

Infineon

Corporate Strategy

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Never stop thinking.

Starting Point Corporate Strategy

- **Long-term strategic alignment**
- **Lessons learned from IMPACT and IMPACT²**
- **Concentration on core competencies**
- **Optimization of value creation**
- **Utilization of strategic growth potentials**

Objectives - The corporate program Agenda 5-to-1

Strategic Objectives

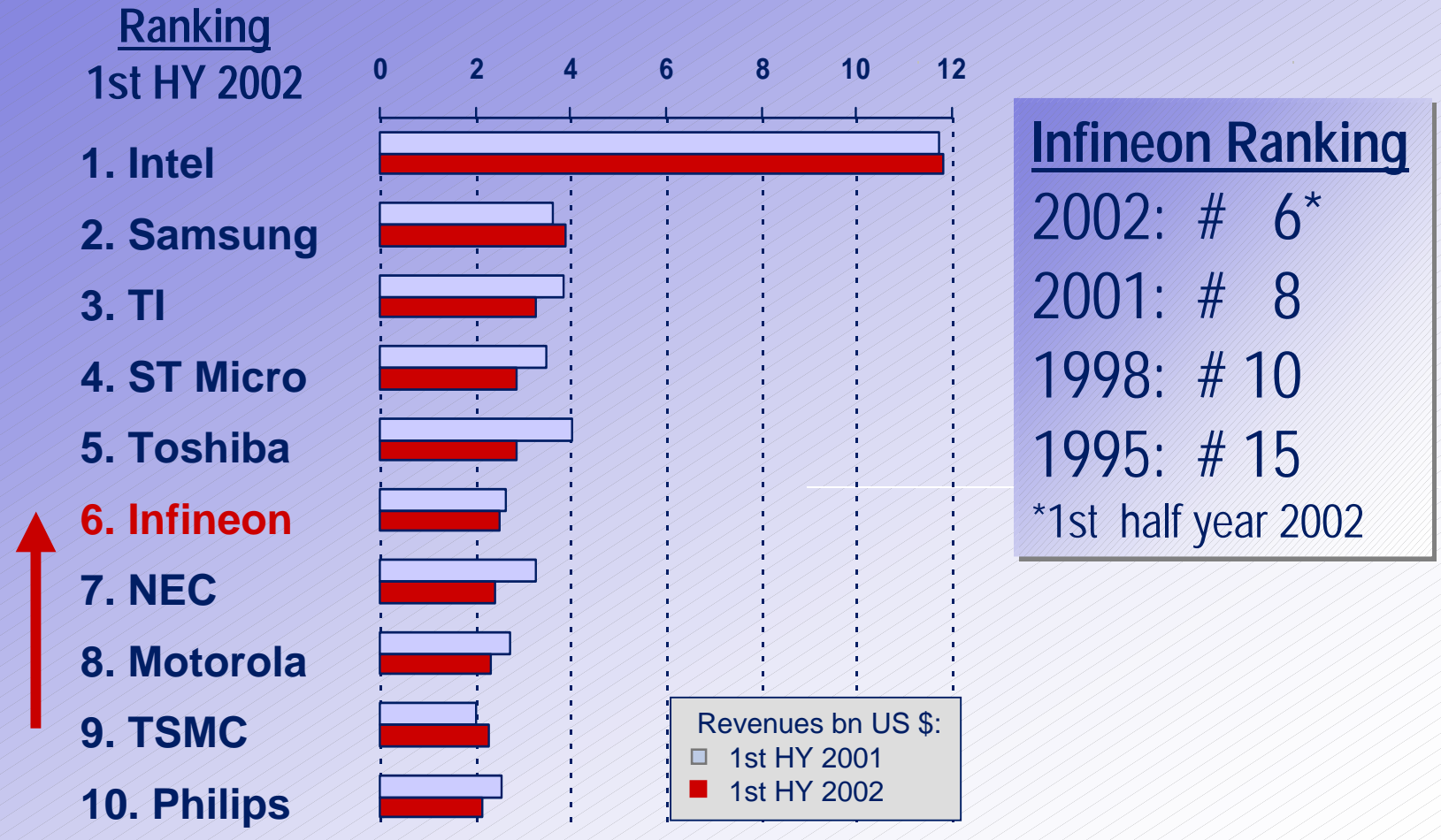
Within the framework of the *Agenda 5-to-1*, Infineon intends to:

- 5 focus within the **NEXT 5 YEARS**
- 4 to become a **TOP 4** global semiconductor player
- 3 by achieving a minimum **TOP 3** position in each segment served
- 2 with a **TOP 2** financial performance in all businesses against competition
- 1 and being the **NUMBER 1** semiconductor company pioneering the solutions space



Corporate Program Agenda 5-to-1: To Become a Top 4 Global Semiconductor Company

Since 5 years among the Top 10 semiconductor companies



Source: Top 10 Ranking: IC Insights, July 2002

Corporate Program Agenda 5-to-1: Among Top 3 in all Business Segments

Infineon's market leadership worldwide:

- **# 1 Security- and Chip Card ICs**
- **# 2 Automotive Electronics (# 1 in Europe)**
- **among top 3 in Wireline Communications and Wireless Solutions**
- **# 3 Memory Products**

Corporate Program Agenda 5-to-1: Top 2 "Financial Performance" in all Business Segments

- **Double Infineon's world market share to about 6 percent in 2007**
- **Growing market share in all target markets**
- **Achieving a Top 2 position in selected financial key figures against competition**
- **Increasing profitability, especially through expansion of the solution business**

Corporate Program Agenda 5-to-1: No. 1 Semiconductor Company in the Solution Business

- **In the past demand was mainly driven by products and applications**
- **In the future the individual needs will increasingly determine the new technology trends**
- **People increasingly ask for tailored technology solutions to live their individual lifestyle (e.g. communication, work, security, leisure time, health and mobility)**
- **Infineon wants to become the number 1 semiconductor company for tailored „Technology Lifestyle Solutions“**

What are „Technology Lifestyle Solutions“?

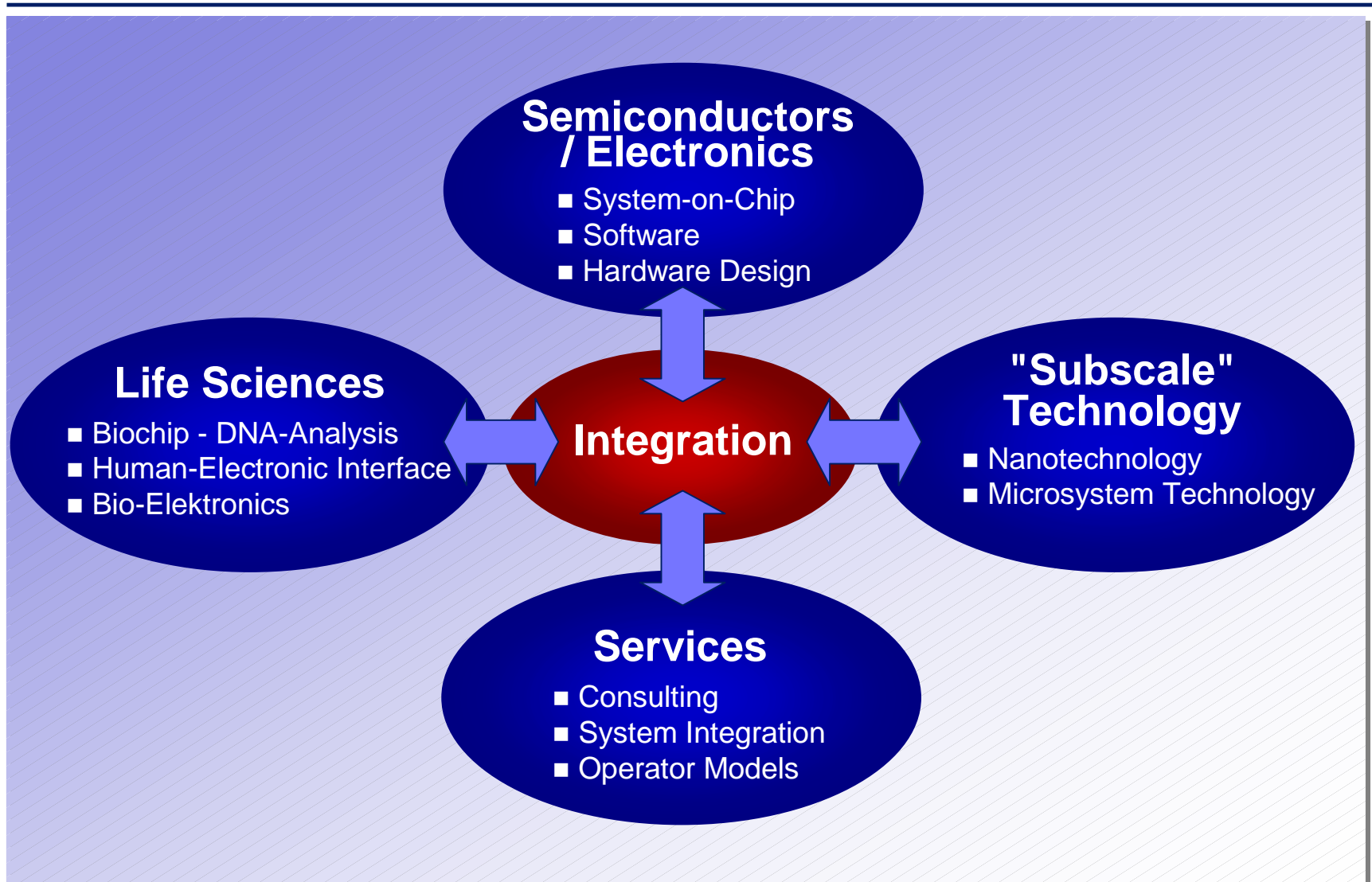
- **The technology applications that enable the realization of an individual lifestyle are strongly determined by semiconductor solutions**
 - communication - more than exchange of information and data
 - work - less office more flexibility
 - security - securing privacy
 - leisure time - shaping activities anytime anywhere
 - health - safe lives and reduce health care costs

From Products to Complete Solutions for Individual Lifestyles

- **Work & Communication**
fast access + high data rates for home & office + mobile communication
- **Leisure Time**
music, video, games, multimedia - anywhere, and at anytime
- **Intelligent Clothing**
new opportunities, individual solutions
- **Enhanced Security**
contactless access, fast encryption
biometric solutions
- **Health**
monitoring body functions, data security, health check
- **Mobility**
telematics, infotainment



Future Areas for „Technology Lifestyle Solutions“



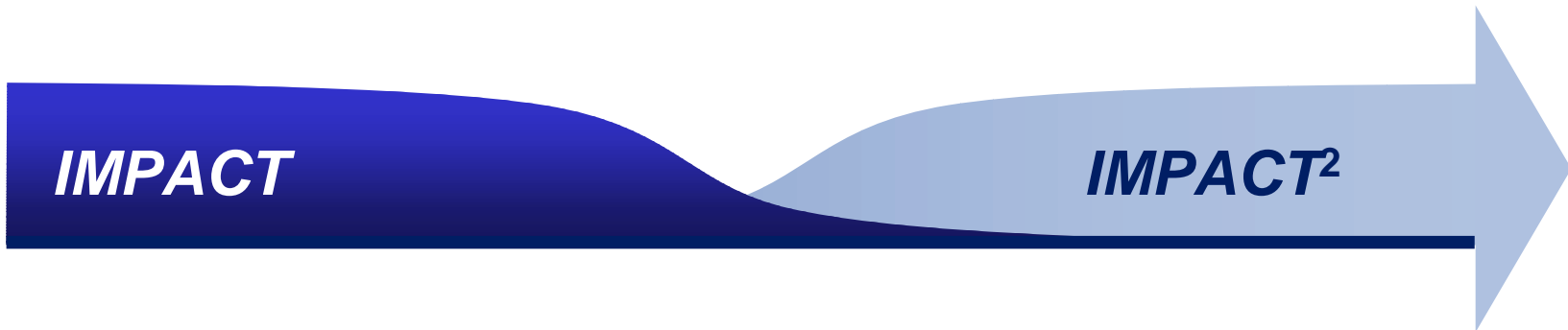
Business Strategy: Growth and Profitability

- **Growing faster than the market - mainly by organic growth as well as through partnerships and strategic acquisitions**
- **Globalization by strengthening Infineon's regional presence**
- **Focus on growth markets China, Japan and US**
- **Maintain a strong foothold in Europe and APAC**
- **Increase profitability with expansion of the solution business**



IMPACT focus: short-term cost reduction

IMPACT² focus: sustainable structural improvements



Rapid reaction to the strongest market downturn

- Strong focus on cash savings
- cost reductions of more than 2 billion Euro implemented in record time
- Centrally decided and implemented

Improved competitiveness towards best practice and benchmarks

- Performance focus on structural and process improvements
- Mid-term orientation with focus on lasting improvements
- Strengthening core competencies and globalization
- Centrally coordinated and decentrally implemented

IMPACT²: Optimization of Business and Processes

- **IMPACT² target: faster, more efficient and more flexible**
- **IMPACT² consists of three closely linked initiatives:**
 - Benchmarking
 - Process optimization in key areas to increase quality and efficiency
 - Concentration on core competencies and globalization
- **IMPACT² is an initiative for an optimal positioning of Infineon in the semiconductor market**



"Never stop thinking"