

Infineon

IFX Day 2004

November 16, 2004 - Munich

Secure Mobile Solutions

Dominik Bilo
CMO Secure Mobile
Solutions Business Group



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.

Agenda

SMS Overview

Mobile Solutions

Security

Wireless Infrastructure



Secure Mobile Solutions: A streamlined, market-oriented organization

Mobile Solutions	Security	Wireless Infrastructure	Discrete Semiconductors
<ul style="list-style-type: none">■ Mobile platforms■ Baseband■ RF engines■ BAW filter■ Software solutions■ Bluetooth■ Local area wireless	<ul style="list-style-type: none">■ Chip card ICs<ul style="list-style-type: none">- SIM cards- Banking- Pay-TV- Contactless- ID cards■ RFID tags■ TPM security	<ul style="list-style-type: none">■ Power amplifier■ Radio frequency ASIC's■ Baseband	<ul style="list-style-type: none">■ Transistors & diodes■ Tuners

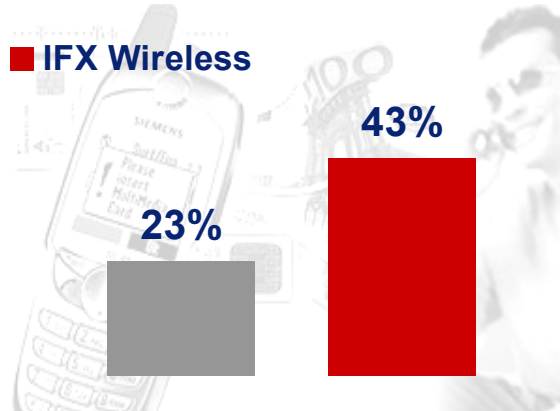
- Effective July 1, 2004, the Discrete Semiconductors business unit will be part of the Automotive & Industrial division.
- The BAW filter activities formerly part of the Discrete Semiconductors unit will be reported in the Mobile Solutions unit within SMS.

Infineon grows faster than the market

IFX Wireless

■ Wireless semiconductor market

■ IFX Wireless



Revenue growth CY03 vs. CY02

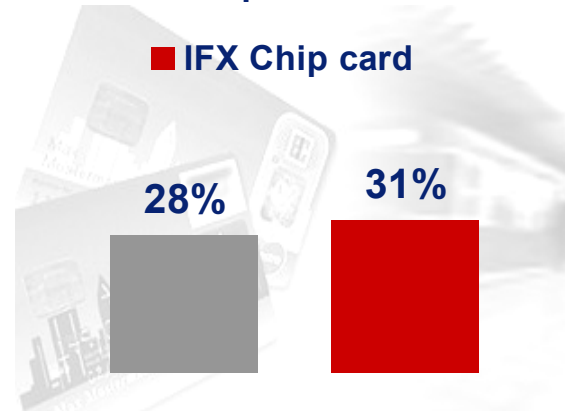
- Improved to No. 3 from No. 5 within one year
- Increased market share to 7.3%

Source: Gartner, June 2004

IFX Chip card

■ Chip card market

■ IFX Chip card



Revenue growth CY03 vs. CY02

- Clear No. 1; IFX as large as next three competitors combined
- Increased market share to 41.2%

Source: Gartner, April 2004

Agenda

SMS Overview

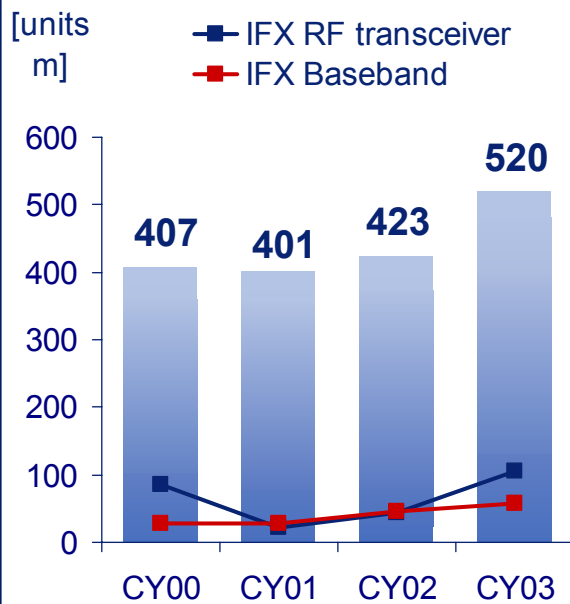
Mobile Solutions

Security

Wireless Infrastructure

Continued to gain market share in RF and baseband

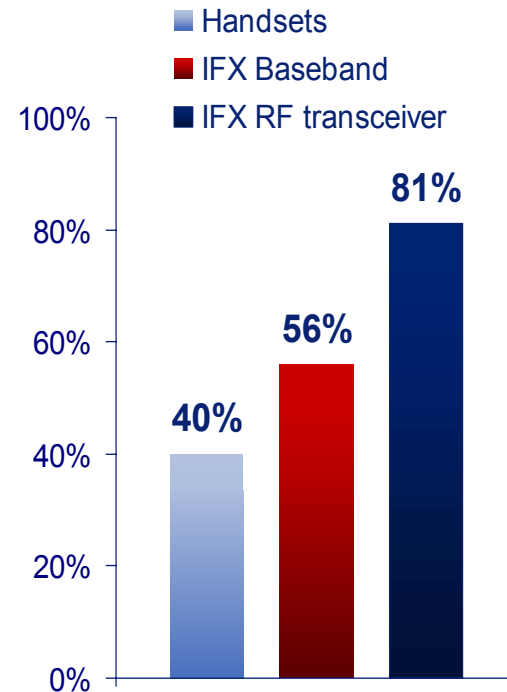
Total handset market CY00 to CY03



RF	21%	5%	10%	20%
BB	7%	7%	11%	11%

Source: Infineon, September 2004

Unit growth 1H CY04 vs. 1H CY03



Source: Handsets: Gartner, September 2004
RF and baseband: Infineon, July 2004

Offering a diverse RF transceiver portfolio

W-CDMA

- World's first single-chip W-CDMA transceiver
- Shipping to 4 of 5 Japanese 3G OEMs

GSM/EDGE

- First proven EDGE RF transceiver solution in high-volume production

GSM/GPRS

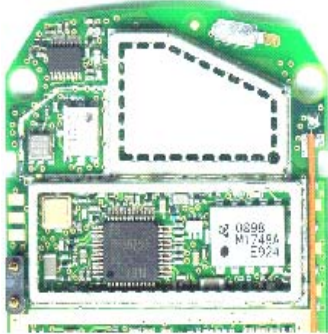
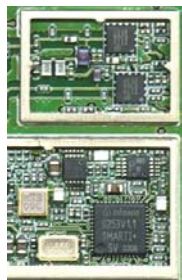



- World's first single-chip GSM/GPRS CMOS transceiver in high-volume production

RF CMOS Technology

- Introducing RF CMOS as mainstream technology for all RF transceivers



Infineon's RF sub-system evolution: 69% board-size reduction and 87% component count decrease

1999	2000	2002	1H'04	2H'04
1st Generation	2nd Generation	3rd Generation	1st RF CMOS Generation	2nd RF CMOS Generation
				
Board-size: 770mm²	650mm²	500mm²	290mm²	238mm²
Component count: 150	95	90	70	20

Introducing RF CMOS as mainstream technology for all RF transceivers

RF CMOS benefits:

- Efficient and simple digital circuitry
- Takes advantage of CMOS shrink potential
- Enables RF/Baseband integration roadmap
- Synergies with mainstream production technologies

Customer benefits:

- Reduced power consumption
- BOM savings
- LOM savings
- Fastest time to market
- Increased manufacturing flexibility

Next step: Monolithic integration

2004

RF CMOS transceiver:

- Volume production
- 130nm CMOS
- Single-chip digital RF solution



Baseband:

- Volume production
- 130nm CMOS
- Integrates:
 - Digital baseband
 - Mixed signal
 - SRAM



2005

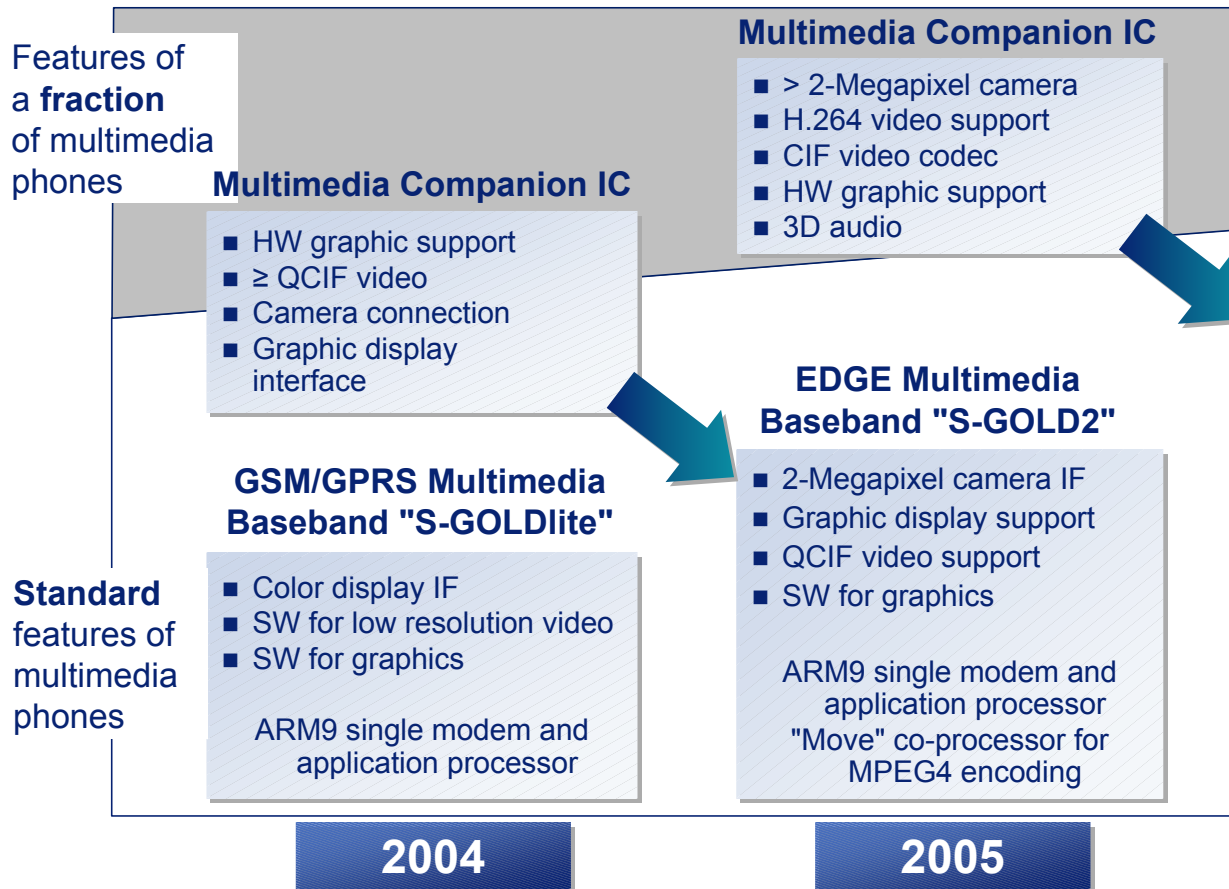
Customer benefits:

- Lower system cost
- Smaller PCB area
- Less complexity

**Single-chip:
RF and
baseband**

Covering standard features of multimedia handsets with new application-enhanced baseband family

stop thinking
Never



Infineon wireless product and service offering

Design and consulting center

**Mobile phone platform
package**

Chipset

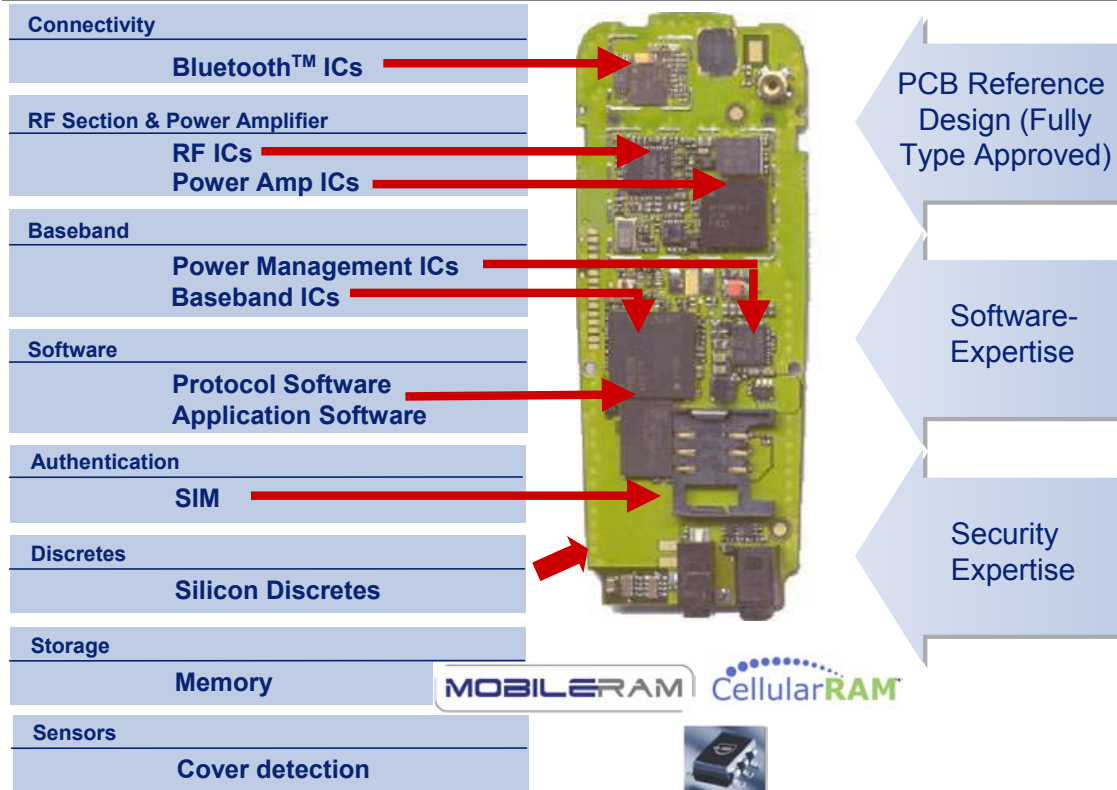


Customer



Customized solutions with semiconductors from Infineon

Solution design and software for 2G, 2.5G and 3G



■ Providing up to 80% of silicon content in mobile phones.

MP1: World's first UMTS, EDGE and GPRS mobile phone solution utilizing an ARM9-based modem

Multimedia support

- Megapixel camera
- Video recording
- Video playback
- Video streaming
- Video conferencing

Optional connectivity

- Bluetooth
- Wi-Fi
- ...

Platform can be configured as

- UMTS/EDGE/GPRS
- UMTS/GPRS
- EDGE/GPRS
- GPRS

APOXI application framework

- Hardware independent
- Supports standard applications (WAP, MMS, Java, ...)

A-GPS (assisted GPS)

- Can be configured as optional enhancement
- Indoor localization support
- Continuous navigation possible



Christmas suggestions: Selection of phones using IFX solutions



stop thinking
Never

Agenda

SMS Overview

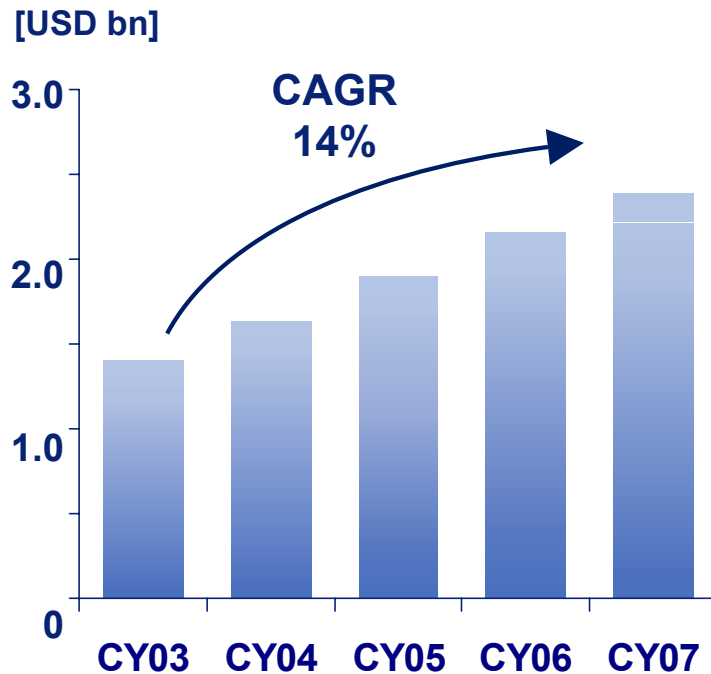
Mobile Solutions

Security

Wireless Infrastructure

Smart card ICs: Strong growth potential

Smart card IC market revenue development



Key market drivers

- **Mobile communication**
 - High-end SIM ICs
 - Subscriber growth
- **Government ID projects**
 - Passports
 - National ID
 - Healthcare cards
- **Contactless technology**
 - Secure travel documents
- **Banking**
 - EMV migration push

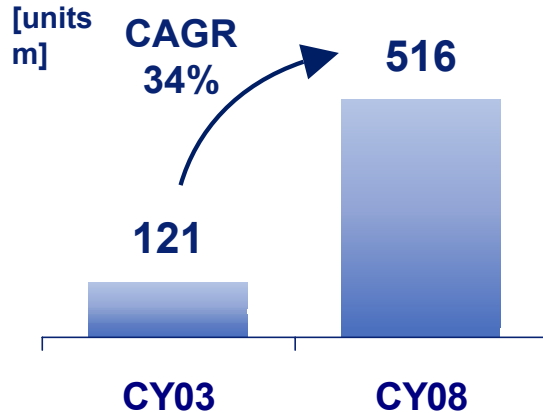
Well positioned to serve the key growth markets

Never stop thinking

	Contact-based chip cards	Contactless chip cards, RFID	Security ICs
<p>Communications Prepaid Mobile</p>	<p>Prepaid Card Phonocard GSM SIM Card</p>		
<p>Payment Credit/Debit, e-purse Transport, ticketing</p>	<p>Payment Card</p>	<p>eTicket</p>	
<p>Identification ePassport, nat. ID, social, access, RFID, e-Government</p>	<p>Identification Card</p>		<p>Infineon AL1208P-TPM</p>
<p>Entertainment Pay TV, gaming, video/audio</p>	<p>Entertainment Card Security Card</p>		<p>Infineon AL1208P-TPM</p>

Significant growth potential from a rapidly growing contactless market through a complete product portfolio

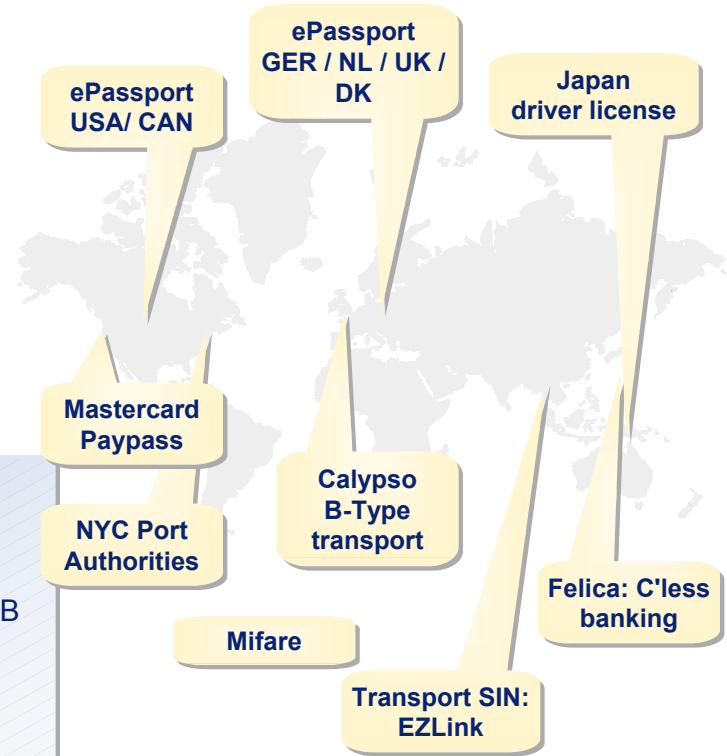
Contactless market



Source: Gartner Dataquest, May 2004

- Complete product offering:**
- Contactless crypto controller with 32/64KB E²PROM for passports
 - Contactless security controller with 8KB E²PROM for transport and finance
 - Infineon Mifare and my-d contactless memory ICs for transport and industry ID

Contactless project overview



Sesames award for face-to-face technology

Face-to-face technology benefits

■ Cost benefits

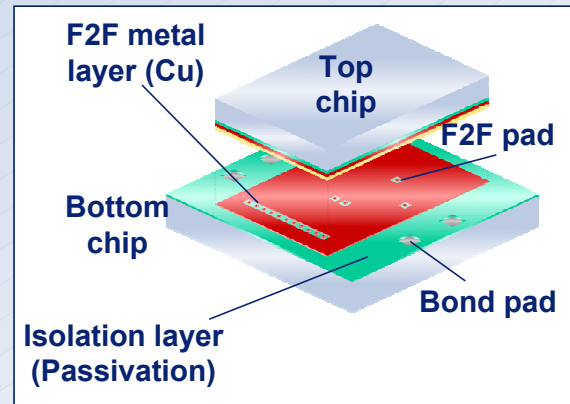
- Replacement of expensive embedded technologies
- Yield optimization thanks to separate module tests
- 3D integration helps overcoming wiring crises

■ Feature benefit

- Enables higher memory capacity
- Modularity
- Use of different technologies (e.g. logic CMOS, Flash, FeRam, MRAM, ...)
- Enhanced security for chip cards (less up side area exposed, separation leads to destruction)
- Gain of additional die size

■ Time to market benefits

- Reduced time to market thanks to technology re-use



Agenda

SMS Overview

Mobile Solutions

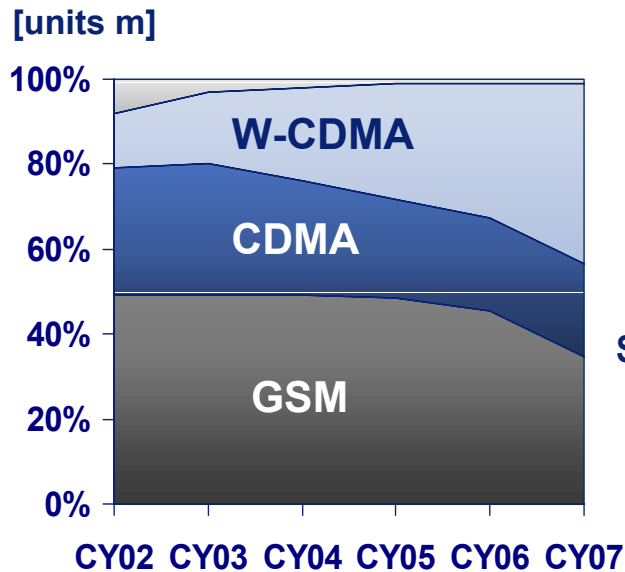
Security

Wireless Infrastructure

Infineon's focus is on 3G

stop thinking
Never

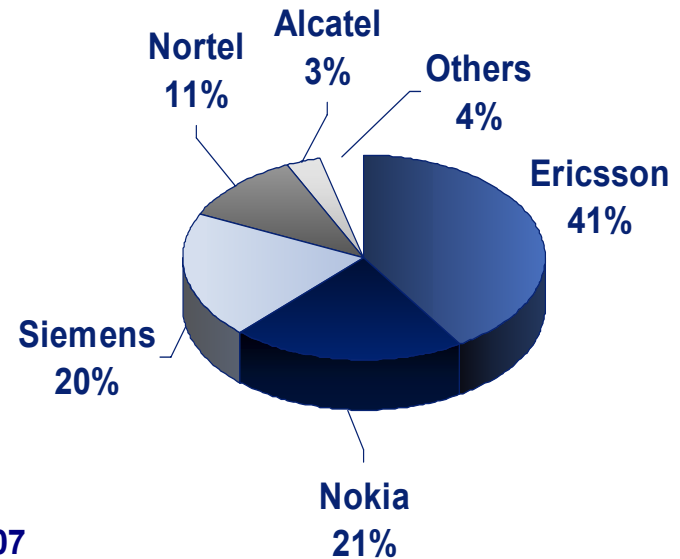
Capex growth by air interface



Source: Dataquest, July 2003

- W-CDMA is expected to be the fastest-growing segment

W-CDMA infrastructure market



Source: IMS, May 2004

- More than 80% of the W-CDMA opportunity is with the top 3 OEMs



Infineon is well positioned to take advantage of growing 3G infrastructure market

- Supplier to the top 3 wireless infrastructure OEMs
- Core supplier in RF ASIC / modules and RF-power for the base station market leader
- No. 2 in RF-power with fast-growing market share
- RF-power products for all 3G bands
- GOLDMOS technology for RF-power transistors offering market-leading performance
- Broadening 3G portfolio with RF ASSPs and baseband



Never stop thinking.

