



News Release/Presseinformation

Infineon First Quarter FY 2012 sales and earnings slightly ahead of guidance

- Quarterly sales of Euro 946 million down from Euro 1.038 billion
- Superior growth and profitability: 14 percent growth in calendar year 2011 vs 3 percent for industry excluding memories and microprocessors
- 14.9 percent Total Segment Result Margin in-line with through-cycle target
- Sustained efforts for future success: counter-cyclical investments of Euro 294 million to enable move to highly competitive 300mm manufacturing; sustaining high R&D and selling expense
- Strong returns: 27 percent RoCE for the quarter; 1.0 percent reduction in fully diluted share count
- Outlook for the second quarter of the FY 2012: sales to be flat to down slightly; Total Segment Result Margin to be down broadly by 1 percentage point

Neubiberg, Germany – February 1, 2012 – Infineon Technologies AG today reported results for the first quarter of the 2012 fiscal year, ended December 31, 2011.

in Euro million	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Dec 31, 11	+/- in %	Sep 30, 11	+/- in %	Dec 31, 10
Revenue	946	(9)	1,038	3	922
Total Segment Result	141	(28)	195	(20)	177
Total Segment Result Margin [in %]	14.9%		18.8%		19.2%
Income from continuing operations	104	(58)	247	(30)	149
Income (loss) from discontinued operations, net of income taxes	(8)	93	(122)	---	83
Net income	96	(23)	125	(59)	232
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Basic earnings per share from continuing operations	0.10	(57)	0.23	(29)	0.14
Basic earnings per share from discontinued operations	(0.01)	91	(0.11)	---	0.07
Basic earnings per share	0.09	(25)	0.12	(57)	0.21
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):					
Diluted earnings per share from continuing operations	0.10	(55)	0.22	(23)	0.13
Diluted earnings per share from discontinued operations	(0.01)	91	(0.11)	---	0.07
Diluted earnings per share	0.09	(18)	0.11	(55)	0.20

“Infineon continues to deliver solid profitability despite a difficult economic environment. Our strategy to focus on less volatile and more profitable businesses is paying off demonstrated by a stronger top-line as compared to our peers”, says Peter Bauer, CEO of Infineon Technologies AG. “To secure future profitable growth in our markets of

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

energy efficiency, mobility and security we continue to invest in R&D, customer relationships and manufacturing capacity.”

Review of Group financials for the first quarter of the 2012 fiscal year

Infineon's revenues in the first quarter of the 2012 fiscal year were Euro 946 million compared with revenues of Euro 1.038 billion in the fourth quarter of the 2011 fiscal year. The decline occurred due to customer caution as a result of global economic uncertainties.

First quarter Total Segment Result was Euro 141 million, down from Euro 195 million in the prior quarter. First quarter Total Segment Result Margin decreased to 14.9 percent, from 18.8 percent in the previous quarter, but remained in line with the Group's through-cycle target of 15 percent. The decline in Total Segment Result and Margin was primarily due to lower sales. Total Segment Result Margin remained slightly ahead of Company guidance for the quarter as operating expenses, in particular R&D expenses, were slightly lower than planned and slightly lower than in the previous quarter.

Infineon reported income from continuing operations of Euro 104 million, down from Euro 247 million in the previous quarter. In addition to a lower Total Segment Result, income from continuing operations now contained a tax expense of Euro 20 million after a tax benefit of Euro 75 million in the preceding quarter. Basic and diluted earnings per share from continuing operations decreased to Euro 0.10, down from Euro 0.23 and Euro 0.22, respectively, in the last quarter.

Loss from discontinued operations was reduced substantially from a loss of Euro 122 million in the fourth quarter of the last fiscal year to a loss of Euro 8 million in the first quarter of the current financial year. Basic and diluted loss per share from discontinued operations stood at a loss of Euro 0.01, down from a loss of Euro 0.11.

Net income decreased to Euro 96 million from Euro 125 million in the prior quarter. Basic earnings per share were Euro 0.09 compared with Euro 0.12 in the preceding quarter and diluted earnings per share were Euro 0.09 compared with Euro 0.11.

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, were Euro 294 million in the first quarter, up from Euro 273 million in the prior

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

quarter. Approximately one third of the annual investment budget was spent already in the first quarter.

Depreciation and amortization was almost flat at Euro 97 million, compared to Euro 98 million in the prior quarter. Whilst higher investments of recent quarters generally drive increasing depreciation, the end of depreciation of older equipment at the facility in Kulim, Malaysia, more than offset this in the first quarter of the 2012 fiscal year.

Free cash flow¹ from continuing operations for the first quarter turned negative to Euro 234 million. In the previous quarter, free cash flow from continuing operations was positive Euro 97 million. The development of free cash flow from continuing operations reflects lower results, investments of Euro 294 million and an increase in working capital of Euro 202 million.

Negative free cash flow, further capital returns of Euro 70 million, as well as a net reduction of debt of Euro 23 million, drove a decline in the Company's gross cash position to Euro 2,337 million, down from Euro 2,692 million at the end of September, 2011. Net cash declined to Euro 2,068 million from Euro 2,387 million at the end of the preceding quarter.

Within the capital returns program, the Company spent Euro 50 million for the repurchase of a nominal value of Euro 19 million of its 2014 convertible bond. This effectively reduced the fully diluted number of shares outstanding by roughly 8 million or approximately 0.7 percent. In addition, a total of 3 million put options were exercised during the quarter for a cash outflow of Euro 20 million. This resulted in the buy-back of 3 million shares or 0.3 percent of fully diluted shares outstanding.

Infineon's Supervisory Board and Management Board will propose a dividend of Euro 0.12 per share to the Annual General Meeting, up 20 percent from previous year

On November 23, 2011, the Management Board and the Supervisory Board decided to propose to the upcoming Annual General Meeting a 20 percent dividend increase to Euro 0.12 per qualifying ordinary share. For the 2010 fiscal year, the Company paid a dividend of Euro 0.10 per share. If the upcoming Annual General Meeting on March 8, 2012 approves the proposal, the dividend payout will amount to approximately Euro 130 million, depending on the effective number of qualifying shares.

¹ For definitions and the calculation of free cash flow and of gross and net cash position, please see pages 11 and 12.

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

Product and Innovation Highlights

Following a philosophy of anticyclical investment and in an effort to fully capitalize on future growth opportunities, Infineon maintains high levels of investment and R&D as well as selling expenses also in economically more challenging times.

One example for this is the high level of investments of Euro 294 in the first quarter of the 2012 fiscal year. On the one hand, this aims at enabling future growth driven by secular growth trends such as renewable energies, electromobility, variable speed drives or more efficient power conversion in electricity consuming devices. On the other hand, Infineon invests into securing and expanding long-term competitiveness: 300-millimeter production of power semiconductors on thin wafers in Dresden, Germany, the construction of a second 200-millimeter wafer fabrication building at the highly cost-efficient site in Kulim, Malaysia, expansion of power module capacity in Cegléd, Hungary, as well as numerous automation and quality projects.

The examples set forth below illustrate Infineon's focus on innovative developments to drive differentiation and customer utility at the same time, hence enabling market success:

- Near Field Communication (NFC) is one example. NFC contactless communication allows smart phones and other mobile devices to function as means for payment, as tickets for public transportation and the like or as keys. NFC technology should enjoy high growth rates going forward. As stated in an IMS Research study dated January 2012, Infineon dominated the NFC security microcontroller market in 2011 with 51.5 percent market share.
- In a similar vein, the Company has just announced a new family of ARM®-based 32-bit XMC4000 microcontrollers optimized for industrial applications such as electrical motors, factory automation and solar inverters. These new devices will enable our customers to benefit from our system expertise, low software development effort and maximum flexibility.

Outlook for the second quarter of the 2012 fiscal year

With continued confidence on the part of automotive customers and some early signs of stabilization in the chipcard and lower power markets, Infineon expects revenues for the second quarter of the 2012 fiscal year to be flat to down slightly compared to the first quarter. Within this revenue outlook, Automotive (ATV) sales should be up and Chip Card & Security (CCS) turnover should be about flat. Seasonal weakness will drive a decline in Power Management & Multimarket (PMM) sales, while Industrial Power

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

Control (IPC) turnover should continue to decline owing to the late-cycle nature of this business.

Total Segment Result Margin should be down broadly by 1 percentage point. With a view to the growth prospects of the Company, Infineon is planning slightly higher R&D and SG&A expense for the second quarter of the 2012 fiscal year relative to the preceding quarter.

As announced earlier, Infineon has divided its segment Industrial & Multimarket (IMM) into two new segments effective January 1, 2012: Industrial Power Control (IPC) and Power Management & Multimarket (PMM). The Company will report exclusively according to its new structure from second quarter of the 2012 fiscal year onwards.

Detailed review of segment performance in the fiscal first quarter 2012

in Euro million	in % of total revenue	3 months ended Dec 31, 11	sequential +/- in %	3 months ended Sep 30, 11	year-on- year +/- in %	3 months ended Dec 31, 10
Infineon						
Revenue	100	946	(9)	1,038	3	922
Total Segment Result		141	(28)	195	(20)	177
Total Segment Result Margin [in %]		14.9%		18.8%		19.2%
Automotive (ATV)						
Segment Revenues	41	391	(1)	396	10	354
Segment Result		55	(17)	66	(7)	59
Segment Result Margin [in %]		14.1%		16.7%		16.7%
Industrial & Multimarket (IMM)						
Segment Revenues	44	418	(11)	472	(1)	423
Segment Result		79	(30)	113	(26)	107
Segment Result Margin [in %]		18.9%		23.9%		25.3%
thereof:						
Industrial Power Control (IPC)						
Segment Revenues	21	196	(9)	216	5	186
Segment Result		39	(20)	49	(25)	52
Segment Result Margin [in %]		19.9%		22.7%		28.0%
Power Management & Multimarket (PMM)						
Segment Revenues	23	222	(13)	256	(6)	237
Segment Result		40	(38)	64	(27)	55
Segment Result Margin [in %]		18.0%		25.0%		23.2%
Chip Card & Security (CCS)						
Segment Revenues	10	97	(16)	116	(1)	98
Segment Result		6	(63)	16	(40)	10
Segment Result Margin [in %]		6.2%		13.8%		10.2%
Other Operating Segments (OOS)						
Segment Revenues	5	43	(28)	60	5	41
Segment Result		4	100	2	100	2
Corporate and Eliminations (C&E)						
Segment Revenues	0	(3)	50	(6)	(150)	6
Segment Result		(3)	(50)	(2)	(200)	(1)

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

In the first quarter of the 2012 fiscal year, ATV Segment Revenue experienced a slight decline of 1 percent to Euro 391 million. ATV Segment Result was Euro 55 million with a Segment Result Margin of 14 percent compared to Euro 66 million or a margin of 17 percent in the prior quarter. Segment Result Margin declined due to the combination of slightly lower sales and increased operating and manufacturing expenses.

IMM Segment Revenue was Euro 418 million, down from Euro 472 million in the previous quarter. After several quarters with strong demand and therefore strong revenue growth, demand for power and non-power products decreased. Within that, demand in power semiconductors for industrial applications like variable speed drives, traction or renewable energy and demand from China exhibited weakness. Due to the decline in revenues, IMM Segment Result decreased from Euro 113 million in the preceding quarter to Euro 79 million. Segment Result Margin stood at 19 percent.

Revenue in the CCS Segment declined from Euro 116 million to Euro 97 million, based on seasonal effects, weakness in payment applications and the impact of the Thailand floodings on our government ID business. Driven mainly by the lower revenues, CCS Segment Result was Euro 6 million, down from Euro 16 million in the prior quarter. Segment Result Margin declined to 6 percent.

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

Analyst and press telephone conferences

Infineon Technologies AG will conduct a telephone conference (in English only) with analysts and investors on February 1, 2012, at 10:00 a.m. Central European Time (CET), 4:00 a.m. Eastern Standard Time (US EST), to discuss operating performance during the first quarter of the 2012 fiscal year. In addition, the Infineon Management Board will host a telephone conference with the media at 11:30 a.m. (CET), 5:30 a.m. (US EST). It can be followed in German and English over the Internet. Both conferences will be available live and for download on the Infineon web site at www.infineon.com/investor.

Please find the **Q1 Investor Presentation** on our web site at <http://www.infineon.com/cms/en/corporate/investor/reporting/index.html>

IFX financial calendar (*preliminary date)

- Mar 8, 2012 Annual General Meeting 2012, Munich, Germany
(Start: 10:00 a.m. CET)
- May 3, 2012* Earnings Release for the Second Quarter of the 2012 Fiscal Year
- May 15 – 17, 2012 JPMorgan Global TMT Conference, Boston, USA
- Jun 5, 2012 DZ Bank Sustainability Technologies Conference, Zurich, Switzerland
- Jul 31, 2012* Earnings Release for the Third Quarter of the 2012 Fiscal Year
- Aug 29 – 30, 2012 Commerzbank Sector Conference Week, Frankfurt, Germany
- Sep 13, 2012 JPMorgan Pan Euro Tech Conference, London, UK
- Sep 26, 2012 Baader Investment Conference, Munich, Germany
- Nov 13, 2012* Earnings Release for the Fourth Quarter and Full 2012 Fiscal Year
- Nov 14 – 16, 2012 Morgan Stanley TMT Conference, Barcelona, Spain
- Nov 27 – 28, 2012 Credit Suisse Technology Conference, Scottsdale, USA

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 2011 fiscal year (ending September 30), the Company reported sales of Euro 4.0 billion with close to 26,000 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).

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

FINANCIAL INFORMATION

According to IFRS – Preliminary and Unaudited

Due to the divestiture of the Wireless mobile phone business to Intel Corporation, Infineon has reported the results of the Wireless mobile phone business as discontinued operations in the consolidated statements of operations below. Likewise, the consolidated statement of cash flows shows the cash inflows and outflows of the Wireless mobile phone business as discontinued operations. The prior period amounts of the consolidated statement of operations and the consolidated statement of cash flows have been adjusted accordingly. The business remaining with Infineon with radio frequency power transistors for amplifiers in cellular base stations was dedicated to the segment Industrial & Multimarket, the business remaining with the analog and digital TV tuner and satellite radio receiver was dedicated to other operating segments. The prior periods' amounts have been adjusted accordingly.

Consolidated Statements of Operations

in Euro million; except for the per share data	3 months ended		
	Dec 31, 11	Sep 30, 11	Dec 31, 10
Revenue	946	1,038	922
Cost of goods sold	(585)	(619)	(538)
Gross profit	361	419	384
Research and development expenses	(106)	(110)	(108)
Selling, general and administrative expenses	(118)	(119)	(103)
Other operating income	4	10	2
Other operating expense	(12)	(21)	(6)
Operating income	129	179	169
Financial income	12	12	6
Financial expense	(18)	(22)	(18)
Income from investments accounted for using the equity method	1	3	-
Income from continuing operations before income taxes	124	172	157
Income tax benefit (expense)	(20)	75	(8)
Income from continuing operations	104	247	149
Income (loss) from discontinued operations, net of income taxes	(8)	(122)	83
Net income	96	125	232
Attributable to:			
Non-controlling interests	-	-	-
Shareholders of Infineon Technologies AG	96	125	232
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):			
Weighted average shares outstanding (in million) – basic	1,082	1,085	1,087
Basic earnings per share (in Euro) from continuing operations	0.10	0.23	0.14
Basic earnings (loss) per share (in Euro) from discontinued operations	(0.01)	(0.11)	0.07
Basic earnings per share (in Euro)	0.09	0.12	0.21
Diluted earnings per share attributable to shareholders of			
Weighted average shares outstanding (in million) – diluted	1,140	1,152	1,167
Diluted earnings per share (in Euro) from continuing operations	0.10	0.22	0.13
Diluted earnings (loss) per share (in Euro) from discontinued operations	(0.01)	(0.11)	0.07
Diluted earnings per share (in Euro)	0.09	0.11	0.20

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

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, 11	Sep 30, 11	Dec 31, 10
Total Segment Result	141	195	177
additional/less:			
Asset impairment reversals / asset impairments, net	-	-	2
Impact on earnings of restructuring measures and closures, net	-	-	-
Share-based compensation expense	(1)	(1)	-
Acquisition-related amortization and gains (losses)	(1)	-	(1)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries	-	1	-
Other expenses	(10)	(16)	(9)
Operating income	129	179	169

Revenue and Segment Result

for the three months ended December 31, 2011 and 2010 and September 30, 2011

Revenue in Euro million	3 months ended			3 months ended		
	Dec 31, 11	Dec 31, 10	+/- in %	Dec 31, 11	Sep 30, 11	+/- in %
Automotive	391	354	10	391	396	(1)
Industrial & Multimarket	418	423	(1)	418	472	(11)
Therein: Industrial Power Control	196	186	5	196	216	(9)
Therein: Power Management & Multimarket	222	237	(6)	222	256	(13)
Chip Card & Security	97	98	(1)	97	116	(16)
Other Operating Segments	43	41	5	43	60	(28)
Corporate and Eliminations	(3)	6	(150)	(3)	(6)	50
Total	946	922	3	946	1,038	(9)

Segment Result in Euro million	3 months ended			3 months ended		
	Dec 31, 11	Dec 31, 10	+/- in %	Dec 31, 11	Sep 30, 11	+/- in %
Automotive	55	59	(7)	55	66	(17)
Industrial & Multimarket	79	107	(26)	79	113	(30)
Therein: Industrial Power Control	39	52	(25)	39	49	(20)
Therein: Power Management & Multimarket	40	55	(27)	40	64	(38)
Chip Card & Security	6	10	(40)	6	16	(63)
Other Operating Segments	4	2	100	4	2	100
Corporate and Eliminations	(3)	(1)	(200)	(3)	(2)	(50)
Total	141	177	(20)	141	195	(28)

Employees

	Dec 31, 11	Sep 30, 11	Dec 31, 10
Infineon ⁽¹⁾	26,026	25,720	27,315

⁽¹⁾ As of December 31, 2011, September 30, 2011 and December 31, 2010, 4,014, 3,900 and 6,015 Infineon employees, respectively, were engaged in research and development.

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

Consolidated Statement of Financial Position

in Euro million	Dec 31, 11	Sep 30, 11
Assets:		
Current assets:		
Cash and cash equivalents	392	1,007
Financial investments	1,945	1,685
Trade and other receivables	554	593
therein: Trade accounts receivables	460	510
Inventories	539	507
Income tax receivable	20	30
Other current financial assets	5	2
Other current assets	133	142
Assets classified as held for sale	15	5
Total current assets	3,603	3,971
Property, plant and equipment	1,509	1,343
Goodwill and other intangible assets	122	111
Investments accounted for using the equity method	34	34
Deferred tax assets	262	262
Other financial assets	118	124
Other assets	45	28
Total non-current assets	2,090	1,902
Total assets	5,693	5,873
Liabilities and equity:		
Current liabilities:		
Short-term debt and current maturities of long-term debt	65	68
Trade and other payables	608	735
therein: Trade accounts payables	591	720
Current provisions	736	810
Income tax payable	69	59
Other current financial liabilities	135	159
Other current liabilities	164	174
Liabilities classified as held for sale	-	-
Total current liabilities	1,777	2,005
Long-term debt	204	237
Pension plans and similar commitments	170	168
Deferred tax liabilities	7	7
Non-current provisions	27	26
Other financial liabilities	6	4
Other liabilities	66	71
Total non-current liabilities	480	513
Total liabilities	2,257	2,518
Shareholders' equity:		
Ordinary share capital	2,173	2,173
Additional paid-in capital	5,832	5,854
Accumulated deficit	(4,418)	(4,514)
Other reserves	16	10
Own shares	(46)	(26)
Put options on own shares	(121)	(142)
Equity attributable to shareholders of Infineon Technologies AG	3,436	3,355
Total liabilities and equity	5,693	5,873

For the Finance and Business Press: INFXX201202-021e

**Worldwide Headquarters:
Media Relations
Investor Relations**

**Name:
Kay Laudien
EU/APAC/USA/CAN**

**Phone:
+49 89 234 28481
+49 89 234 26655**

**Email:
kay.laudien@infineon.com
investor.relations@infineon.com**

Infineon Regional Sales Development

in %	3 months ended		
	Dec 31, 11	Sep 30, 11	Dec 31, 10
Revenue:			
Europe, Middle East, Africa	46%	48%	46%
Therein: Germany	26%	28%	26%
Asia-Pacific (w/o Japan)	37%	37%	38%
Therein: China	16%	16%	19%
Japan	6%	5%	5%
Americas	11%	10%	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 a portion of its available monetary resources 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, 11	Sep 30, 11	Dec 31, 10
Cash and cash equivalents	392	1,007	1,610
Financial investments	1,945	1,685	59
Gross Cash Position	2,337	2,692	1,669
Less:			
Short-term debt and current maturities of long-term debt	65	68	129
Long-term debt	204	237	247
Net Cash Position	2,068	2,387	1,293

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, 11	Sep 30, 11	Dec 31, 10
Net cash provided by operating activities from continuing operations	59	361	134
Net cash used in investing activities from continuing operations	(551)	(189)	(130)
Adjusted for: Net purchases (net proceeds from sales) of financial investments	258	(75)	-
Free Cash Flow from continuing operations	(234)	97	4

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

Consolidated Statements of Cash Flows

in Euro million	3 months ended		
	Dec 31, 11	Sep 30, 11	Dec 31, 10
Net income	96	125	232
Less: income (loss) from discontinued operations, net of income taxes	8	122	(83)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	97	98	83
Income tax benefit	20	(75)	8
Net interest result	6	7	12
Losses (gains) on sales of financial investments	-	2	-
Losses (gains) on disposals of property, plant and equipment	-	(1)	-
Income from investments accounted for using the equity method	(1)	(3)	-
Impairment charges	-	1	(2)
Share-based compensation	-	1	-
Change in trade and other receivables	37	15	(9)
Change in inventories	(34)	6	(50)
Change in other current assets	5	(11)	(19)
Change in trade and other payables	(107)	(1)	44
Change in provisions	(67)	39	(52)
Change in other current liabilities	22	26	13
Change in other assets and liabilities	(20)	(5)	(9)
Interest received	7	11	4
Interest paid	(7)	(2)	(10)
Income tax paid	(3)	6	(28)
Net cash provided by operating activities from continuing operations	59	361	134
Net cash provided by (used in) operating activities from discontinued operations	(27)	135	76
Net cash provided by operating activities	32	496	210
Purchases of financial investments	(569)	(887)	-
Proceeds from sales of financial investments	311	962	-
Proceeds from sales of businesses and interests in subsidiaries	-	2	-
Purchases of intangible assets and other assets	(16)	(13)	(9)
Purchases of property, plant and equipment	(278)	(260)	(122)
Proceeds from sales of property, plant and equipment and other assets	1	7	1
Net cash used in investing activities from continuing operations	(551)	(189)	(130)
Net cash used in investing activities from discontinued operations	(8)	(33)	(55)
Net cash used in investing activities	(559)	(222)	(185)
Proceeds from issuance of long-term debt	2	-	27
Repayments of long-term debt	(25)	(21)	(27)
Repurchase of subordinated convertible bonds	(50)	(50)	(80)
Change in cash deposited as collateral	-	1	-
Purchase of own shares	(20)	(26)	-
Proceeds from the issuance of put options on own shares	3	4	-
Net cash used in financing activities from continuing operations	(90)	(92)	(80)
Net cash used in financing activities from discontinued operations	-	-	(4)
Net cash used in financing activities	(90)	(92)	(84)
Net increase (decrease) in cash and cash equivalents	(617)	182	(59)
Effect of foreign exchange rate changes on cash and cash equivalents	2	3	2
Cash and cash equivalents at beginning of period	1,007	822	1,667
Cash and cash equivalents at end of period	392	1,007	1,610

For the Finance and Business Press: INFXX201202-021e

Worldwide Headquarters:
Media Relations
Investor Relations

Name:
Kay Laudien
EU/APAC/USA/CAN

Phone:
+49 89 234 28481
+49 89 234 26655

Email:
kay.laudien@infineon.com
investor.relations@infineon.com

DISCLAIMER

This press release includes forward-looking statements and assumptions about the future of Infineon's business and the industry in which we operate as well as our expected future results. These include statements and assumptions relating to general economic conditions, future developments in the world semiconductor market, our ability to manage our costs and to achieve our savings and growth targets, the resolution of Qimonda's insolvency proceedings and the liabilities we may face as a result of Qimonda's insolvency, the benefits of research and development alliances and activities, our planned levels of future investment, the introduction of new technology at our facilities, our ability to continue to offer commercially viable products.

These forward-looking statements are subject to a number of uncertainties, including broader economic developments, trends in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products that incorporate our products, the success of our development efforts, both alone and with partners; the success of our efforts to introduce new production processes at our facilities, the actions of competitors; the continued availability of adequate funds, the outcome of antitrust investigations and litigation matters, and the outcome of Qimonda's insolvency proceedings, as well as the other factors mentioned in this press release and our quarterly and annual reports.

As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.

For the Finance and Business Press: INFXX201202-021e

**Worldwide Headquarters:
Media Relations
Investor Relations**

**Name:
Kay Laudien
EU/APAC/USA/CAN**

**Phone:
+49 89 234 28481
+49 89 234 26655**

**Email:
kay.laudien@infineon.com
investor.relations@infineon.com**