

2001

Confidence:



WELL-EQUIPPED FOR THE FUTURE.

Current macroeconomic uncertainties complicate the task of making reliable predictions about future market developments and Infineon's business operations in the 2002 fiscal year. Following the dramatic downturn in the semiconductor industry in the 2001 calendar year, leading market analysts expect moderate, single-digit growth for 2002. It is anticipated that the strong pressure on prices, tough competition and surplus production capacity momentarily will continue. Nevertheless, the semiconductor industry ranks among the most important future-oriented industrial sectors in Europe and in the entire world of technology. The semiconductor market, traditionally subject to intense cyclical fluctuations, has expanded by an average of 14 percent annually over the last forty years. It will remain a high-growth market and catalyst for the ongoing modernization of business and society in general during the Information Age.

Infineon has moved ahead in fulfilling those prerequisites which are essential to ensure its sustained market success:

- We have reacted quickly and in a decisive manner to the challenging conditions prevailing on the global market by initiating our cost-reduction program "Impact", and have a solid base of financial resources at our disposal.
- We have successfully taken advantage of our independence as a public company to implement strategically vital acquisitions and to resolutely optimize our portfolio structure.
- We are well positioned in our growth segments, and rank among the market leaders in them.
- We are investing in technological and cost leadership and in the markets of tomorrow. We are making our presence felt, are forerunners in innovations, and are securing crucial competitive advantages.

Our broad-based technological portfolio and the successful expansion of our systems competence make us well-equipped to meet the growing requirements of our customers for tailor-made solutions – from system and software design for cellular phones to security applications and comprehensive solutions for telematics in automobiles.

Furthermore, we are continually working to make our company processes even quicker and more flexible – to provide the basis for rapid adjusting to market changes. This is complemented by our striving for cost leadership and the ability to adapt production capacities to market conditions within a short period. Last but not least, this provides the basis, in our opinion, for our being in a position to benefit as much as possible from the growth dynamics of the next upturn in the semiconductor market.

Infineon Technologies is shaping microelectronics by creating innovative products, leading-edge solutions and services for the benefit of our customers and shareholders.

The group picture shows the members of the Management Board of Infineon Technologies AG (from left to right hand side): Peter J. Fischl (Finances), Peter Bauer (Sales and Marketing), Dr. Ulrich Schumacher (Chairman), Dr. Andreas von Zitzewitz (Operations) and Dr. Sönke Mehrgardt (Technology).