

News Release/Presseinformation

Segment Result in line with expectations; cost savings taking effect

- **Q1 FY 2013: Revenue €851 million; Segment Result €44 million**
- **Outlook Q2 FY 2013: revenue expected to increase by a mid single digit percentage and Segment Result to be slightly up in absolute terms compared to previous quarter**
- **Outlook FY 2013: revenue forecast to decrease by mid-to-high single digit percentage compared to previous fiscal year, with Segment Result Margin remaining at a mid-to-high single digit percentage of revenue despite headwinds from euro/US dollar exchange rate**

Neubiberg, Germany – January 31, 2013. Infineon Technologies AG today reported results for the first quarter of the 2013 fiscal year, ended December 31, 2012.

in Euro million	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Dec 31, 12	+/- in %	Sep 30, 12	+/- in %	Dec 31, 11
Revenue	851	(13)	982	(10)	946
Segment Result	44	(62)	116	(69)	141
Segment Result Margin [in %]	5.2%		11.8%		14.9%
Income from continuing operations	26	(80)	129	(75)	104
Income (loss) from discontinued operations, net of income taxes	(7)	(178)	9	13	(8)
Net income	19	(86)	138	(80)	96
Basic earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Basic earnings per share (in Euro) from continuing operations	0.02	(83)	0.12	(80)	0.10
Basic earnings (loss) per share (in Euro) from discontinued operations	–	(100)	0.01	100	(0.01)
Basic earnings per share (in Euro)	0.02	(85)	0.13	(78)	0.09
Diluted earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Diluted earnings per share (in Euro) from continuing operations	0.02	(83)	0.12	(80)	0.10
Diluted earnings (loss) per share (in Euro) from discontinued operations	–	(100)	0.01	100	(0.01)
Diluted earnings per share (in Euro)	0.02	(85)	0.13	(78)	0.09

¹ The calculation for earnings per share is based on unrounded figures.

“Revenue and earnings are in line with our expectations and cost saving measures are beginning to take effect. As long as the global economy does not stall, business should continue to pickup as expected”, stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. “Our delivery capability at top quality levels will enable us to take advantage of the chances the market offers.”

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Review of Group financials for the first quarter of the 2013 fiscal year

Group revenue of Infineon Technologies AG in the first quarter of the 2013 fiscal year totalled €851 million, 13 percent down on the €982 million recorded in the previous quarter. This performance was in line with expectations.

Segment Result fell from €116 million in the fourth quarter of the 2012 fiscal year to €44 million in the first quarter of the current fiscal year, causing the Segment Result Margin to decline from 11.8 percent to 5.2 percent. The decrease in Segment Result and Segment Result Margin in the first quarter was attributable to the sharp drop in revenue. Despite a negative impact of €6 million arising in connection with the euro/US dollar exchange rate, the scale of the decrease was in line with expectations. The measures aimed at stabilizing the margin announced in November in conjunction with the publication of the fourth quarter and 2012 fiscal year results are taking effect.

Income from continuing operations in the first quarter of the 2013 fiscal year amounted to €26 million, compared with €129 million recorded in the final quarter of the previous fiscal year. The first quarter loss from discontinued operations was negative €7 million, marginally down from the positive €9 million reported in the fourth quarter. Overall, net income fell from €138 million in the fourth quarter to €19 million in the first quarter of the current fiscal year. Earnings per share declined quarter-on-quarter from €0.13 to €0.02 (basic and diluted).

Investments – which the Company defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research and development assets – amounted to €88 million in the first quarter of the 2013 fiscal year, compared to investments of €246 million one quarter earlier. The depreciation and amortization expense increased marginally to €116 million, compared to a fourth-quarter expense of €115 million.

Free cash flow¹ from continuing operations deteriorated from positive €47 million in the previous quarter to negative €128 million in the first quarter. The principal reasons for the first quarter's negative free cash flow were the reduction in net income, significantly lower trade payables due to reduced investment levels and a cash-relevant decrease in current provisions.

Infineon repurchased 6 million of its own shares during the first quarter of the 2013 fiscal year for a total of €38 million with put options at an average exercise price of €6.29 per share. The effective price paid per share, net of all premiums for options exercised or expired during the quarter, was €5.74.

¹ For definitions and the calculation of free cash flow and of gross and net cash position, please see pages 10 and 11.

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These two factors – negative free cash flow and the repurchase of own shares via put options – resulted in a reduction in cash levels over the course of the quarter under report, with the gross cash position down from €2.235 billion at the end of September 2012 to €2.081 billion at December 31, 2012 and the net cash position down from €1.940 billion to €1.768 billion over the same period.

Outlook for the second quarter of the 2013 fiscal year

Revenue is forecast to rise by a mid single digit percentage in the second quarter of the 2013 fiscal year despite the weakness of the US dollar. The Industrial Power Control (IPC), Power Management & Multimarket (PMM), Chip Card & Security (CCS) and Other Operating (OOS) segments are all expected to report revenues at similar levels to the previous quarter, while the Automotive (ATV) segment is likely to see a distinct increase. The second quarter Segment Result is expected to be slightly up in absolute terms compared to the first quarter.

Unchanged outlook for 2013 fiscal year

For the purposes of the outlook for the remainder of the year, Infineon has adjusted its assumed exchange rate from US dollar 1.25 to US dollar 1.30 to the euro. Despite the negative impact of this adjustment, Infineon continues to forecast a mid-to-high single digit percentage decrease in revenue in the 2013 fiscal year compared to one year earlier. Revenues generated by the ATV, PMM and CCS segments are expected to fare better than the Group average whereas IPC is expected to fare significantly worse than the Group average. Revenue of the OOS segment will again fall sharply, as sales to the previously sold Wireline Communications and Wireless mobile phone businesses are further reduced.

In margin terms, Infineon continues to forecast a mid-to-high single digit Segment Result Margin despite the unfavorable development of the euro/US dollar exchange rate. The measures aimed at stabilizing the margin announced in November in conjunction with fourth quarter and 2012 fiscal year reporting will continue to have a positive impact on Segment Result in the coming quarters.

Investments – defined as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research and development expenditures – are likely to be in the region of €400 million for the full fiscal year, compared to depreciation and amortization of approximately €470 million.

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Segment earnings in the first quarter of the 2013 fiscal year

in Euro million	in % of total revenue	3 months ended Dec 31, 12	sequential +/- in %	3 months ended Sep 30, 12	year-on- year +/- in %	3 months ended Dec 31, 11
Infineon						
Revenue	100	851	(13)	982	(10)	946
Segment Result		44	(62)	116	(69)	141
Segment Result Margin [in %]		5.2%		11.8%		14.9%
Automotive (ATV)						
Segment Revenues	44	377	(9)	416	(4)	391
Segment Result		20	(57)	47	(64)	55
Segment Result Margin [in %]		5.3%		11.3%		14.1%
Industrial Power Control (IPC)						
Segment Revenues	16	138	(24)	181	(30)	196
Segment Result		(5)	(119)	26	(113)	39
Segment Result Margin [in %]		(3.6%)		14.4%		19.9%
Power Management & Multimarket (PMM)						
Segment Revenues	26	222	(10)	247	-	222
Segment Result		22	(41)	37	(45)	40
Segment Result Margin [in %]		9.9%		15.0%		18.0%
Chip Card & Security (CCS)						
Segment Revenues	13	108	(14)	126	11	97
Segment Result		10	(44)	18	67	6
Segment Result Margin [in %]		9.3%		14.3%		6.2%
Other Operating Segments (OOS)						
Segment Revenues	1	9	(36)	14	(79)	43
Segment Result		(2)	67	(6)	(150)	4
Corporate and Eliminations (C&E)						
Segment Revenues	0	(3)	(50)	(2)	-	(3)
Segment Result		(1)	83	(6)	67	(3)

ATV segment revenue amounted to €377 million in the first quarter of the 2013 fiscal year, down from €416 million in the previous quarter. This 9 percent decrease was due to adjustments in stocking levels in the automotive supply chain towards the end of the calendar year. Lower revenue caused the Segment Result to drop to €20 million, giving a Segment Result Margin of 5.3 percent. The corresponding figures for the preceding quarter had been €47 million and 11.3 percent respectively.

IPC segment revenue fell quarter-on-quarter by 24 percent from €181 million to €138 million, reflecting generally weak demand across all markets and particularly cautious buying by distributors in Asia. Lower first-quarter revenue gave rise to a negative Segment Result of €5 million and a negative Segment Result Margin of 3.6 percent, compared to positive figures of €26 million and 14.4 percent in the previous quarter.

PMM segment revenue during the first quarter of the 2013 fiscal year totalled €222 million, 10 percent down on the €247 million recorded in the previous quarter. Sales of products for applications such as game consoles and computers, as well as sales of power supplies for televisions, were weak during the first quarter due to seasonal factors. Business with smartphone and cellular network infrastructure related products developed positively, but was unable to make up for the weaker performance in other product areas. Segment Result fell from €37 million to €22 million due to declining

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revenue, causing the Segment Result Margin to decline from 15.0 percent to 9.9 percent.

The CCS segment generated revenue of €108 million in the first quarter of the 2013 fiscal year, down 14 percent from the €126 million reported one quarter earlier and reflecting weaker demand for SIM cards and payment cards and in government ID. The Segment Result amounted to €10 million, compared to the previous quarter's €18 million, bringing the Segment Result Margin down from 14.3 percent to 9.3 percent.

Revenue recorded by Other Operating Segments (OOS) went down as expected from €14 million to €9 million. These revenues relate primarily to goods and services sold relating to the previously divested Wireline Communications and Wireless mobile phone businesses.

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Analyst and press telephone conferences

Infineon will host a telephone conference call for analysts and investors (in English only) on January 31, 2013 at 10:00 am (CET), 4:00 am (EST). During the call, the Infineon Management Board will present the Company's results from the first quarter of the 2013 fiscal year. In addition, the Management Board will host a telephone conference with the media at 11:30 am (CET), 5:30 am (EST). It can be followed over the Internet in both English and German. Both conferences will also be available live and for download on Infineon's website at www.infineon.com/investor.

The **Q1 Investor Presentation** is available (in English) at:

<http://www.infineon.com/cms/en/corporate/investor/reporting/index.html>

Infineon Financial Calendar (*preliminary)

- Feb 28, 2013 Annual General Meeting 2013, Munich (Start: 10:00 am CET)
- Mar 12 – 13, 2013 UBS European Technology Conference, London
- May 2, 2013* Earnings Release for the Second Quarter of the 2013 Fiscal Year
- Jul 30, 2013* Earnings Release for the Third Quarter of the 2013 Fiscal Year
- Nov 12, 2013* Earnings Release for the Fourth Quarter and Full 2013 Fiscal Year
- Nov 18 – 19, 2013 Company roadshow – including presentation by Andreas Urschitz, Division President, Power Management & Multimarket (PMM), London
- Nov 20 – 21, 2013 Morgan Stanley TMT Conference, Barcelona

About Infineon

Infineon Technologies AG, Neubiberg, Germany, offers semiconductor and system solutions addressing three central challenges to modern society: energy efficiency, mobility, and security. In the 2012 fiscal year (ending September 30), the Company reported sales of Euro 3.9 billion with close to 26,700 employees worldwide. Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY).

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FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

Consolidated Statements of Operations

in Euro million; except for the per share data	3 months ended		
	Dec 31, 12	Sep 30, 12	Dec 31, 11
Revenue	851	982	946
Cost of goods sold	(579)	(638)	(585)
Gross profit	272	344	361
Research and development expenses	(123)	(123)	(106)
Selling, general and administrative expenses	(108)	(121)	(118)
Other operating income	4	5	4
Other operating expense	(10)	(18)	(12)
Operating income	35	87	129
Financial income	8	7	12
Financial expense	(12)	(16)	(18)
Income (losses) from investments accounted for using the equity method	-	(1)	1
Income from continuing operations before income taxes	31	77	124
Income tax benefit (expense)	(5)	52	(20)
Income from continuing operations	26	129	104
Income (loss) from discontinued operations, net of income taxes	(7)	9	(8)
Net income	19	138	96
Attributable to:			
Non-controlling interests	-	-	-
Shareholders of Infineon Technologies AG	19	138	96
Basic earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG ¹ :			
Weighted average shares outstanding (in million) – basic	1,077	1,080	1,082
Basic earnings per share (in Euro) from continuing operations	0.02	0.12	0.10
Basic earnings (loss) per share (in Euro) from discontinued operations	-	0.01	(0.01)
Basic earnings per share (in Euro)	0.02	0.13	0.09
Diluted earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG ¹ :			
Weighted average shares outstanding (in million) – diluted	1,078	1,132	1,140
Diluted earnings per share (in Euro) from continuing operations	0.02	0.12	0.10
Diluted earnings (loss) per share (in Euro) from discontinued operations	-	0.01	(0.01)
Diluted earnings per share (in Euro)	0.02	0.13	0.09

¹ The calculation for earnings per share is based on unrounded figures.

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Segment Revenue and Segment Result

Infineon defines Segment Result as operating income (loss) excluding asset impairments, net of reversals, impact on earnings of restructuring measures and closures, net, share-based compensation expense, acquisition-related depreciation/amortization and gains (losses), gains (losses) on sales of assets, businesses, or interests in subsidiaries, and other income (expense), including litigation settlement costs.

Reconciliation of Total Segment Result to Operating Income

in Euro million	3 months ended		
	Dec 31, 12	Sep 30, 12	Dec 31, 11
Segment Result	44	116	141
plus/minus			
Asset impairment reversals/asset impairments and assets classified as held for sale, net	-	(10)	-
Impact on earnings of restructuring measures and closures, net	(2)	(1)	-
Share-based compensation expense	(1)	-	(1)
Acquisition-related amortization and losses	(1)	-	(1)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	1	(1)	-
Other expenses	(6)	(17)	(10)
Operating income	35	87	129

Revenue and Segment Result

for the three months ended December 31, 2012 and 2011 and September 30, 2012

Revenue in Euro million	3 months ended			3 months ended		
	Dec 31, 12	Dec 31, 11	+/- in %	Dec 31, 12	Sep 30, 12	+/- in %
Automotive	377	391	(4)	377	416	(9)
Industrial Power Control	138	196	(30)	138	181	(24)
Power Management & Multimarket	222	222	-	222	247	(10)
Chip Card & Security	108	97	11	108	126	(14)
Other Operating Segments	9	43	(79)	9	14	(36)
Corporate and Eliminations	(3)	(3)	-	(3)	(2)	(50)
Total	851	946	(10)	851	982	(13)

Segment Result in Euro million	3 months ended			3 months ended		
	Dec 31, 12	Dec 31, 11	+/- in %	Dec 31, 12	Sep 30, 12	+/- in %
Automotive	20	55	(64)	20	47	(57)
Industrial Power Control	(5)	39	(113)	(5)	26	(119)
Power Management & Multimarket	22	40	(45)	22	37	(41)
Chip Card & Security	10	6	67	10	18	(44)
Other Operating Segments	(2)	4	(150)	(2)	(6)	67
Corporate and Eliminations	(1)	(3)	67	(1)	(6)	83
Total	44	141	(69)	44	116	(62)

Employees

	Dec 31, 12	Sep 30, 12	Dec 31, 11
Infineon ¹	26,458	26,658	26,026

¹ As of December 31, 2012, September 30, 2012 and December 31, 2011, 4,375, 4,289 and 4,014 Infineon employees, respectively, were engaged in research and development.

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Consolidated Statement of Financial Position

in Euro million	Dec 31, 12	Sep 30, 12
ASSETS:		
Current assets:		
Cash and cash equivalents	387	425
Financial investments	1,694	1,810
Trade and other receivables	442	539
therein: Trade accounts receivables	385	474
Inventories	585	567
Income tax receivable	13	6
Other current financial assets	5	9
Other current assets	152	149
Assets classified as held for sale	4	5
Total current assets	3,282	3,510
Property, plant and equipment	1,694	1,731
Goodwill and other intangible assets	153	146
Investments accounted for using the equity method	32	32
Deferred tax assets	312	315
Other financial assets	123	124
Other assets	42	40
Total non-current assets	2,356	2,388
Total assets	5,638	5,898
LIABILITIES AND EQUITY:		
Current liabilities:		
Short-term debt and current maturities of long-term debt	38	55
Trade and other payables	440	622
therein: Trade accounts payables	430	615
Current provisions	629	710
Income tax payable	37	69
Other current financial liabilities	43	100
Other current liabilities	165	122
Total current liabilities	1,352	1,678
Long-term debt	275	240
Pension plans and similar commitments	292	293
Deferred tax liabilities	4	4
Long-term provisions	38	30
Other financial liabilities	7	8
Other liabilities	66	70
Total non-current liabilities	682	645
Total liabilities	2,034	2,323
Shareholders' equity:		
Ordinary share capital	2,161	2,160
Additional paid-in capital	5,675	5,674
Accumulated deficit	(4,180)	(4,199)
Other reserves	19	28
Own shares	(37)	-
Put options on own shares	(34)	(88)
Equity attributable to shareholders of Infineon Technologies AG	3,604	3,575
Total liabilities and equity	5,638	5,898

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Infineon Regional Sales Development

in %	3 months ended		
	Dec 31, 12	Sep 30, 12	Dec 31, 11
Revenue:			
Europe, Middle East, Africa	40%	41%	46%
Therein: Germany	20%	21%	26%
Asia-Pacific (w/o Japan)	42%	40%	37%
Therein: China	20%	19%	16%
Japan	6%	7%	6%
Americas	12%	12%	11%
Total	100%	100%	100%

Consolidated Statements of Cash Flows

Gross and Net Cash Position

Infineon defines gross cash position as cash and cash equivalents and financial investments, and net cash position as gross cash position less short-term debt and long-term debt. Since Infineon holds some of its liquid funds in the form of financial investments, which for IFRS purposes are not considered to be "cash", it reports its gross and net cash positions to provide investors with an understanding of the Company's liquidity. The gross and net cash position is derived as follows from the corresponding amounts in the consolidated statement of financial position:

in Euro million	Dec 31, 12	Sep 30, 12	Dec 31, 11
Cash and cash equivalents	387	425	392
Financial investments	1,694	1,810	1,945
Gross Cash Position	2,081	2,235	2,337
Less:			
Short-term debt and current maturities of long-term debt	38	55	65
Long-term debt	275	240	204
Net Cash Position	1,768	1,940	2,068

Free Cash Flow

Infineon defines free cash flow as cash flow from operating and investing activities from continuing operations excluding purchases or sales of financial investments. The presentation of free cash flow provides useful information to investors because this measure gives an indication of the cash-generating ability of Infineon. Free cash flow is an additional measure, since Infineon holds a portion of its liquid resources in form of financial investments and it eliminates changes of financial investments from the cash generated from Infineon's business. Free cash flow is not intended to represent the residual cash flow available for discretionary expenditures, since dividends, debt service requirements or other non-discretionary expenditures are not deducted. Free cash flow includes only amounts from continuing operations, and is determined as follows from the consolidated statement of cash flows:

in Euro million	3 months ended		
	Dec 31, 12	Sep 30, 12	Dec 31, 11
Net cash provided by (used in) operating activities from continuing operations	(41)	291	59
Net cash provided by (used in) investing activities from continuing operations	28	(344)	(551)
Adjusted for: Net purchases (net proceeds from sales) of financial investments	(115)	100	258
Free Cash Flow from continuing operations	(128)	47	(234)

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Consolidated Statements of Cash Flows

in Euro million	3 months ended		
	Dec 31, 12	Sep 30, 12	Dec 31, 11
Net income	19	138	96
Plus/Minus: net income (loss) from discontinued operations, net of income taxes	7	(9)	8
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	116	115	97
Income tax benefit (expense)	5	(52)	20
Net interest result	4	10	6
Recovery of doubtful accounts	(3)	-	-
Losses (gains) on disposals of property, plant and equipment	(1)	1	-
Expenses (income) from investments accounted for using the equity method	-	1	(1)
Impairment charges	-	10	-
Share-based compensation	1	-	-
Change in trade and other receivables	97	39	37
Change in inventories	(19)	(23)	(34)
Change in other current assets	-	(8)	5
Change in trade and other payables	(181)	98	(107)
Change in provisions	(79)	26	(67)
Change in other current liabilities	41	(61)	22
Change in other assets and liabilities	(6)	9	(20)
Interest received	5	6	7
Interest paid	(5)	(2)	(7)
Income tax paid	(42)	(7)	(3)
Net cash provided by (used in) operating activities from continuing operations	(41)	291	59
Net cash used in operating activities from discontinued operations	(1)	(1)	(27)
Net cash provided by (used in) operating activities	(42)	290	32
Purchases of financial investments	(485)	(500)	(569)
Proceeds from sales of financial investments	600	400	311
Purchases of intangible assets and other assets	(13)	(12)	(16)
Purchases of property, plant and equipment	(75)	(234)	(278)
Proceeds from sales of property, plant and equipment and other assets	1	2	1
Net cash provided by (used in) investing activities from continuing operations	28	(344)	(551)
Net cash used in investing activities from discontinued operations	-	(2)	(8)
Net cash provided by (used in) investing activities	28	(346)	(559)
Net change in related party financial receivables and payables	(1)	-	-
Proceeds from issuance of long-term debt	42	60	2
Repayments of long-term debt	(25)	(6)	(25)
Repurchase of subordinated convertible bonds	-	(12)	(50)
Proceeds from issuance of ordinary shares	-	1	-
Purchase of own shares	(38)	-	(20)
Proceeds from the issuance of put options on own shares	-	-	3
Net cash provided by (used in) financing activities from continuing operations	(22)	43	(90)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(22)	43	(90)
Net decrease in cash and cash equivalents	(36)	(13)	(617)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(2)	2
Cash and cash equivalents at beginning of period	425	440	1,007
Cash and cash equivalents at end of period	387	425	392

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DISCLAIMER

This press release contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

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