

The Infineon share

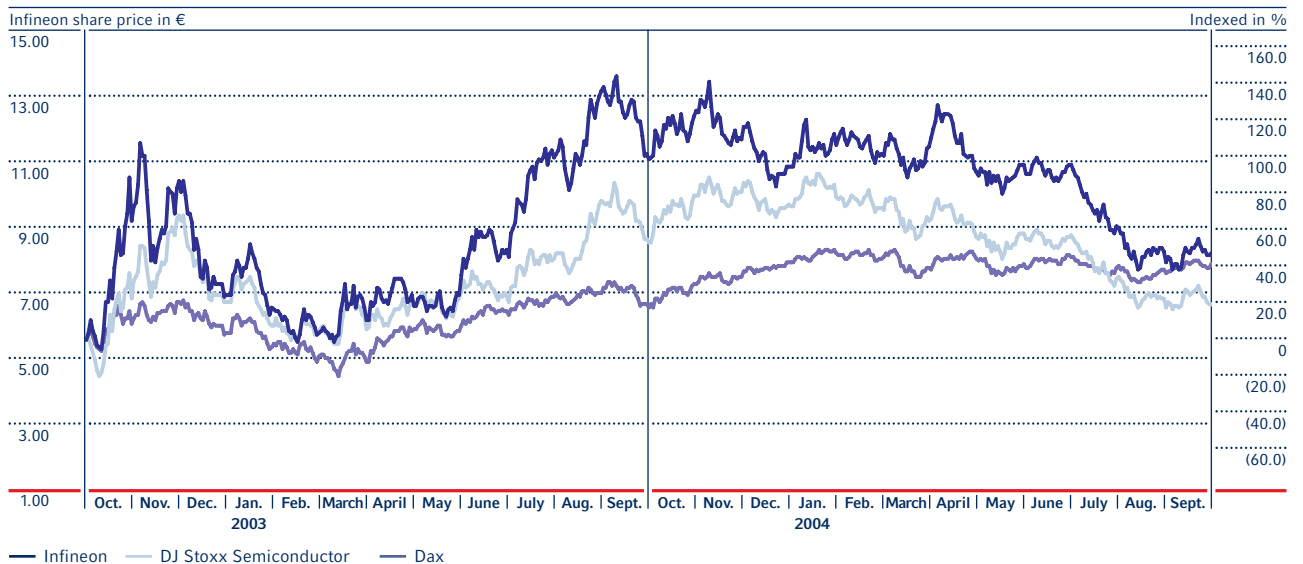
Infineon share cannot sustain the previous year's upward trend

Infineon share falls 27 percent in the course of the 2004 financial year, DJ Stoxx Semiconductor index falls 22 percent
 Trade volume in the U.S. and Germany up again
 Infineon redeems a portion of its convertible notes to reduce future interest expense

Chip manufacturer shares underperformed in comparison with the stock market as a whole over the past year. While the semiconductor market itself grew considerably in the 2004 calendar year, this was not reflected in share prices. Investors in fact expect semiconductor growth to slow down more in 2005 than previously anticipated, an expectation that is already reflected in semiconductor share prices. While, for instance, the market research institute World Semiconductor Trade Statistics raised its growth projection for the semiconductor market for 2004 from 19.4 to 28.5 percent, its projection for 2005 was lowered from 12.6 percent to 1.2 percent (predictions as of November 2004). The DJ Stoxx Semiconductor index fell 22 percent during the course of the year, a strong contrast to the DJ Stoxx 50 and Dax indices, which rose by 12 and 20 percent respectively.

Infineon could not withstand this trend. After doubling in the course of the previous year, the Infineon share price fell by 27 percent in the 2004 financial year, although with considerable fluctuations: at the beginning of the 2004 financial year, the share even outpaced the semiconductor market, reaching a year high of 13.65 euros on November 7, 2003. Then memory chip prices fell, and by the end of December 2003 the Infineon share price had fallen strongly. When memory chip prices recovered by early April 2004, the Infineon share price followed suit. In the second half of the financial year, however, a downward trend began that affected all semiconductor stocks. The year's low of 7.80 euros was recorded on August 12. By the end of the financial year, the share had recovered somewhat, to 8.22 euros.

Relative performance of the Infineon share as compared to the Dax and DJ Stoxx Semiconductor indices since the beginning of the 2003 financial year (closing price)



The trading volume of the Infineon share and American Depository Shares (ADS) continued to increase; an average of 11.7 million Infineon shares were traded each day in Xetra trading, on the Frankfurt Stock Exchange and in regional stock exchanges; this volume is 17 percent higher than in the previous year. Approximately 0.9 million ADS shares were traded daily on the New York Stock Exchange, also a rise of 17 percent over the previous year.

The Infineon share's long-term performance has continued to be disappointing. The share price has fallen by 77 percent from the initial issue price on March 13, 2000. The Infineon share has, however, performed better than comparable technology indices over the same period.

The Infineon share in figures

Financial year (to September 30)	2003	2004
Europe Xetra closing prices in euros		
Year high	13.79	13.65
Year low	5.34	7.80
Financial year close end of September	11.22	8.22
Average daily trade volume individual shares	10,041,871	11,743,938
of which Xetra trading in %	94	96
USA NYSE closing prices in U.S. dollars		
Year high	15.35	15.87
Year low	5.25	9.39
Financial year close end of September	12.89	10.22
Average daily trade volume individual shares	766,588	896,317

Long-term development of Infineon share and market indices in %

Period to September 30, 2004	Since IPO March 13, 2000	Since October 2002	Since October 2003
Europe			
Infineon (Xetra)	(77) ¹	47	(27)
DJ Stoxx Semiconductor	(85)	19	(22)
DJ Stoxx Technology	(80)	54	6
DJ Stoxx 50	(47)	15	12
Dax	(49)	41	20
USA			
Infineon (NYSE)	(70) ¹	79	(21)
Philadelphia Semiconductor Index (SOX)	(71)	61	(8)

¹ Based on issue price of 35 euros / 33.92 U.S. dollars.

Market capitalization at 6.1 billion euros

Market capitalization came to 6.1 billion euros as of the end of the 2004 financial year, down 24 percent from the end of the previous financial year. This is primarily a reflection of the decline in the Infineon share price. The number of shares outstanding rose by 4 percent, as a result of Infineon's acquisition of the minority interest in the 300-millimeter production facility in Dresden, financed through a capital increase in kind.

Share capital, number of shares outstanding, and market capitalization of Infineon Technologies AG

As of September 30	2003	2004	Trend
Share capital € in million	1,442	1,495	+4 %
Shares outstanding in million ¹	721	748	+4 %
yearly average in million ¹	721	735	+2 %
Market capitalization € in million	8,090	6,149	(24 %)
Market capitalization U.S. \$ in million	9,294	7,645	(18 %)

¹ Basic.

Infineon to pay no dividend

Although Infineon achieved a 61 million euros net income in the 2004 financial year (previous year: minus 435 million euros), the Infineon Management Board and Supervisory Board will not propose the payment of a dividend at the Annual General Meeting. Due to the accumulated losses carried forward from earlier years, Infineon's parent company, Infineon Technologies AG, will not in fact have distributable profits for the 2004 financial year.

Convertible notes redeemed

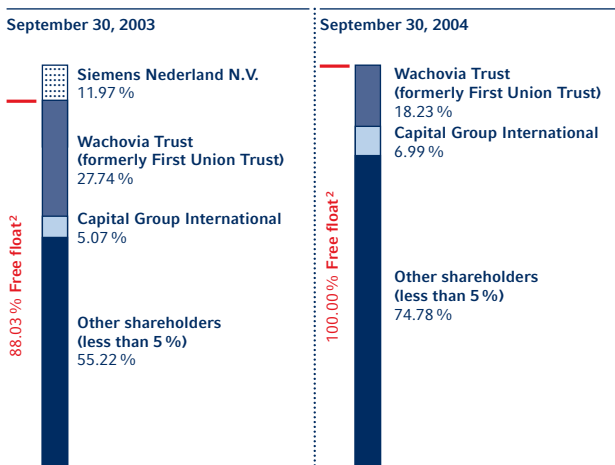
In the second half of the 2004 financial year, Infineon redeemed convertible subordinated notes in an effort to reduce future interest expenses. These notes had a nominal value of 360 million euros and would have been due in 2007. The original issuance of one billion euros was thus reduced to a nominal 640 million euros after the redemption.

Free float at a hundred percent

According to the FTSE stock index definition of free float, the portion of Infineon shares accounted for by free-float holdings has risen from 88 percent to 100 percent in the course of the past financial year. The following changes in the free-float ownership, subject to mandatory reporting, are known to Infineon:

- ::: Siemens Nederland N.V. sold all of its shares on January 14, 2004, thereby falling below the 10 and 5 percent voting thresholds.
- ::: The Wachovia Trust Company National Association sold 63.7 million shares on January 14, 2004, thus falling below the 25 percent voting threshold. The Wachovia Trust now holds 136.3 million shares, down from 200.0 million.
- ::: Capital Group International increased its interest in the company by 15.7 million shares to a total of 6.99 percent by February 26, 2004.

Shareholder structure ¹



¹ In accordance with the companies' mandatory reporting known to Infineon.
² Free float strictly in accordance with the FTSE stock index definition of free float. By contrast, Deutsche Börse and Stoxx do not count the Wachovia Trust share of free float.

Continual dialog with investors and analysts

Analysts and investors have maintained a continued interest in Infineon this past financial year. As in previous years, Infineon's management and the investor relations

team held numerous individual discussions with investors and presented the company at a number of conferences in 2004. These activities will continue on the same scale in the 2005 financial year.

Interested investors can find comprehensive information on the company at www.infineon.com. The site's "Investor Information" pages include the latest news, financial reports, and detailed information on the Infineon share, convertible notes, and Corporate Governance as well as corporate presentations and the investor relations calendar.

Basic share information

Share types	Ordinary registered shares in the form of shares or American Depositary Shares (ADS) with a notional value of 2.00 euros each (relation ADS:shares = 1:1)
Share capital	€1,495 million (as of Sept. 30, 2004)
Outstanding shares	748 million (as of Sept. 30, 2004)
Listings	Shares: Frankfurt Stock Exchange (FSE) ADS: New York Stock Exchange (NYSE)
Option trading	Options on shares: Eurex Options on ADS: CBOE
IPO	March 13, 2000 on the FSE and NYSE
IPO issue price	€35.00 per share U.S. \$33.92 per ADS
Ticker symbol	IFX
ISIN Code	DE0006231004
CUSIP	45662N103
Bloomberg	IFX.GY (Xetra trading system) IFX.US
Reuters	IFXGn.DE
Index listings (selection)	Dax 30 Dow Jones German Titans 30 Dow Jones Stoxx Semiconductor FTSE Euro 100 MSCI Germany SOX S&P Europe 350

The Infineon IR team is available to answer investor and analyst questions in **Munich, tel: +49 (0)89 234-26 655** or **fax: +49 (0)89 234-26 155** and in **San José, California, USA tel: +1 408 501 6800** or **fax: +1 408 392 8023** as well as via **e-mail: investor.relations@infineon.com**