

Development:

Infineon has further expanded its leading-edge technological position, with a research and development budget of 1.2 billion Euro in the 2001 fiscal year. More than 5,000 employees at 29 development centers worldwide develop solutions, products and processes, which continue to set new standards for performance and efficiency.

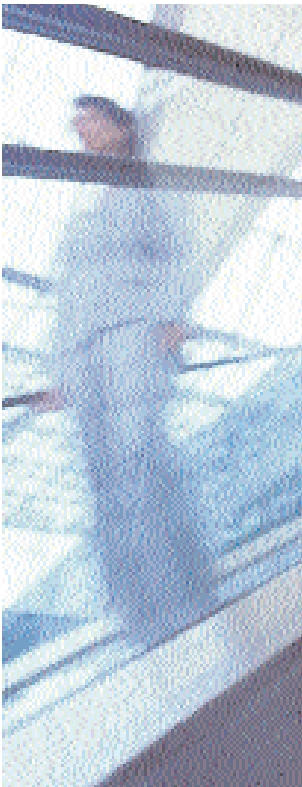
In many devices, an increasing number of applications emerging from different electronic markets are converging. The result has been a steady increase in the complexity of semiconductor products. Infineon has successfully responded to this challenge. We take advantage of our core competencies to combine them with technologies from various fields of application in order to develop new, innovative systems solutions.

For example, our Wireless Solutions Business Group united the technologies of GSM and EDGE standards for mobile telephony onto a single chip, and additionally integrated the recording of MP3 music files. This combination of communications and entertainment was further developed for the automotive sector. The most advanced chips for telematics solutions optimally integrate a variety of different systems such as satellite navigation, Internet access, stereo equipment and voice recognition.

Milestones in the Development of Products and Partnerships

With its new developments in the 2001 fiscal year, Infineon once again achieved groundbreaking milestones and formed a series of important partnerships.

- We introduced a chip family designed to serve as an extremely compact interface for future telecommunication functions. This ensures, for the first time, the space-saving integration of voice transmission and quick data transmission, in accordance with the ADSL standard, onto a single adapter card. For even speedier transmission on an SHDSL basis, Infineon has developed the very first single chip transceiver solution.
- Infineon introduced the world's smallest single chip solution based on cost-effective CMOS technology, as part of a product family for Bluetooth applications.
- The Infotainment Controller TC1920 integrates a high-performance micro-controller and signal processing functions together with a complete telematic-specific periphery, as well as voice recognition and voice processing. This enables the development of navigation platforms, Internet radio and multimedia applications for automobiles.



RESEARCH FOR A FASCINATING FUTURE.

We are exploiting the synergies created from partnerships with other companies to facilitate the quick, cost-effective transfer of technologies into our products. Now we are also developing magnetic memory technologies (MRAM) with IBM, our long-time partner. We have entered into a partnership with Toshiba to develop next generation ferro-electric memories (FeRAM). Infineon is jointly working on a complete Bluetooth systems solution for automotive applications with Mecel.

World Record Research – Patents Ensure Competitive Edge

Records in speed and price are key determining factors, particularly for broadband communications. In the 2001 fiscal year, Infineon's research laboratories pioneered the development of a 25 Gigahertz for high-frequency converters and a 52 Gigahertz for oscillators using inexpensive standard CMOS technologies. Neither frequency has ever been achieved before – a feat which represents an important step towards manufacturing extremely fast, cost-effective chips for high-speed data transmission. Thus, Infineon set two world records, which demonstrates the extensive innovative strength of the company.

In the 2001 fiscal year, we expanded our portfolio of registered patents or patent applications by 11 percent, from a total of 28,000 to more than 31,000. This corresponds to an average of a dozen new patentable applications developed every working day of the year. We are particularly proud of this performance. At the same time, it is a commitment: we want to continue offering highly innovative and marketable products and thus ensure our technological edge.

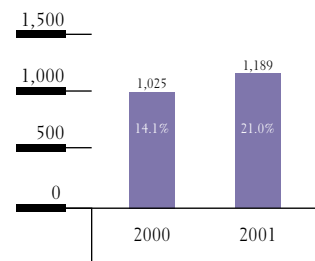


Dr. Sönke Mehrgardt

Member of the Management Board, Chief Technology Officer (CTO)

- Born 1948.
- Married, 4 children.
- Studied Physics.
- Ph. D. in Natural Sciences.

RESEARCH AND DEVELOPMENT EXPENDITURES IN EURO MILLIONS



NUMBER OF PATENTS AND PATENT APPLICATIONS

