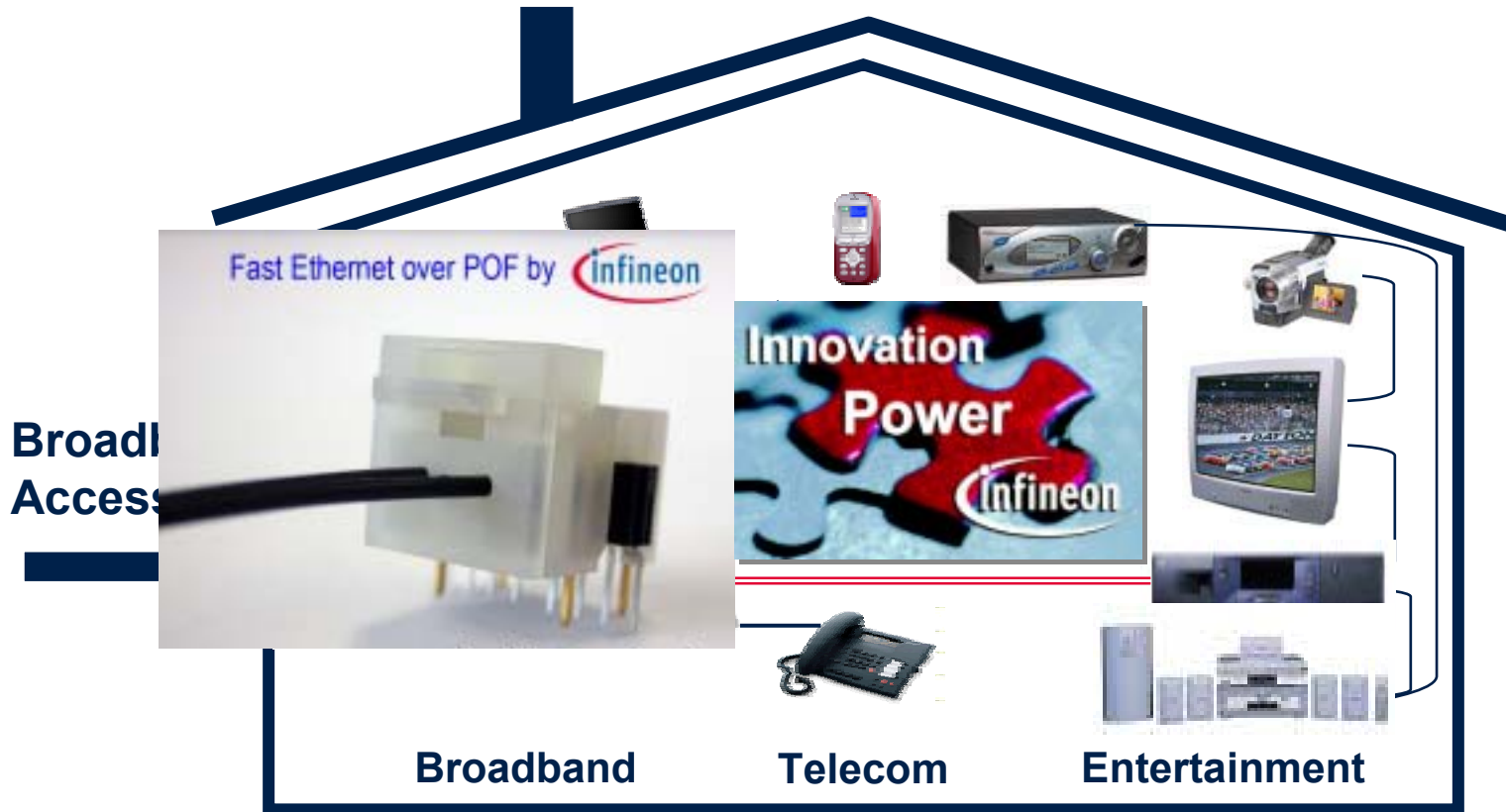
Home Networking Example – IP STB (Wired/Wireless)



The Problem !

**no WLAN
because
of
frameless,
stability,
security,
...**

A new concept: POF (Polymer Optical Fiber) for Home Networking - "Fiber to the TV"



Key Advantages of POF for Video Home Networking

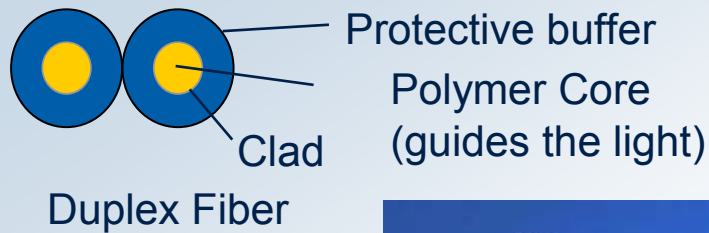
- Very thin fiber for simple and invisible installation
- Cost effective solution (w/o connectors ~0.3 Euro/m)
- High reliability and speed of up to 100Mbps
- No electromagnetic interference
- Daisy chained point to point switched connections
- 100Mb/s sustained throughput @100m

Key Advantages of WLAN 11n

- PHY transmission rates up to 600Mbps
- Enhanced efficiency MAC with frame aggregation
- 2.4/5GHz dual band support, 20/40MHz channel
- Mixed mode interoperability with 802.11a/b/g
- Spatial multiplexing
- Support for 1 to 4 concurrent data streams

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Infineon Innovation : Fast Ethernet over POF



Advantages:

- very flexible
- easy to cut to length
- easy to plug
- small diameter
- small bending radius down
- easy to hide



... like a speaker cable

... and
absolutely robust,
not disturbed by any
el/mag. effects
QoS guaranteed



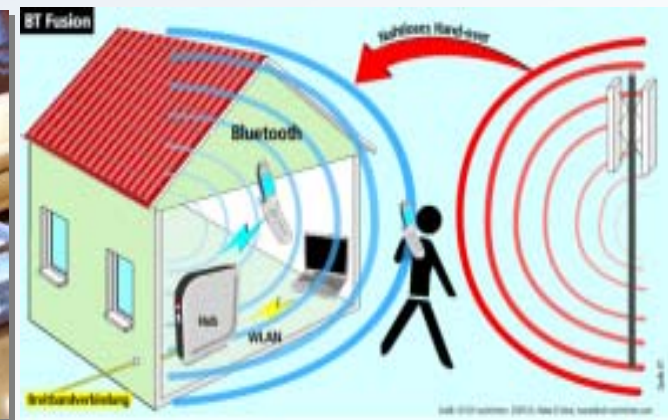
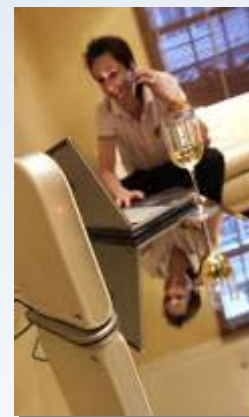
used as com backbone in cars
automotive proven !!



Convergence – the next big move



- Seamless communication (wireless, broadband).
- Same services on all devices, at any time, at any location
- Mobile over WLAN over broadband
- IMS





Infineon Communication Solutions Drives the Convergence of Communication Technologies

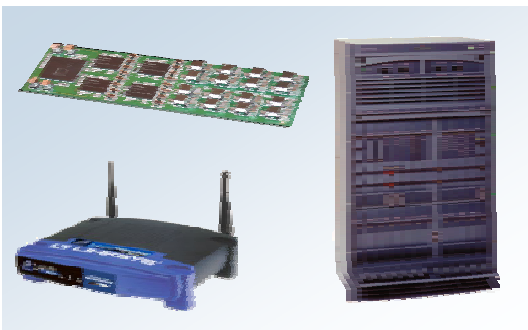
Infineon is perfectly positioned to provide Convergence solutions, combining

Broadband, Connectivity and IMS Software



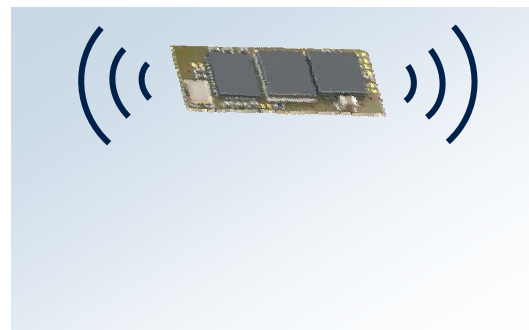
Broadband

■ Access



RF Solutions

- RF Engine
- Tuner Systems
- Connectivity



Mobile Phone Platforms

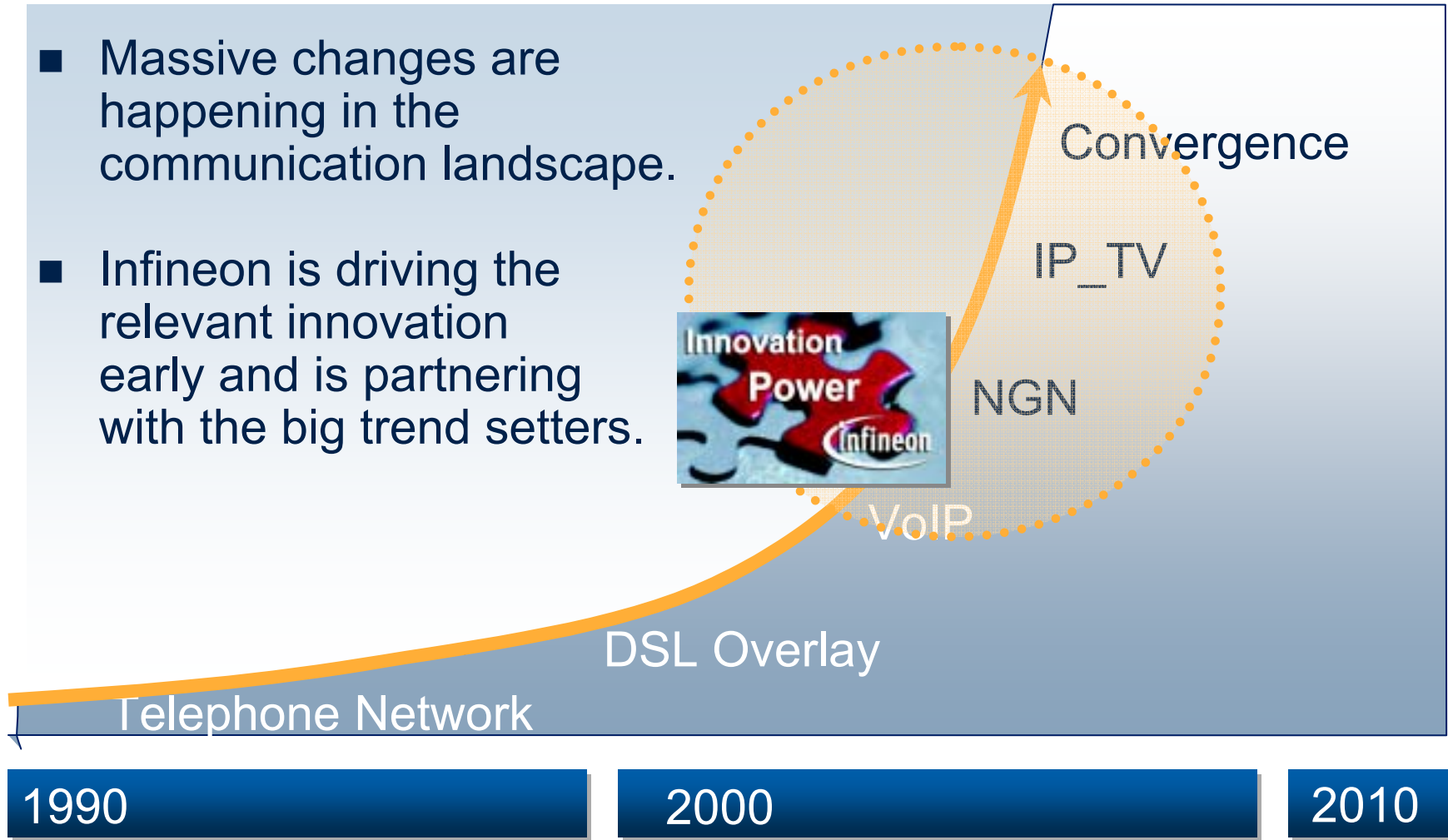
- Feature Phone
- Entry Phone
- Mobile Software



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Summary

- Massive changes are happening in the communication landscape.
- Infineon is driving the relevant innovation early and is partnering with the big trend setters.





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www.infineon.com