

The IFX Shares:



Since September 2000, share prices of all chip manufacturers have been on a sharp downside. Infineon has been no exception. The downturn set in as it became clear that growth expectations for technology markets and stocks had been too high. Falling revenues and earnings in the semiconductor industry caused by the rapid decline in consumer demand – which was initially reflected by the “early warning system” of memory chips for PCs, later on by chips for mobile communications and networking – exerted even more downward pressure on the share prices of the semiconductor manufacturers. Moreover, the global economy deteriorated steadily in 2001: in particular because of slower economic growth in the U.S., the cutbacks in capital spending among businesses, especially in the telecommunications industry, and the slump in semiconductor prices due to overly high inventories.

The consequence: A 72 percent drop in share prices of chip manufacturers and thus of the leading U.S. index, namely SOX (Philadelphia Semiconductor Index), starting at its peak in March 2000 and decreasing until September 2001. At the same time, the DAX, which is the leading German index, dropped 46 percent, a clear sign of the downturn in business confidence.

Dividend of 0.65 Euro per Share for the 2000 Fiscal Year

The excellent results achieved in the previous year made it possible for us to distribute a one-time dividend of 0.65 Euro per share for the 2000 fiscal year in April 2001, amounting in total to 407 million Euro. As announced at the time of Infineon’s Initial Public Offering in March 2000, future earnings will be applied to Infineon’s further development.

FISCAL YEAR	2000	2001
Stock price performance (Xetra)		
All-time high	EUR 93.60	EUR 58.25
All-time low	EUR 49.50	EUR 11.52
Closing price (end of September)	EUR 54.88	EUR 13.50
Average daily trading volume (thereof in Xetra)	2,304,229 (80%)	3,121,172 (91%)
Number of shares and market capitalization		
Shares outstanding (weighted average)	614 m	641 m
Shares outstanding (as of September 30)	625.5 m	693 m
Market capitalization (as of September 30)	EUR 34,327 m	EUR 9,356 m

(Source: Bloomberg)

HIGHER WEIGHTING IN MAJOR INDICES.

Successful Capital Increase despite Difficult Market Environment

The number of Infineon shares outstanding increased from 625.5 to 693 million in the 2001 fiscal year. In July 2001, 60 million shares were placed in a secondary public offering at 25 Euro per share. Despite the difficult environment on the capital market, the offering was successful with proceeds of almost 1.5 billion Euro. An additional 7.5 million shares were used in 2001 for the acquisition of the companies Catamaran Communications, Ardent Technologies and Ramtron. The capital increase has provided benefit to the Infineon stock as well. Due to the higher number of shares outstanding and the larger free float, the stock's weighting in major international indices was raised.

SHAREHOLDER STRUCTURE
(AS OF SEPTEMBER 30, 2001)

