

Financial and Technology Glossary

Financial glossary

Accumulated Benefit Obligation (ABO): An approximate measure of the liability of a pension plan in the event of a termination at the date the calculation is performed.

ADS: American Depositary Shares – ADS are U.S.-traded stock certificates for non-U.S. stocks. These certificates simplify access to U.S. capital markets for non-U.S.-based companies, and in turn provide U.S. investors with investment opportunities in non-U.S.-based companies. Infineon's ADS are listed on the New York Stock Exchange (NYSE) at a 1:1 ratio.

Carve-out: Legal separation of business operations (e.g. business units).

Cash flow: The cash-effective balance arising from inflows and outflows of funds over the financial year. The cash flow statement is part of the consolidated financial statements and shows how the Company generated cash during the period and where it spent cash, in terms of operating activities (cash the Company made by purchasing/selling goods and services), investing activities (cash the Company spent for investment, or cash it raised from divestitures), and financing activities (cash the Company raised by selling stocks, bonds and loans or spent for the redemption of stocks or bonds).

Dax: Deutscher Aktienindex – The German Blue Chip Index tracking the 30 major German companies traded on the Frankfurt Stock Exchange, in terms of order volume or market capitalization.

Deferred taxes: Since tax laws often differ from the recognition and measurement requirements of financial accounting standards, differences can arise between (a) the amount of taxable income and pre-tax financial income for a year and (b) the tax bases of assets or liabilities and their reported amounts in financial statements. A deferred tax liability and corresponding expense results from income that has already been earned for accounting purposes but not for tax purposes. Conversely, a deferred tax asset and corresponding benefit results from amounts deductible in future years for tax purposes but that have already been recognized for accounting purposes.

Derivative: A financial instrument that derives its value from the price or expected price of an underlying asset (e.g. a security, currency or bond).

EBIT: Infineon defines EBIT as "Earnings Before Interest and Taxes". This is the measure that Infineon uses to evaluate the operating performance of its segments.

EBIT margin: An indicator of operating performance, calculated as the percentage of EBIT in relation to net sales.

EPS: Earnings (loss) Per Share – basic earnings (loss) per share ("EPS") is calculated by dividing net income (loss) by the weighted average number of ordinary shares outstanding during the reporting period (financial quarter or year). Diluted EPS is calculated by dividing net income by the sum of the weighted average number of ordinary shares outstanding plus all additional ordinary shares that would have been outstanding if potentially dilutive securities or ordinary share equivalents had been issued.

Equity method: Valuation method for interests in associated companies in which the investor has the ability to exercise significant influence over the investee's operating and financial policies.

Free cash flow: Inflow and outflow of cash from operating and investing activities excluding purchases or sales of marketable securities.

Goodwill: An intangible asset of the Company that results from a business acquisition, representing the excess of the acquired entity's purchase price (cost) over the fair value of the net assets acquired and liabilities assumed. Under U.S. GAAP, goodwill is not reduced through regularly scheduled amortization, but rather written down to its fair value if impaired. An impairment assessment is done at least once a year.

Gross cash position: Total of cash and cash equivalents and marketable securities.

Gross profit or margin: Net sales less cost of goods sold.

Joint venture: A form of business partnership between companies to engage in a commercial enterprise.

Minority interest: Proportional share in net income not ascribed to the consolidated group but to outside shareholders that hold a minority share in the equity of the Company's subsidiaries.

Net cash position: Gross cash position less long and short-term debt.

Projected Benefit Obligation (PBO): A measure of a pension plans' liability at the calculation date assuming that the plan is ongoing and will not terminate in the foreseeable future.

Registered shares: Shares registered in the name of a certain person. This person's details and number of shares are registered in the Company's share ledger in accordance with securities regulations. Only individuals registered in the Company's stock ledger are considered shareholders of the Company and are, for example, able to exercise their rights at the annual general meeting of shareholders.

SEC: Short for „Securities and Exchange Commission“. The primary federal agency in the U.S. responsible for regulating the financial reporting practices of most publicly owned corporations in connection with the buying and selling of stocks and bonds.

U.S. GAAP: Accounting principles generally accepted in the United States of America. Infineon prepares its consolidated financial statements according to U.S. GAAP.

Technology Glossary

2G: Second generation, i.e. digital mobile telephony. Subsequent to the first generation (analog), 2G digital signals offer good overall sound quality and numerous data services. Second generation mobile communications standard in Europe: GSM.

2.5G: Currently most commonly used mobile communications infrastructure. 2.5-generation mobile communications standard in Europe: GPRS.

3G: Third generation of mobile communications. Provides broadband transmission of voice and data with considerably higher capacity compared to second generation. Third generation mobile communications standard in Europe: UMTS.

300-millimeter technology: Comprehensive term for the manufacture and processing of wafers with a diameter of 300 millimeters. At Infineon, the term is used as a synonym for the manufacture of memory chips on a 300-millimeter wafer.

300-millimeter production site: A semiconductor production site which can process wafers with a diameter of 300 millimeters.

Access line: The subscriber line, also called exchange line or last mile, is the part of the telephone network that connects the telephone exchange of the service provider with the telephone connection inside the user's/subscriber's house.

Advanced Memory Buffer: The Advanced Memory Buffer (AMB) is a chip on an FB-DIMM memory module which buffers data and coordinates communication between the memory module and the memory controller.

ADSL2, ADSL2+: ADSL2 and ADSL2+ are further developments of the ADSL (Asymmetric Digital Subscriber Line) standard, which above all improve the data rates and range of ADSL connections. The increased range allows network providers to offer ADSL to a higher number of potential customers, while the increased data rates allow for new services like high-definition television (HDTV) over the Internet. ADSL2+ increases the maximum data rate to 25 megabits per second downstream compared to the 16 megabits per second with ADSL2. These data rates easily allow the transmission of multiple TV or single HDTV channels.

ASIC: Application-Specific Integrated Circuit. Logic IC specially constructed for a specific application and customer; implemented on an integrated circuit.

ASSP: Application-Specific Standard Product. Standard product designed for a specific use that can be used by many customers; implemented on an integrated circuit.

Back-end manufacturing: The part of the semiconductor manufacturing process that happens after the wafer has left the clean-room (front-end manufacturing). This includes testing the chips at wafer level, repairing the chips if necessary, dicing the wafers and packaging the individual chips. There is a growing trend among semiconductor manufacturers to outsource the assembly, and sometimes even the testing, to independent assembly companies. Much of the assembly capacity is based in the Pacific Rim countries.

Baseband IC: A baseband IC processes the digital signals received and those to be sent. This complex component usually contains a digital signal processor, microcontroller, memory and analog circuits. Essentially, it is the core of a wireless communications system.

Bit: Information unit; can take one of two values: "true" / "false" or "0" / "1".

Bluetooth: Technology for wireless voice and data transmission over short distances.

Broadband applications: Any network technology to provide high-bandwidth data transmission with bandwidths of several hundreds of kilobits per second or more.

Byte: Unit of information in data processing components. One byte is equivalent to 8 bits.

CDMA: Code Division Multiple Access. Process used in mobile communications systems, allowing several users simultaneous access to a transmission channel. Advantage: optimal utilization of available transmission bandwidth.

Chip card: Plastic card with built-in memory chip or micro-processor, which can be combined with a Personal Identification Number (PIN).

CMOS: Complementary Metal Oxide Substrate. Standard semiconductor manufacturing technology used to produce micro-chips with low power usage and a high level of integration.

CPE: Customer Premises Equipment are user end devices in a computer network, telephone network or in telephone systems. Such end devices are normally the property of the end consumer or customer and are connected to a telephone or data network (Internet or LAN). Telephones, fax machines and modems are the most frequently found CPE devices. In the context of DSL, the term "CPE" designates DSL modems.

DDR: Double Data Rate. A technique that increases data transmission rates of semiconductor RAMs by reading and writing data on both the rising and falling edges of the timer signal, leading to a doubled data transmission rate compared to the use of only one timer signal edge.

DDR2: A further development of DDR technology. This is currently the commonly used memory technology for PCs and notebooks.

DECT: Digital Enhanced Cordless Telecommunications. Uniform European standard for digital wireless communications systems.

DRAM: Dynamic Random Access Memory. Widely used, low-cost memory chip technology based on high-level integration. Examples of DRAM chips: SDR SDRAM, DDR SDRAM, DDR2 SDRAM, Graphics RAM.

DSL: Digital Subscriber Line. A broadband digital connection over telephone networks.

EDGE: Enhanced Data Rates for GSM Evolution. Describes a technology for an increased data rate in GSM mobile communications networks which, to date, is only very rarely applied. Like GPRS, EDGE is a further evolutionary development of the GSM technology, and can be introduced in mobile communications networks with moderate effort.

Fab: See back-end (manufacturing) or front-end (manufacturing)

FB-DIMM: Fully Buffered Dual-Inline Memory Module. Represents a novel memory module technology for the server environment. It ensures that despite higher memory clock rates, the maximum memory system capacity need not be decreased, but can even be increased.

Front-end: Front-end process is the designation for all process steps that the entire wafer must complete. These are lithography, diffusion, ion implantation and application of circuitry levels. Some stations must be completed a number of times. At the end of the front-end process, the wafer may have been through as many as 500 individual process steps.

Giga: 2^{30} , in information technology, e.g. Gigabit (Gbit), Gigabyte (GByte).

GPRS: General Packet Radio Service. New generation of mobile communications (2.5 group) for higher data transmission rates (up to 115 kbits per second) in GSM networks.

GPS: Global Positioning System. Satellite-based location identification and positioning system based on the transit-time differences of received signals.

Graphics RAM: A special, advanced variant of the SDRAM components, optimized for graphics applications and used on high-end graphics cards. By using an internal command pipeline, access sequences can be buffered on the chip, leading to increased access bandwidths.

GSM: Global System for Mobile Communications. Currently the most widely used digital mobile communications standard in the world.

HDTV: High Definition Television is a generic term for a number of television standards characterized by an increased vertical, horizontal and/or temporal resolution compared to conventional television. This is accompanied by the transition from the 4:3 to the 16:9 aspect ratio.

Home gateway: This allows high-speed data transmissions from and to private homes. It can be considered as the next evolutionary step following the set-top box (decoder).

HSDPA: High-Speed Downlink Packet Access is a transmission procedure of the UMTS mobile communication standard. It is designed to enable downlink data speeds of 14.4 megabits per second, i.e. fast transmission of large amounts of data (games, images, movies, etc.) between a base station and a mobile device.

IPTV: Internet Protocol Television. Describes the digital transmission of TV programs and movies over a digital data network, and uses the Internet Protocol (IP) on which the Internet is based. The transmission of digital video signals demands a high data rate (about six to eight megabits per second for HDTV). Therefore, IPTV was not possible before the wide spread of broadband Internet connections to customers (e.g. ADSL2, cable modem or VDSL) and introduction of new compression methods.

IC: Integrated Circuit. Electronic component parts composed of semiconductor materials such as silicon; numerous components, including transistors, resistors, capacitors and diodes can be integrated into ICs and interconnected.

ISDN: Integrated Services Digital Network. Type of on-line connection, integrating telecommunications services such as telephone, fax or data transmissions into one single network.

Kilo: 2^{10} , in information technology, e.g. Kilobit (Kbit), Kilobyte (Kbyte).

LTT: Light-Triggered Thyristor. A thyristor that is triggered by a light source. Used in high-voltage applications, such as power plants, where very high electrical current needs to be switched.

Mega: 2^{20} , in information technology, e.g. Megabit (Mbit), Megabyte (Mbyte).

Megahertz: Hertz (Hz) is the unit for frequency, and is named after the German physicist Heinrich Rudolf Hertz. The Hertz determines the number of oscillations per second, or more generally speaking, the number of repetitive processes per second. Frequently used units are kilohertz (one thousand oscillations per second), megahertz (one million oscillations per second) and gigahertz (one billion oscillations per second).

Microcontroller: A microprocessor integrated into a single IC combined with memory and interfaces, which functions as an embedded system. Logic circuits of the highest complexity can be designed in a microcontroller and controlled by software.

Micron (micrometer): Metric linear measure, corresponding to the millionth part of a meter (10^{-6} m). Symbol: μm . As an example, the diameter of a single human hair is 0.1 millimeters, or 100 μm .

Mobile-RAM: Low-power DRAM designed for mobile applications like PDAs and smart phones.

MP3 player: A battery-powered device which plays digital audio data stored in MP3 format.

PDA: Personal Digital Assistant. An electronic address book, appointment calendar and notebook; usually synchronized with the user's PC.

POF: Plastic optical fiber. Used to transmit data. The advantage of POF is its light weight, high flexibility and insensitivity to electromagnetic influences. Due to the low cost of POF as compared to glass fiber, it is used more and more frequently in end-consumer devices.

Power semiconductor: Over the last 30 years power semiconductors have mostly replaced electromechanical solutions in the areas of drive technology as well as power management and supply, due to their ability to form high energy flows almost at will. The advantage of these components is their ability to switch extremely rapidly (typically within a fraction of a second) between the "open" and the "closed" state. With the fast sequences of on/off pulses, almost any form of energy flow can be created, e.g. a sinus wave.

Radio-frequency (RF) transceiver: The term "transceiver", created from the words "transmitter" and "receiver", is used to describe a combination of transmitter and receiver in a single component that is used in wireline and wireless communications. Radio-frequency transceivers are used in wireless communications, for example in mobile phones and cordless telephones.

RAM: Random Access Memory. Semiconductor memory that can be accessed in any order. The name is derived from, and is in contrast to, the sequential access memory of a tape storage medium. Data memory, known as main memory, contains programs and data. Examples: SRAM and SDRAM. (See "DRAM").

ROM: Read-Only Memory. Digital, non-volatile data memory in which data can be permanently stored regardless of the power supply. The most recent developments are in the form of flash memories (NAND and NOR).

Semiconductor: Crystalline material; its electrical conductivity can be changed as desired by the application of doping materials (most often boron or phosphorus). Semiconductors include silicon or germanium. The term is also applied to ICs made of these materials.

Server: General term used to describe powerful computers within computer networks which fulfill various tasks. Examples are print servers, web servers, mail servers, database servers, etc.

Silicon: A chemical element with semiconducting characteristics. Silicon is the most important raw material in the semiconductor industry.

Smart phone: A smart phone combines the performance of a PDA with a mobile phone. Depending on the manufacturer, the device will be more PDA or more mobile phone. This means that smart phones can log on to a mobile phone network or, as small computers, also run applications like a PDA.

SMS: Short Message Service. A telecommunications service for transmitting text messages. It was originally developed for GSM mobile communications and is now also available via landline connections.

Tire Pressure Monitoring System (TPMS): A system that monitors the pressure inside a tire and alerts the driver when the pressure is insufficient.

Triple Play: Describes the communications package of the future, consisting of high-speed Internet connection, telephone service (Voice over IP) and online video services. Triple play can be provided using copper wires (DSL connection), cable connections or radio connections.

Trusted Platform Module: The Trusted Platform Module (TPM) is a chip designed to make computers more secure. It is equivalent to a permanently embedded smart card, the main difference being that it is associated with a system, not a particular user. In addition to its use in PCs, it will be integrated into PDAs, mobile phones and consumer electronics. The chip is passive and cannot directly influence the boot process or the operation of the device. It contains a unique identifier and allows for the identification of the computer.

UMTS: Universal Mobile Telecommunications System. Designed to be the future global digital standard for mobile communications. UMTS enables data transmission of up to two Mbit per second.

VDSL, VDSL2: Very High Data Rate Digital Subscriber Line. VDSL, like ADSL, is a digital transmission technology for the connection of customers using copper wires. It offers significantly higher data rates of up to 52 megabits per second. This decreases the maximum range of the bridgeable copper wire to a maximum of 1.5 kilometers. The use of VDSL is therefore restricted to hybrid networks as an extension to an already existing fiber-optics connection. The successor VDSL2 will offer bandwidths of up to 100 megabits per second. The targeted range for this speed is about 200 meters.

Voice-over-IP (VoIP): IP telephony is the ability to telephone via a computer network using the Internet Protocol. IP telephony used to conduct conversations over the Internet is referred to as Internet telephony. The essential difference to conventional telephony is that voice data is not transmitted via a switched connection through a telephone network, but split up into IP packages which travel through the network to their destination along an unspecified route. IP telephony can share the infrastructure, i.e. the network, with other communications services.

Wafer: Disc made of semiconductor material, such as silicon, with a diameter of up to 300 millimeters.

WLAN: Wireless Local Area Network. A local computer network which connects computers with each other or the Internet via a radio connection.

Workstation: Very capable PC.

xDSL: xDigital Subscriber Line. Generic term for various technical concepts for broadband digital data transmission via existing twisted copper wires. Depending on the configuration, the "x" stands for Asymmetric (A), High bit-rate (H), Single line (S), Symmetric high bit-rate (SH) or Very high bit-rate (V).