

investor

newsletter

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1-2-3 triple hat-trick!
Infineon congratulates Audi on its third consecutive victory at the 24 hour race in Le Mans



WEARABLE ELECTRONICS

Freshly Washed and Ironed: Electronics Woven into Intelligent Clothing

Technology of the future will be wearable. Over the years, audio and telecommunications devices have become so small that they will not only simply “disappear” by being put into a person’s jacket pocket, but be directly sewn or woven into the fabric of the jacket. In other words, they will be integrated into the clothing. For the first time ever, Infineon has introduced a jacket with a tiny audio-module, which can not be seen, will not interfere with a comfortable wear and need not be removed when the garment is washed and ironed. For example, it can function as an MP3 player, as a device for text recognition or as a music synthesizer. The audio-module has a thickness of only 3 mm, with the length on one side of only 2.5 cm.

Air-Conditioning in the Windbreaker

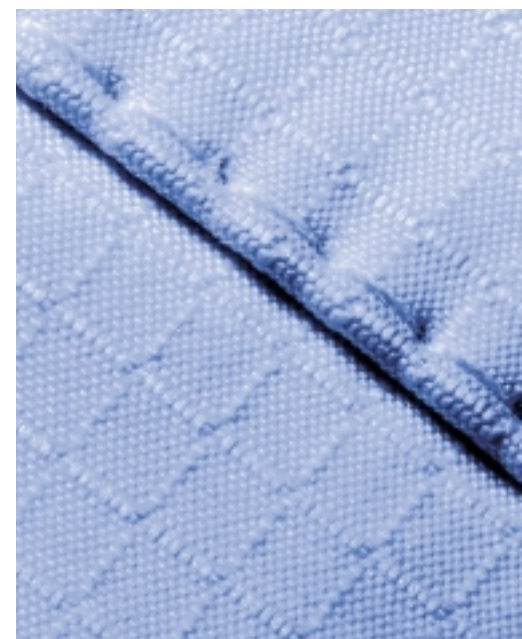
Whoever wears such a jacket can also be linked to a microphone and earplugs as well as memory devices, keyboards, displays, sensors and actuators. Transmitters and GPS satellite receivers can also be woven into the fabrics. The only removable components are the batteries and memory cards, which allow for new music titles or software to be stored. This one application alone opens up a broad range of potential variations. In fact, this “sound jacket” is just one example, a tiny fraction of what is technologically possible. Looking ahead: jeans inform parents where their offspring are at a given moment via GPS. Functional clothing contacts emergency services in case of an accident. Windbreakers contain an integrated air-conditioning system and electronic labels prevent the washing machine from starting if the selected program is unsuitable for the woolen pullover in the washer drum. The evening dress has a built-in massage function, the jogging suit measures the person’s pulse and running speed and develops optimal training programs. The possibilities are limitless.

80 Percent Want High-Tech Clothing

All this initially sounds like futuristic fantasy. And of course not everything which is possible has a real purpose. Nobody can foresee how today’s prototypes will be accepted by consumers. Nevertheless: wearable microelectronics represent an interesting future growth market. According to a survey conducted by a German research institute, more than 80 percent of adults in Germany would agree to wearing such garments. Widespread use could be common in about ten years. When the time comes, the additional costs of 10 Euro need not necessarily make the clothing much more expensive than conventional textiles.

Sensors Sound an Alarm

A speedy breakthrough is conceivable in the medical sector, which represents a potentially exciting market. For one thing, the medical and sports segment is less price-sensitive than the mass consumer market. Furthermore, an aging population tends to boost overall demand for health care products and services. One example is personal health monitoring – the individualized electronic surveillance of a person’s health, in which sensors invisible to the human eye measure pulse, temperature and other vital body functions. The patients need not notice that this monitoring is taking place, and their quality of life increases. In this vein, sensors attached to high-risk patients could notify the emergency doctor on call if heart problems arise or in case the person falls or collapses. Integrated into an infant’s clothes, such sensors could also help prevent the terrifying “sudden infant death syndrome.” Pyjamas could monitor crucial body functions at the intensive care unit, doing away with the need for patients to be wired all the time.

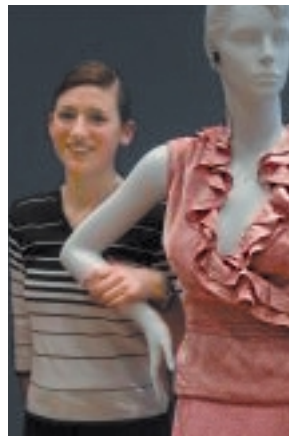


Encapsulation for Everyday Use

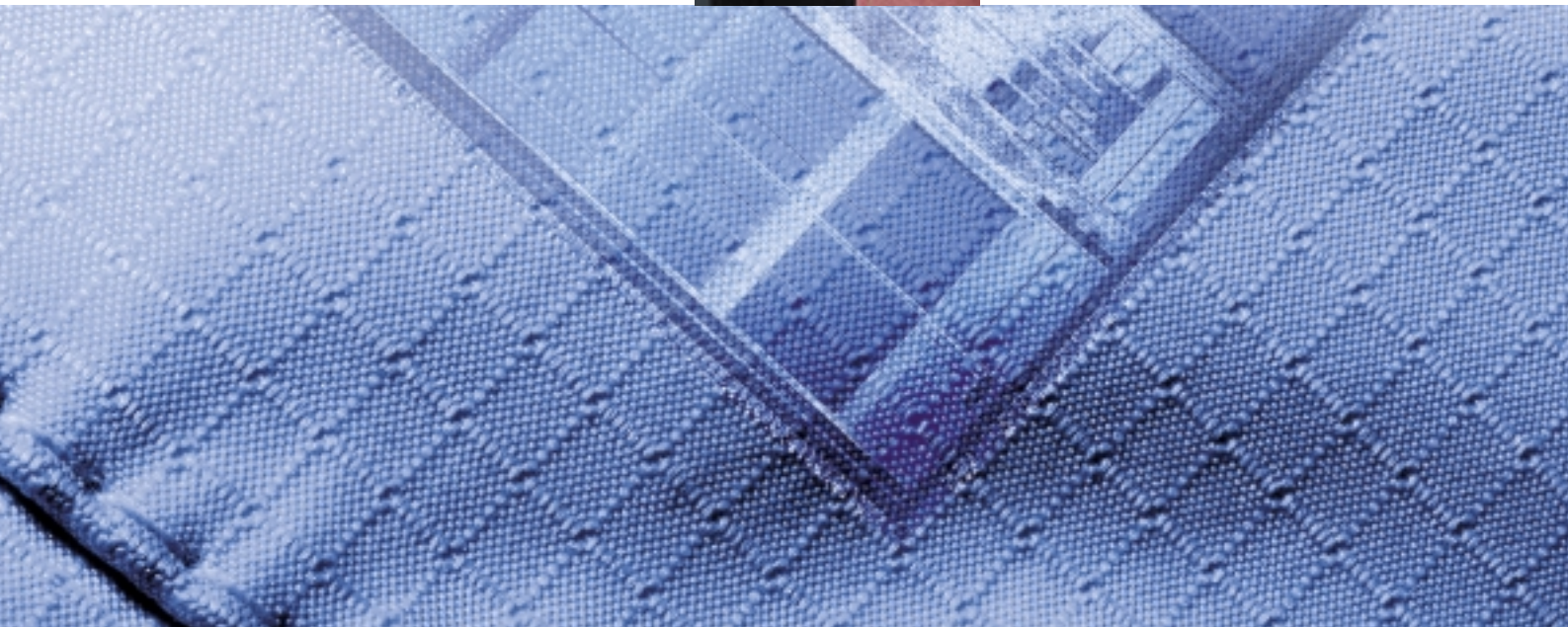
The biggest challenge faced by technicians was to interconnect the clothing with electronics. Talk about the scale of textile structures and you consider millimeters, whereas electronic chips are in the micrometer range. The sound jacket developed by Infineon technicians solved the problem. Within a hermetically sealed capsule, the chip module is connected to extremely thin silver-coated copper wires woven into the fabric which transport signals and data. In this way, the smart textiles really become suitable for everyday use. The power required is still being provided by a battery module, though Infineon is working on integrated thermogenerators, which would use the temperature difference between the clothing and the body surface to generate electrical power for the electronic components. Infineon has already developed a silicon-based thermogenerator chip, which would be sufficient to power special medical sensors.

Computers to be Worn

Turning the device itself into the piece of clothing to be worn would seem to be the next logical step in this technological developmental chain, which is continually leading to the increasing miniaturization of devices. This perspective opens up completely new partnerships to Infineon. For the sound jacket, the company is cooperating with the Deutsche Meisterschule für Mode in Munich. Wearable computers should not only be acceptable, but flattering as well.



Keyboard in the sleeve, loudspeaker in the collar, and on top of all that, fashionable as well: prototypes demonstrate everything smart textiles can do.





JOINT VENTURE OF INFINEON, AGERE AND MOTOROLA

Infineon, together with Agere Systems and Motorola, have established StarCore LLC, a new joint venture company which will develop and market digital signal processor (DSP) technologies for cellular phones and devices for consumer electronics and communications systems. Subject to approval by anti-trust regulatory authorities, the company will begin operations in late summer of this year. Headquarters will be located in Austin (Texas, USA), with a subsidiary office in Tel Aviv (Israel). Initial lead customers will be Agere, Infineon and Motorola. However, StarCore will offer its products globally to all producers of semiconductors and communications systems.

DSP technology regulates numerous electronic functions such as voice compression and voice recognition, digital music and video compression and other broadband data communications crucial to wireless communications and other growth segments of the semiconductor industry.

Based on the broad range of DSP applications, the market research company Forward Concepts forecasts an average annual growth rate of 27 percent through 2006. StarCore combines the resources of the joint development center operated by Agere and Motorola together with Infineon's CARMEL design and licensing business. All three companies will license StarCore for new chip designs.

@ Infos: <http://www.starcore-dsp.com>

HIGH TECH MEETS HIGH SPEED

Infineon congratulates its technology partner Audi and its drivers on their sensational performance at the legendary 24 hour race at Le Mans, where they came in first, second and third place. Infineon supports Audi's Sport Team Joest within the framework of its involvement in automobile racing, both as a technology partner and in sport sponsoring. Three vehicles with three drivers each participated in the race, which took place on June 17 and 18. They finished first, second and third, driving the Infineon AUDI R8 racing car developed in Ingolstadt and Neckarsulm, Germany. Infineon microcontrollers and smart power ICs responsible for motor management and transmission use are built into the engines, which are powered by 610 HP. They process signals derived from different sensors, register engine and gear data, or control the ignition and injection systems. The experiences gained from monitoring the extreme burdens arising during such races are valuable to Infineon in its development of components for mass-produced cars. Power switches regulate injectors, ignition coils or applications in high currents, for example the starter.

@ Infos: <http://www.audi.com>



ROBERT LEFORT (41)

assumed overall responsibility for Infineon's North American business activities in June 2002. LeFort joined Infineon Technologies North America Corp. in 2000, and recently held the position as Vice President, Automotive and Industrial. Prior to joining Infineon, he held executive positions with Delphi, a leading supplier of automotive electronics systems.



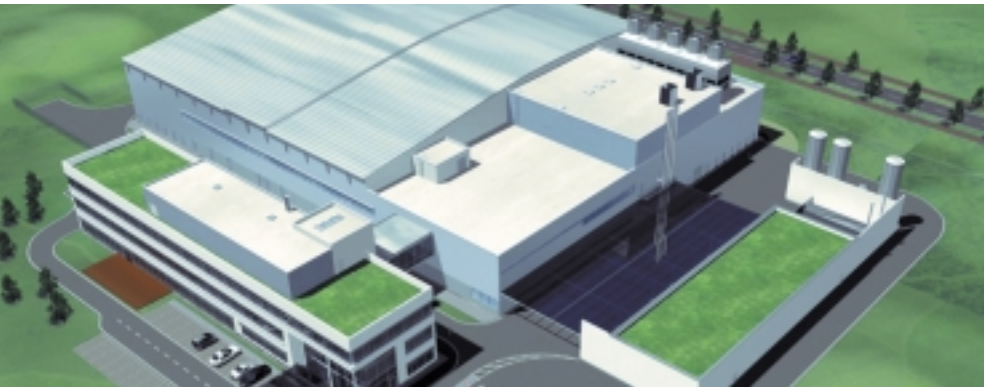
THOMAS SEIFERT (38)

was appointed head of the Infineon Technologies' Wireline Communications business group in May 2002, where he was Chief Operating Officer since 2000. Prior to this, Mr. Seifert worked as Chief Financial Officer and later as Chief Executive Officer of Infineon's chip facility in Richmond (Virginia, USA).

INFINEON ACQUIRES ERICSSON'S MICROELECTRONICS DIVISION: REDUCED DEPENDENCE ON MEMORY PRODUCTS MARKET

Infineon intends to acquire the lion's share of the chip division of Swedish telecommunications company Ericsson. If approval is granted by anti-trust regulatory authorities, Infineon will already be in a position this summer to further expand its spectrum of Bluetooth solutions for radio-frequency components used in mobile telephony and mobile communications infrastructure. This partnership represents a strategically important move of mutual benefit to both companies. On the one hand, Ericsson is suffering from weak demand for telephone infrastructure, and aims to continue focusing on its core business operations. For its part, Infineon is striving to reduce its dependence on the volatile memory chip market and further expand its communications business. The transaction not only provides Infineon with well-established products on the marketplace, but makes Ericsson and the joint venture company SonyEricsson into strategic customers. It also enables Infineon to boost its global market share for Bluetooth to over 30 percent. The purchase price amounting to 400 million Euro will be paid in the form of Infineon shares. In return, Infineon will take over approximately 700 employees, primarily involved in product development, marketing and production processes as well as research and development. About 600 employees of Ericsson Microelectronics working at two Stockholm facilities will remain in the hands of the Swedish firm.

Ericsson and Infineon team up for Wireless solutions: (f.l.t.r.) Dr. Ulrich Schumacher, President and CEO of Infineon Technologies; Kurt Hellström, President and CEO of Ericsson.



Speeding up developmental cycles:

Infineon concluded a strategic partnership with AMD and DuPont on a new facility to develop photomasks, currently under construction in Dresden.

AMD, DUPONT AND INFINEON SET UP PHOTOMASK CENTER

Microprocessor manufacturer Advanced Micro Devices (AMD), DuPont Photomasks, a leading provider of micro-imaging technologies, and Infineon Technologies are constructing a joint center in Dresden designed to develop and produce lithographic photomasks for chip production. The move will enable the three companies to help ensure their continued edge in the global competition to create future generations of semiconductor products. Lithographic masks are required for exposing chip patterns onto semiconductor silicon wafers. In Dresden, next-generation photomasks are to be developed and pilot-manufactured. Each of the three partners has a one-third stake in the joint venture, Advanced Mask Technology Center GmbH & Co. KG (AMTC). The cornerstone for the photomask center, located in close proximity to the Dresden factories of Infineon and AMD, was laid on June 4, 2002. Construction will be completed at the beginning of 2003. AMTC expects to employ around 170 people. In the future, this strategic initiative will enable Infineon to speed up developmental cycles for the lithographic masks the company needs as well as further reduce costs.

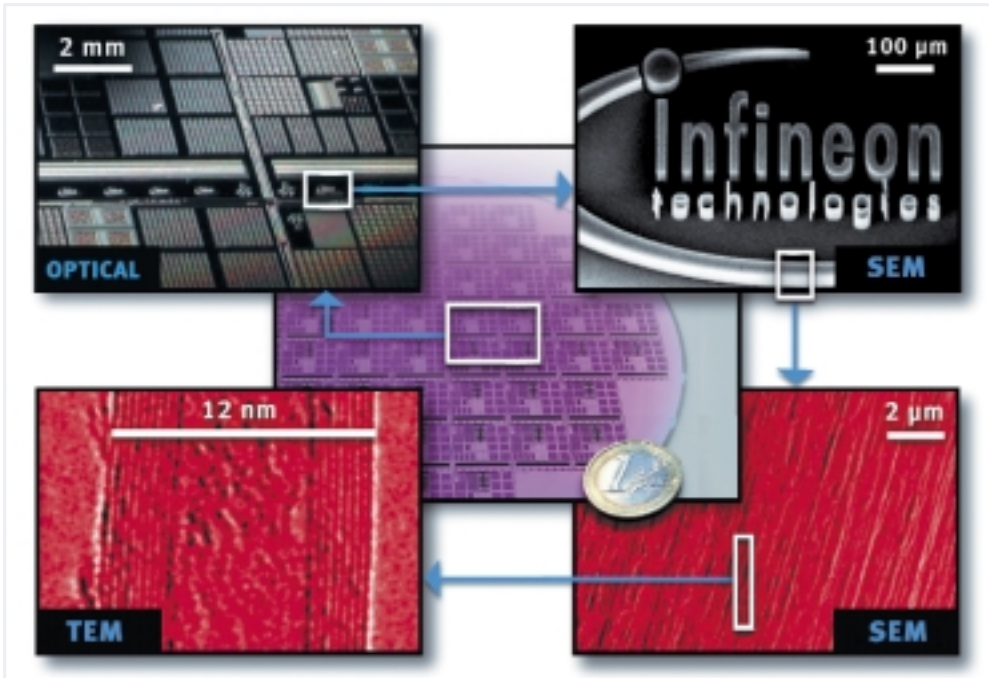
@ Infos: <http://www.amtc-dresden.de>

NANO RESEARCHERS ACHIEVE TECHNOLOGICAL BREAKTHROUGH

Infinion has moved a crucial step closer towards developing a potential successor to silicon as the basis for chip production. For the first time, our researchers succeeded in growing so-called carbon nanotubes (CNT) – tiny tubes based on the chemical element carbon – at predefined locations on 150mm wafers. In the near future, it will be possible to integrate the interesting properties of nanotubes in standard manufacturing, using a process widely used in microelectronics, and exploiting nanotube technology to develop improved semicon-

ductors with regard to the production of modern power ICs, which require increasingly complicated cooling mechanisms for computer chips operating at high GHz rates.

Infinion expects carbon nanotubes to be an integral factor of chip development in 2005 at the earliest. The new technology will be potentially integrated into complex logic ICs, microcontrollers and semiconductors for telecommunications. The next logical step would be to replace conventional copper processors on normal chips with the



ductors. Carbon nanotubes have an extremely high level of conductivity and can cope with densities under which copper would melt. In addition, current can flow in nanotubes practically without friction. Therefore, the complicated removal of surplus heat is no longer necessary. High temperatures only develop at the contact points to other materials, a challenge which can be effectively dealt with due to the thermal conductance of the carbon nanotubes. This opens up interesting perspectives

high-performance carbon nanotubes, which would be reflected in significantly higher on-chip clock frequencies. In the long term, the nanotubes could serve as the successor to the relatively expensive silicon material as the basis for semiconductor technology.

Breakthrough in the targeted growth of nanotubes:
 in 10–15 years, the first chips based on microscopic tubes made out of carbon atoms will be launched on the market.

BLUETOOTH AS A GROWTH MARKET: NO MORE TANGLED WIRING

The cellular phone tells the computer, which, in turn, informs the printer. And all this happens without a wire in sight. Behind the Bluetooth range of products is nothing less than the end of tangled wiring, the usual state of affairs behind most desks. Quick wireless data transmission over a short range is considered one of the most promising growth markets in the branch. Infineon is the very first semiconductor producer to be certified for a comprehensive Bluetooth solution, confirming its global technological leadership in this segment. In the meantime, the first Bluetooth chips called BlueMoon I can be found in devices produced by market leaders such as Sony and Nokia. The system consists of two chips – a universal baseband controller and a highly-integrated high-frequency transceiver –, enabling wireless data transmission over short ranges. BlueMoon I is being used for mobile handsets and, most recently, for two new Sony camcorders. Additional BlueMoon-compatible products are expected to be launched in the near future.

In June, on the occasion of the Bluetooth Congress taking place in Amsterdam, Infineon introduced its new BlueMoon Universal chip. This represents a new, particularly miniscule, high-performance and energy-saving Bluetooth single-chip solution. The system can justifiably be termed “universal,” because it has integrated standard interfaces such as USB, PCM (SSI), UART and Codec. Volume production of the chip is expected starting in 2003. In 2002, the market for Bluetooth systems is already expected to increase tenfold in comparison to last year. Up until the middle of this year, Infineon has already shipped over seven million Bluetooth units.

@ Infos: <http://www.bluetooth.com/>



Tiny but strong:

Bluetooth chips enable quick wireless data transmission and open up potentially exciting perspectives for market growth.

HONG KONG: ID CARD WITH INFINEON CHIP

Almost all citizens of Hong Kong will be constantly carrying an Infineon chip around with them in the future. Starting in 2003, new electronic identity cards will be issued in this Chinese city featuring not only the bearer's name and passport photo, but also a micro-controller chip manufactured by Infineon. This will store the individual's name, date of birth and ID number as well as the fingerprint characteristics of the card holder. The chip card ID, called SMARTICS (Smart Identity Card System), will enable a fully accurate verification of a person's identity. Advanced security functions developed by Infineon will reliably protect the data. Approximately 6.8 million citizens who are older than 11 years of age will be required to carry the new ID card.

SAFE ON YOUR PLATE

In the future, the roast meat you enjoy on Sunday might provide precise information on where it comes from – thanks to the electronic “animal pass.” The chip supplied by Infineon – only the size of a grain of sand – could be inserted into the ears of cows and pigs, for example. The chip will store data on the animal’s place of origin and day of birth as well as lineage and vaccinations. This new development, which has been tested on around 200 animals since February, is primarily designed to benefit consumers. It will enable the reliable, falsification-proof verification of the animal’s entire life story until it is slaughtered. The only person permitted to change the coded data is the authorized veterinarian officially designated by the government. The chip contains an antenna, enabling data to be retrieved when the animal passes through a specially-designed sluice gate. The chip can store up to two A4 pages of text, 40 times more than comparable products. The project was initiated by the German province of Schleswig-Holstein, which breeds the largest quantity of animals. In addition to Infineon, Germany’s National Printing House, as well as two other companies, Siemens and Orga Card Systems, are participating in the project.

Identity in the ear:
the new electronic animal pass is primarily of benefit to consumers.



Did you know, that ...

... a security chip produced by Infineon is integrated into approximately every second chip card of the two billion issued up to the end of 2001, and that, in theory, every third person on the planet uses an Infineon chip?

CHIP CARD ICs: INFINEON AGAIN WORLD MARKET LEADER

For the fourth consecutive year, Infineon has been ranked the global market leader for chip card ICs. According to a study released by American market research institute Gartner Dataquest, 51 percent of all chip cards supplied in 2001 contained a chip produced by Infineon, an increase of four percentage points in comparison to the year 2000. In terms of revenue, Infineon’s market share was 38 percent of the 1.17 billion U.S. Dollar worldwide market for chip card ICs. For example, Infineon has manufactured every third chip integrated into the approx. 750 million SIM cards found in cellular phones around the globe. 65 percent of the 1.5 billion telephone cards that are sold around the world are equipped with chip card ICs from Infineon. In addition, Infineon is the main supplier of chips for the electronic medical insurance cards of Germany’s national health care system, accounting for 175 million of the 200 million chips shipped since 1993. Infineon expects to further expand its market position in the bank payment card segment as well as for chip cards used as electronic IDs. Recently, Infineon concluded an agreement to serve as a strategic supplier to MasterCard International. Partner and member banks of MasterCard can now integrate Infineon’s secure memory chips in their credit and bank payment cards.

INFINEON CHIPS: VISION OF THE “ONE LITER” CAR

Infineon is currently cooperating with automobile manufacturers to develop the next generation of chips for engine and transmission control systems. Relying on innovative concepts, the microcontrollers will enable a tenfold increase in the performance of engine and transmission management systems over the next four years, continually decreasing fuel consumption and minimizing harmful emissions. The software installed in the new AUDO-NG family of microcontrollers will be able to replace most of today’s hardware components. Total costs of advanced engine management systems will be drastically reduced. The “one liter” vehicle (requiring only one liter of fuel per 100 kilometers) need not remain an unaffordable, unattainable goal. In 2001, Infineon was ranked as the number one supplier of semiconductors for automotive applications in Europe, with a 14.7 percent market share. According to a study published by Strategy Analysis, an American market research company, Infineon was the number

two supplier of automotive semiconductors, with an 8 percent share of the global market. This represents a 16 percent rise in its market share from one year earlier, despite an overall market downturn of about 2 percent. The chips are capable of clock speeds of up to 400 MHz, with memory capacity of up to 2 Mbyte.

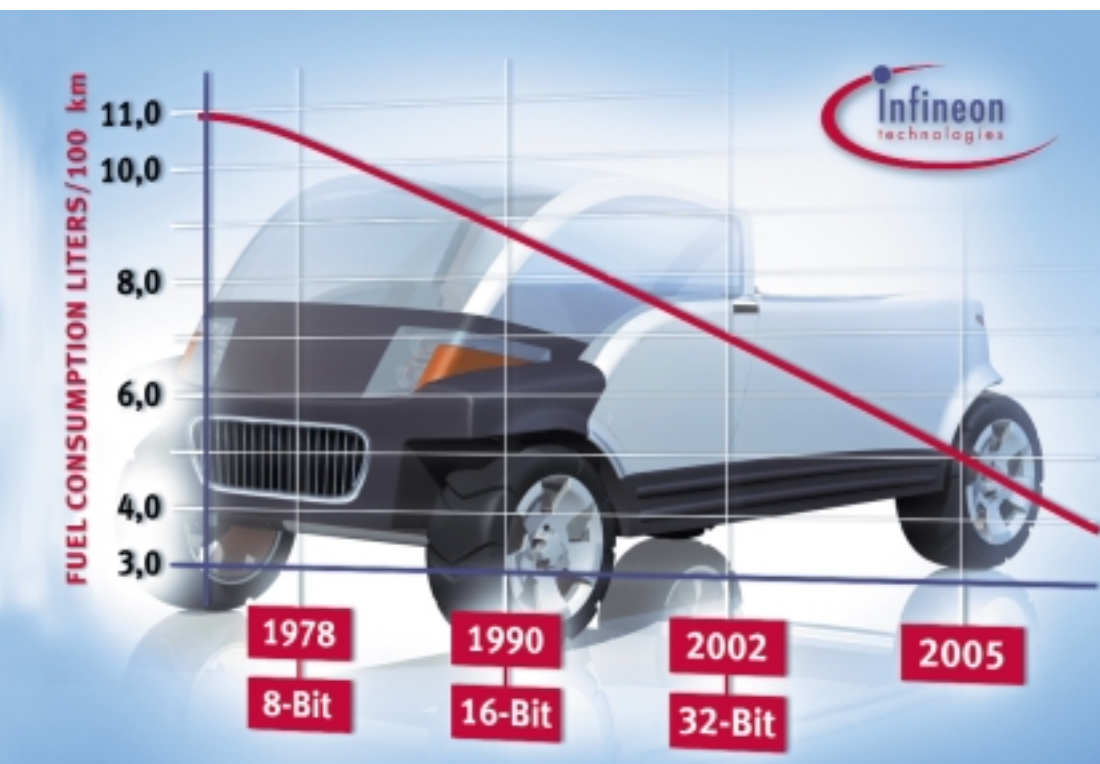
(Almost) Every Car Uses an Infineon Chip

According to the International Organization of Motor Vehicle Manufacturers (OICA), approximately 55 million cars are produced annually across the globe. On average, about 100 chips already regulate a variety of functions in each motor vehicle. Infineon chips are not only used for engine and transmission control systems, but also for airbags, ABS, stability control (ESP), electric windows, lighting modules and air-conditioning equipment as well as in communications and navigation systems.

Intelligence for Engines and Transmissions

Modern engine management systems control and regulate the entire powertrain and drive units. Infineon’s highly-integrated chips are crucial for implementing future-oriented engine and transmission management concepts. They are required to achieve a higher degree of engine performance and driver comfort as well as to reduce fuel consumption and harmful emissions. Intelligent systems making use of Infineon chips continuously measure and vary the entire range of parameters to optimize engine operations. Extremely precise control mechanisms and high computing power are required to improve transmission performance.

Cars are using less and less fuel – above all, thanks to improved automotive electronics. Advanced engine and transmission management systems ensure that the one liter automobile need not be an unattainable goal.



IMPROVED RESULTS IN A DIFFICULT MARKET ENVIRONMENT

Quarterly figures for Infineon: increased demand in all segments/positive effects of cost reduction program

Infineon has profited from resolutely implemented cost reduction measures initiated a year ago, succeeding in significantly cutting quarterly losses despite the overall adverse market conditions which prevailed. In the third quarter of the fiscal year 2002, ending June 30, 2002, earnings before interest and tax (EBIT) amounted to a loss of 107 million Euro, compared to a loss totaling 178 million Euro in the previous quarter and 598 million Euro from the third quarter of fiscal year 2001. Net loss could be reduced to 76 million Euro compared to a loss totaling 108 million Euro in the previous quarter and 371 million Euro in the third quarter of fiscal year 2001. Loss per share in the third quarter declined to 0.11 Euro, compared to a loss per share of 0.16 Euro in the previous quarter and a loss per share of 0.59 Euro in the third quarter of the last fiscal year. In contrast, quarterly revenues rose to 1.4 billion Euro, representing a 1 percent increase from the previous quarter and a rise of 10 percent from the third quarter of fiscal year 2001. Infineon also gained market share in all its business segments. Furthermore, the company's ambitious "Impact" cost reduction program has contributed to the improved results, already leading to savings of 1.5 billion Euro in the current fiscal year.

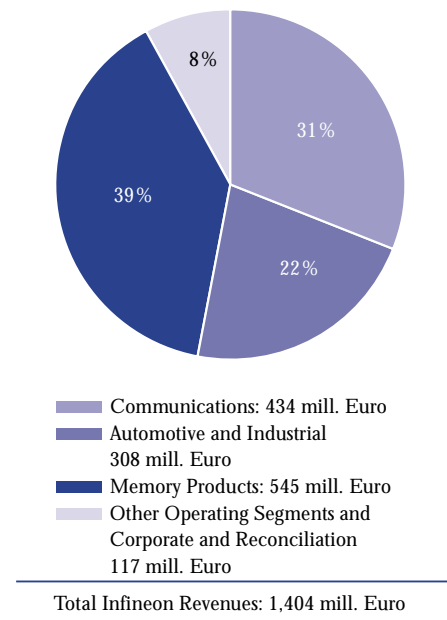
"In recent months, we have further optimized our cost position and significantly expanded our customer base as well as strategic partnerships for technology development, system know-how and manufacturing. We are thus well-prepared to improve our results on a sustained basis and further gain market share in our target segments," said Dr. Ulrich Schumacher, President and CEO of Infineon Technologies.

Improved performance was not only due to the "Impact" cost cutting program, but was driven by improved demand for security controllers in mobile communications and banking applications as well as for broadband access solutions. Demand for automotive and industrial power products remained steady. Following the decline in April and May, prices for memory chips recovered moderately. As a result, losses in this segment were reduced by 40 percent in comparison to the previous quarter. For the first time in four quarters, Infineon was once again on a profitable basis in its Wireless Solutions business segment, posting a positive EBIT of 2 million Euro.

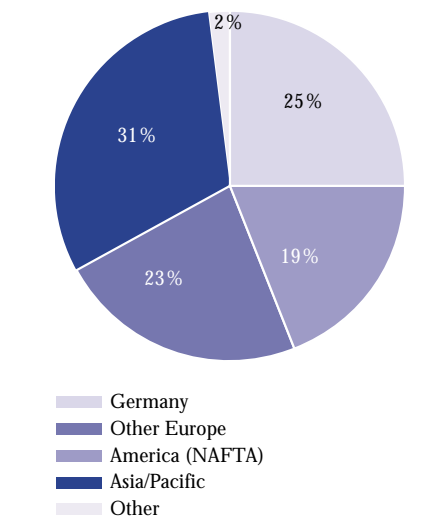
At the end of June, Infineon had a strong gross cash position of 1.9 billion Euro at its disposal, achieving a positive operating cash flow of 293 million Euro. The gross margin declined to 18 percent in this quarter from 21 percent in the previous quarter, primarily due to tough downward pressure on the prices of memory products.

R&D expenditures amounted to 237 million Euro or 17 percent of total revenues, compared to 264 million Euro or 19 percent of total revenues in the previous quarter. The decline in R&D expenditures reflects the intensified strategic focus of R&D projects within the framework of Infineon's cost reduction efforts. Thanks to "Impact," Infineon's selling, general and administrative expenditures decreased to 151 million Euro or 11 percent of total revenues, compared to 165 million or 12 percent of total revenues in the previous quarter. Revenues outside of Europe constituted 56 percent of total revenues, up from 55 percent in the previous quarter. As of June 30, 2002, Infineon employed approximately 29,600 people worldwide, including approximately 5,100 employees engaged in research and development activities.

Revenues by segments in Million Euro For the 3 months ended June 30, 2002



Regional Revenues in percent For the 3 months ended June 30, 2002



SELECTED CONSOLIDATED
CASH FLOW DATA

FOR THE 3 MONTHS ENDED
MARCH 31, 2002 JUNE 30, 2002

	in Euro millions	
Net cash used in investing activities	-389	-541
Net cash used in/provided by operating activities	-120	293
Depreciation and amortization expenses	347	332

Despite continuing adverse market conditions: improvement of revenues and earnings through gains in market share; net loss reduced to 76 million Euro through further cost reduction measures; strong gross cash position of 1.9 billion Euro and positive operating cash flow of 293 million Euro.

Business Group Performance

The Wireline Communications group improved its revenues in the third quarter by 7 percent to 103 million Euro. This was primarily driven by the increasing sale of broadband access products and growing demand for components used in fiber optics applications. Primarily due to cost reductions, EBIT improved to a loss of 49 million Euro.

The Wireless Solutions group boosted its third quarter revenues by 1 percent to 211 million Euro, primarily the result of stable demand for mobile handsets. EBIT

reached the breakeven, amounting to 2 million Euro. The improvement is mainly due to cost reductions as well as an improved product mix.

The Security & Chip Card ICs group achieved third quarter revenues of 120 million Euro. This represents an increase of 33 percent from the previous quarter, which can be attributed to rising sales of security controllers for mobile communications and banking applications. EBIT improved to a loss of 4 million Euro. The improvement in performance is mainly the result of increased sales volume for security controllers as well as further cost reductions.

The Automotive and Industrial group increased its total revenues to 308 million Euro, an increase of 3 percent, both from the previous quarter and compared to the third quarter in the fiscal year 2001. This was driven by stronger demand for automotive and industrial power solutions as well as a positive development of the motherboard business for PCs. EBIT rose to 30 million Euro, due to further cost reduction measures and better utilization of production capacity.

Revenues of the Memory Products group declined by 7 percent in the third quarter to 545 million Euro. This includes previously deferred license income. The decrease reflects the significant drop in prices compared to second quarter price levels. Cost reduction measures limited the EBIT loss to 17 million Euro.

SELECTED CONSOLIDATED STATEMENT
OF OPERATIONS DATA

FOR THE 3 MONTHS ENDED
MARCH 31, 2002 JUNE 30, 2002

	in Euro millions	
Net sales	1,385	1,404
Cost of goods sold	-1,088	-1,145
Gross profit	297	259
Research and development expenses	-264	-237
Selling, general and administrative expenses	-165	-151
Operating loss	-119	-127
Net loss	-108	-76
Basic and diluted loss per share	-0.16	-0.11
EBIT (Loss before interest and tax)	-178	-107

SELECTED CONSOLIDATED
BALANCE SHEET DATA

AS OF
SEPT. 30, 2001 JUNE 30, 2002

	in Euro millions	
Cash and cash equivalents	757	1,136
Working capital (deficit) excluding cash and cash equivalents	-85	621
Total assets	9,743	10,635
Short-term debt, including current portion of long-term debt	119	111
Long-term debt, excluding current portion	249	1,712
Shareholders' equity	6,900	6,366

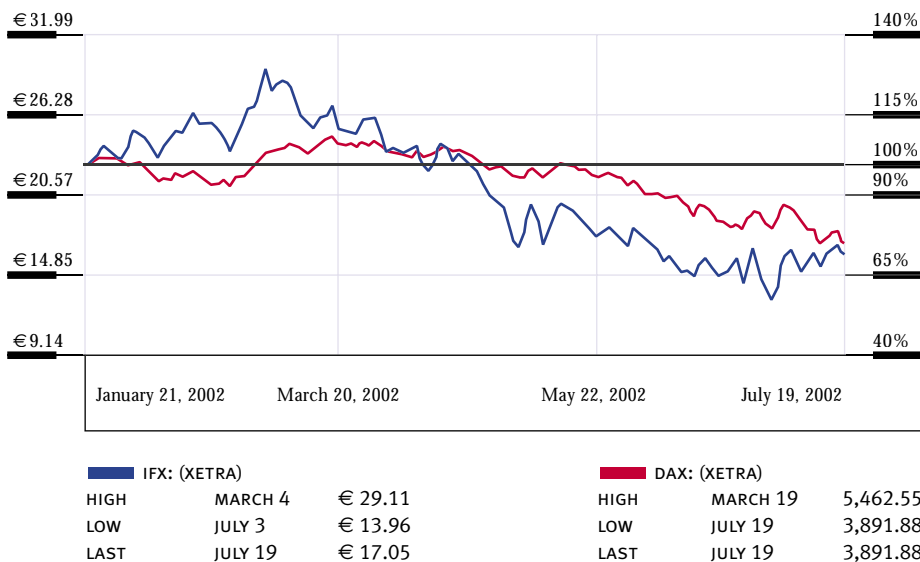
CAUTIOUS OPTIMISM UNTIL END OF 2002

The market outlook shows indications of a moderate improvement in demand for the second half of the calendar year 2002. Nevertheless, a full-scale market recovery is not yet on the horizon. Market conditions are expected to remain unfavorable for most of the company's business groups, primarily the result of the ongoing downward pressure on prices. Infineon's management however is confident the company has a balanced and strongly focused product portfolio and is well-positioned to move ahead in the future.

Despite the inability to make reliable long-term order forecasts in the memory products segment, Infineon expects a further increase in demand, which will initially depend on the development of private PC purchases in the upcoming back-to-school season and later on the orders submitted by PC manufacturers for their annual Christmas business. Infineon anticipates moderate

growth in the market for mobile phones, driven primarily by the further introduction of GSM/GPRS mobile handsets. A further market recovery for security and chip card ICs is also expected, driven by ongoing growth in areas such as banking, secure identification and entertainment. However, the market for telecommunications infrastructure is expected to remain difficult in the long term. Modest growth could occur in the market segment for broadband access solutions such as ADSL and VDSL, especially in Asia and Japan. Furthermore, Infineon anticipates that its automotive electronics business will benefit from new applications, such as telematics and infotainment, as well as higher standards for safety, body and convenience, despite a decline in worldwide car production.

6 MONTH COMPARISON: IFX SHARE VS. DAX



Note:

This document contains forward-looking statements and forecasts based on assumptions and estimates made by Infineon management. While we assume that the expectations of these forward-looking statements are realistic, we cannot guarantee that the expectations will prove to be correct. The assumptions may conceal risks and uncertainties which may lead to actual results significantly divergent from those made in the projective forecasts. The factors that can cause such a divergence include: changes in the economic and business environment, forex and interest rate fluctuations, the launch of competing products, insufficient acceptance of new products or services, and changes in corporate strategy. No update of the projected forecasts by Infineon is planned, nor does Infineon assume any obligation to do so.

INFINEON CALENDAR

- November 8, 2002 Annual press conference 2002. Release of preliminary results for fiscal year 2002 incl. 4th quarter (until September 30)
- January 20, 2003 Release of results for 1st quarter of fiscal year 2003 (until December 31)
- January 21, 2003 Annual Shareholders' Meeting, Munich, Germany.

Trade Fairs and Exhibitions

- July 23–25, 2002 Automotive Engineering/ Yokohama, Japan
- August 8, 2002 Delphi Customer Day/Kokomo, USA
- October 15, 2002 Ericsson Vendor Day/Stockholm, Sweden
- October 16–18, 2002 Convergence/Detroit, USA
- October 16–19, 2002 World PC Expo/Tokyo, Japan
- October 27–31, 2002 PCIM/Chicago, USA
- October 29–31, 2002 PowerSystem World/Chicago, USA
- October 30–31, 2002 IP based SoC Design 2002/Grenoble, France
- Nov. 12–15, 2002 Electronica/Munich, Germany

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