



## News Release/Presseinformation

### 4Q 2010 results: Sales from Continuing Operations<sup>1</sup> of Euro 942 million with 18.2 percent Segment Result margin

- Quarterly revenue up 6 percent sequentially
- Segment Result<sup>2</sup> of Euro 171 million, a 24 percent increase from prior quarter
- Dividend per share of 10 Euro Cents for 2010 fiscal year
- FY 2011 outlook: Revenue forecast to grow towards 10 percent with mid to high teens total Segment Result margin

Neubiberg, Germany – November 16, 2010 – Infineon Technologies AG (FSE: IFX / OTCQX: IFNNY) today reported results for the fourth quarter of the 2010 fiscal year, ended September 30, 2010.

in Euro million	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Sep 30, 10	+/- in %	Jun 30, 10	+/- in %	Sep 30, 09
Revenue from continuing operations	942	6	885	55	609
Segment Result from continuing operations	171	24	138	+++	33
Segment Result Margin from continuing operations [in %]	18.2%		15.6%		5.4%
Income (loss) from continuing operations	193	87	103	+++	10
Income (loss) from discontinued operations, net of income taxes	197	+++	23	+++	1
<b>Net income</b>	<b>390</b>	<b>+++</b>	<b>126</b>	<b>+++</b>	<b>11</b>

Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):

Basic earnings per share from continuing operations	0.18	80	0.10	+++	0.01
Basic earnings per share from discontinued operations	0.18	+++	0.02	+++	-
<b>Basic earnings per share</b>	<b>0.36</b>	<b>+++</b>	<b>0.12</b>	<b>+++</b>	<b>0.01</b>

Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro):

Diluted earnings per share from continuing operations	0.16	78	0.09	+++	0.01
Diluted earnings per share from discontinued operations	0.17	+++	0.02	+++	-
<b>Diluted earnings per share</b>	<b>0.33</b>	<b>+++</b>	<b>0.11</b>	<b>+++</b>	<b>0.01</b>

Revenue including Wireless Solutions	1,400	16	1,209	64	855
Total Segment Result including Wireless Solutions	274	68	163	+++	52
Segment Result Margin including Wireless Solutions [in %]	19.6%		13.5%		6.1%

“The last quarters’ excellent performance has continued in the fourth quarter across all the segments. The company’s growth during this upcycle remains significantly ahead of the market and our profitability has risen yet again, as evidenced by more than 18 percent Segment Result margin and free cash flow of Euro 236 million from continuing operations”, says Peter Bauer, CEO of Infineon Technologies AG.

<sup>1</sup> Figure excludes Wireless mobile phone business. For detailed explanation, please see first paragraph on page 7.

<sup>2</sup> For a definition of Segment Result and a reconciliation to operating income (loss), please see page 7.

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## **Review of the group financials of the fourth quarter of the 2010 fiscal year**

Due to the planned divestiture of Infineon's Wireless mobile phone business to Intel Corporation, announced on August 30, 2010, Infineon now reports this part of the business as a discontinued operation. On the other hand, our segment reporting for the 2010 fiscal year continues to include our Wireless Solutions<sup>3</sup> segment. We have focused our comments herein on our continuing business and references to our segments exclude Wireless Solutions, unless otherwise stated.

Infineon's revenues in the fourth quarter were Euro 942 million, up 6 percent compared to the third quarter and up 55 percent year-over-year. The sequential increase in revenues reflects growth in all of the company's segments. Including the Wireless Solutions business, revenue totaled Euro 1,400 million.

Fourth quarter Total Segment Result was Euro 171 million, a significant increase of 24 percent compared to Euro 138 million in the prior quarter. Total Segment Result margin in the fourth quarter reached 18.2 percent, up from 15.6 percent in the third quarter. Including the Wireless Solutions business, Segment Result totaled Euro 274 million and Segment Result margin was 19.6 percent. This was well in-line with September guidance of 18 to 20 percent Segment Result margin.

For the fourth quarter, income from continuing operations was Euro 193 million, up from Euro 103 million in the third quarter. The sequential increase of 87 percent contained a non-recurring benefit of Euro 69 million resulting from deferred tax assets recorded during the fourth quarter. Infineon reported income from discontinued operations, net of income taxes, of Euro 197 million for the fourth quarter, up from Euro 23 million in the prior quarter. Net income from discontinued operations contained mainly the after-tax profit of the Wireless mobile phone business and also the recognition of a deferred tax asset in anticipation of the use of tax loss carry-forwards against the expected taxable gain from closing the divestiture of the Wireless mobile phone business. Resulting net income for the group was Euro 390 million in the fourth quarter, a significant increase from net income of Euro 126 million in the preceeding quarter. For the fourth quarter, basic earnings per share were Euro 0.36 and diluted earnings per share were Euro 0.33, compared to Euro 0.12 and Euro 0.11, respectively, for basic and diluted EPS in the third quarter.

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<sup>3</sup> Besides the mobile phone business, the Wireless Solutions segment includes the analog and digital TV tuner and satellite radio receiver, as well as the radio frequency power transistors for amplifiers in cellular basestations.

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Investments for continuing operations, which the company defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research & development (R&D) assets, were Euro 163 million in the fourth quarter, up from Euro 80 million in the prior quarter, reflecting further investments in the company's production facilities. Depreciation and amortization within continuing operations was at Euro 85 million, compared to Euro 80 million in the prior quarter. Free cash flow<sup>4</sup> from continuing operations for the fourth quarter was very strong at Euro 236 million, up significantly from Euro 173 million for the third quarter, despite the strong increase in capital spending.

The strong free cash flow generation drove increases in the company's gross cash position<sup>4</sup> to Euro 1,727 million and in its net cash position<sup>4</sup> to Euro 1,331 million as of September 30, 2010. Both increased from Euro 1,514 million and Euro 1,108 million, for gross and net cash, respectively, as of June 30, 2010.

In recognition of the company's favorable operating performance in the 2010 fiscal year and its comfortable cash position as of September 30, 2010, the Infineon management and supervisory board will submit for approval to the upcoming annual general meeting on February 17, 2011 a dividend per share of Euro 0.10 for the 2010 fiscal year.

### **Deferred Tax Assets and DPR**

The Deutsche Prüfstelle für Rechnungslegung DPR e.V. („DPR“), a German government-appointed private institution, subjected the consolidated financial statements of Infineon Technologies AG for the 2008 fiscal year to a random sample audit. DPR raises objections to the recognition of deferred tax assets for loss carry-forwards of 237 million. In view of the future corporate structure, in particular without Wireless mobile phone business, and in view of the expected future positive profitability, the reason for recognition of these deferred tax assets is today anyway out-dated. For that and for reasons of process efficiency, Infineon decided to comply with DPR's demand. As a result, the deferred tax assets for loss carry-forwards were reduced by Euro 237 million as of October 1, 2008. The shareholder's equity was reduced by the same amount as of October 1, 2008. These retrospective adjustments have no effect on the existing tax loss carry-forwards and do not lead to any cash outflows.

### **Inclusion in the Dow Jones Sustainability Index**

Throughout the entire semiconductor development process, Infineon is focused on efficient and careful resource management. Moreover, our innovations should significantly contribute to sustainability, not only at our customers, but already during our

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<sup>4</sup> 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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own manufacturing process. And it is not only the economic dimension that we care about, we care also about the use of raw materials and energy as well as its consequences for our employees. As a result of these efforts, we are pleased to report that Infineon was included in the Dow Jones Sustainability Index Europe in September 2010. Already after first application for assessment, Infineon managed to be among the ten most sustainable semiconductor companies in the world.

### **Outlook for the first quarter and for the whole 2011 fiscal year**

Infineon expects revenues for the first quarter of the 2011 fiscal year to be flat to down slightly compared to the fourth quarter of the 2010 fiscal year, depending on the foreign exchange rate environment and in particular on the development of the exchange rate of the US Dollar against the Euro. First quarter Total Segment Result margin should remain at about the same level as seen in the previous quarter.

Within the expected group turnover development, Automotive (ATV) revenue is expected to increase, Industrial & Multimarket (IMM) turnover should remain about flat and Chip Card & Security (CCS) segment sales should exhibit negative seasonality.

At an assumed Euro/U.S. Dollar exchange rate of 1.40, the company expects full-year revenues to grow at a rate of close to 10 percent. Within this sales outlook, the company anticipates growth in its ATV turnover of about ten percent for the 2011 fiscal year, with IMM sales expected to grow at a rate clearly exceeding the group average and CCS revenue likely to grow very slowly.

Total Segment Result margin for the 2011 fiscal year is expected to be a mid to high teens percentage of sales.

Infineon anticipates that investments will total around Euro 550 million in the 2011 fiscal year. After a period of sustained capacity shortages between late-2009 and the end of the 2010 fiscal year, Infineon will seek to grow manufacturing capacity in particular at its Kulim front-end facility (Malaysia) as well as in various back-end facilities. In September 2010, a pilot line was set up in Villach, Austria, one of Infineon's bases for developing and manufacturing power semiconductors. Over the course of one year, Infineon will be looking at the extent to which 300 mm wafers can be used to manufacture power semiconductor devices on a thin wafer basis. All investments were Euro 325 million in 2010 fiscal year.

Depreciation and Amortization is expected to be about Euro 400 million for the 2011 fiscal year, compared to Euro 336 million in the 2010 fiscal year.

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“We have consistently geared the corporate portfolio to businesses that are less volatile and more profitable. In providing products and solutions addressing the megatrends in society - energy efficiency, mobility and security – we are focusing on markets enabling long-term, above-average growth. In view of the resulting prospects, the very positive operating performance in the past fiscal year and the comfortable cash position, the Supervisory Board and Management Board will propose to the Annual General Meeting that a dividend of 10 Euro Cents per share be paid for shareholders to participate appropriately in the successful business development”, says Peter Bauer.

**Detailed review of segment performance in the fiscal fourth quarter 2010: further increase in revenue and Segment Result driven by all operating segments**

Financial tables containing an overview of the segment performance, along with the reconciliation to the figures excluding Wireless mobile phone business can be found on page 8 of this press release.

Ahead of earlier guidance of flat to down slightly sequential revenues, fourth quarter sales in the ATV segment increased by two percent compared to the prior quarter to Euro 340 million. Enabled by higher available production capacity, sales growth was driven by continued strong demand in all regions and across the entire product range. ATV Segment Result posted a 12 percentage increase from the previous quarter to Euro 58 million, primarily due to the positive effects of increased production levels.

Both revenue and profitability of Infineon’s IMM segment came in at an all time high in the fourth quarter of the 2010 fiscal year. IMM segment revenue increased by 11 percent compared to the third quarter to Euro 413 million. In-line with typical seasonal trends, IMM segment sales experienced strong demand for both power and non-power products. IMM Segment Result improved sequentially by 20 percent to Euro 98 million, with Segment Result margin of 23.7 percent, driven primarily by the top-line development.

Normal seasonal trends as well as higher demand in certain government ID projects drove CCS revenues to Euro 115 million, a 5 percent increase compared to the prior quarter. CCS Segment Result doubled compared to the prior quarter to Euro 12 million, with a Segment Result margin of 10.4 percent. This sequential increase is mainly due to the higher turnover and due to a product mix shift towards higher margin businesses.

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### **Analyst and press telephone conferences**

Infineon Technologies AG will conduct a telephone conference (in English only) with analysts and investors on November 16, 2010, at 10:00 a.m. Central European Time (CET), 4:00 a.m. Eastern Standard Time (U.S. EST), to discuss operating performance during the fourth quarter and the 2010 fiscal year. In addition, the Infineon Management Board will host a press conference with the media at 11:30 a.m. (CET), 5:30 a.m. (U.S. 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 <http://corporate.infineon.com>.

### **IFX financial calendar** (\*preliminary date)

- Feb 1, 2011\* Earnings Release for the First Quarter of the 2011 Fiscal Year
- Feb 17, 2011\* 2011 Annual General Meeting of Shareholders
- May 3, 2011\* Earnings Release for the Second Quarter of the 2011 Fiscal Year
- Jul 28, 2011\* Earnings Release for the Third Quarter of the 2011 Fiscal Year
- Nov 17, 2011\* Earnings Release for the Fourth Quarter and Full 2011 Fiscal Year

### **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 2010 fiscal year (ending September 30), the company reported sales of Euro 3.295 billion with approximately 26,650 employees worldwide. With a global presence, Infineon operates through its subsidiaries in the U.S. from Milpitas, CA, in the Asia-Pacific region from Singapore, and in Japan from Tokyo. 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

Due to the planned divestiture of the Wireless mobile phone business to Intel Corporation announced on August 30, 2010, Infineon reports the results of the Wireless mobile phone business as discontinued operations in the consolidated statements of operations. 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. Internal segment reporting remained unchanged, and therefore tables in this press release showing Revenues and Segment Result for Infineon's segments include the Wireless Solutions segment and a reconciliation to Revenue and Segment Result from continuing operations.

### Consolidated Statements of Operations

in Euro million	3 months ended			12 months ended	
	Sep 30, 10	Jun 30, 10 <sup>(1)</sup>	Sep 30, 09 <sup>(1)</sup>	Sep 30, 10	Sep 30, 09 <sup>(1)</sup>
Revenue	942	885	609	3,295	2,184
Cost of goods sold	(563)	(553)	(427)	(2,058)	(1,687)
<b>Gross profit</b>	<b>379</b>	<b>332</b>	<b>182</b>	<b>1,237</b>	<b>497</b>
Research and development expenses	(114)	(100)	(78)	(399)	(319)
Selling, general and administrative expenses	(103)	(100)	(77)	(386)	(332)
Other operating income	7	2	5	18	17
Other operating expense	(15)	(15)	13	(122)	(46)
<b>Operating income (loss)</b>	<b>154</b>	<b>119</b>	<b>45</b>	<b>348</b>	<b>(183)</b>
Financial income	5	5	1	29	101
Financial expense	(16)	(12)	(37)	(95)	(154)
Income from investments accounted for using the equity method	1	4	2	8	7
<b>Income (loss) from continuing operations before income taxes</b>	<b>144</b>	<b>116</b>	<b>11</b>	<b>290</b>	<b>(229)</b>
Income tax benefit (expense)	49	(13)	(1)	22	(4)
<b>Income (loss) from continuing operations</b>	<b>193</b>	<b>103</b>	<b>10</b>	<b>312</b>	<b>(233)</b>
Income (loss) from discontinued operations, net of income taxes	197	23	1	348	(441)
<b>Net income (loss)</b>	<b>390</b>	<b>126</b>	<b>11</b>	<b>660</b>	<b>(674)</b>
Non-controlling interests	-	-	-	1	(48)
Shareholders of Infineon Technologies AG	390	126	11	659	(626)

#### Basic and diluted earnings (loss) per share attributable to shareholders of Infineon Technologies AG (in Euro):

	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
Weighted average shares outstanding (in million) – basic	1,087	1,087	977	1,087	855
Weighted average shares outstanding – diluted	1,172	1,172	977	1,171	855

	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
Basic earnings (loss) per share from continuing operations	0.18	0.10	0.01	0.29	(0.27)
Basic earnings (loss) per share from discontinued operations	0.18	0.02	-	0.32	(0.46)
<b>Basic earnings (loss) per share</b>	<b>0.36</b>	<b>0.12</b>	<b>0.01</b>	<b>0.61</b>	<b>(0.73)</b>

	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
Diluted earnings (loss) per share from continuing operations	0.16	0.09	0.01	0.28	(0.27)
Diluted earnings (loss) per share from discontinued operations	0.17	0.02	-	0.30	(0.46)
<b>Diluted earnings (loss) per share</b>	<b>0.33</b>	<b>0.11</b>	<b>0.01</b>	<b>0.58</b>	<b>(0.73)</b>

<sup>(1)</sup> Prior period figures have been adjusted.

### Segment Revenues and Segment Result

We define Segment Result as operating income (loss) excluding asset impairments, net, restructuring charges and other related closure costs, net, share-based compensation expense, acquisition-related amortization and gains (losses), gains (losses) on disposal of assets, businesses, or interests in subsidiaries, and other income (expense), including litigation settlement costs.

### Reconciliation of Segment Result to operating income (loss)

in Euro million	3 months ended			12 months ended	
	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
<b>Segment Result from continuing operations</b>	<b>171</b>	<b>138</b>	<b>33</b>	<b>475</b>	<b>(140)</b>
Asset impairments, net	(3)	(5)	-	(12)	1
Restructuring charges and other related closure costs, net	4	-	19	4	20
Share-based compensation expense	-	-	-	-	(2)
Acquisition-related amortization and gains (losses)	(1)	(1)	(1)	(4)	(4)
Gains (losses) on disposal of assets, businesses or interests in subsidiaries, net	-	2	(1)	4	(18)
Gains (losses) in connection with the deconsolidation of ALTIS	-	4	-	(69)	-
Other expense, net	(17)	(19)	(5)	(50)	(40)
<b>Operating income (loss)</b>	<b>154</b>	<b>119</b>	<b>45</b>	<b>348</b>	<b>(183)</b>

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**Revenues and Segment Result  
for the three and twelve months ended September 30, 2010 and 2009**

Revenue in Euro million	3 months ended			12 months ended		
	Sep 30, 10	Sep 30, 09	+/- in %	Sep 30, 10	Sep 30, 09	+/- in %
Automotive	340	238	43	1,268	839	51
Industrial & Multimarket	413	257	61	1,374	905	52
Chip Card & Security	115	88	31	407	341	19
Wireless Solutions	489	265	85	1,372	917	50
Other Operating Segments	48	6	+++	167	17	+++
Corporate and Eliminations	(5)	1	---	(3)	8	---
<b>Total Segment Revenue including Wireless Solutions</b>	<b>1,400</b>	<b>855</b>	<b>64</b>	<b>4,585</b>	<b>3,027</b>	<b>51</b>
adjusted by revenues from discontinued operations of Wireless Solutions	(458)	(246)		(1,290)	(843)	
<b>Revenue from continuing operations</b>	<b>942</b>	<b>609</b>	<b>55</b>	<b>3,295</b>	<b>2,184</b>	<b>51</b>

Segment Result in Euro million	3 months ended			12 months ended		
	Sep 30, 10	Sep 30, 09	+/- in %	Sep 30, 10	Sep 30, 09	+/- in %
Automotive	58	21	+++	198	(117)	+++
Industrial & Multimarket	98	31	+++	283	35	+++
Chip Card & Security	12	1	+++	22	(4)	+++
Wireless Solutions	109	18	+++	159	(36)	+++
Other Operating Segments	2	(3)	+++	(12)	(13)	8
Corporate and Eliminations	(5)	(16)	69	(15)	(32)	53
<b>Total Segment Result including Wireless Solutions</b>	<b>274</b>	<b>52</b>	<b>+++</b>	<b>635</b>	<b>(167)</b>	<b>+++</b>
adjusted by the Segment Result from discontinued operations of Wireless Solutions	(103)	(19)		(160)	27	
<b>Total Segment Result from continuing operations</b>	<b>171</b>	<b>33</b>	<b>+++</b>	<b>475</b>	<b>(140)</b>	<b>+++</b>

**Revenues and Segment Result  
for the three months ended September 30, 2010 and June 30, 2010**

Revenue in Euro million	3 months ended		
	Sep 30, 10	Jun 30, 10	+/- in %
Automotive	340	333	2
Industrial & Multimarket	413	373	11
Chip Card & Security	115	110	5
Wireless Solutions	489	346	41
Other Operating Segments	48	46	4
Corporate and Eliminations	(5)	1	---
<b>Total Segment Revenue including Wireless Solutions</b>	<b>1,400</b>	<b>1,209</b>	<b>16</b>
adjusted by revenues from discontinued operations of Wireless Solutions	(458)	(324)	
<b>Revenue from continuing operations</b>	<b>942</b>	<b>885</b>	<b>6</b>

Segment Result in Euro million	3 months ended		
	Sep 30, 10	Jun 30, 10	+/- in %
Automotive	58	52	12
Industrial & Multimarket	98	82	20
Chip Card & Security	12	6	+++
Wireless Solutions	109	24	+++
Other Operating Segments	2	(1)	+++
Corporate and Eliminations	(5)	-	---
<b>Total Segment Result including Wireless Solutions</b>	<b>274</b>	<b>163</b>	<b>68</b>
adjusted by the Segment Result from discontinued operations of Wireless Solutions	(103)	(25)	
<b>Total Segment Result from continuing operations</b>	<b>171</b>	<b>138</b>	<b>24</b>

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## Employees

	Sep 30, 10	Jun 30, 10	Sep 30, 09
Infineon <sup>(1)</sup>	26,654	25,978	26,464

<sup>(1)</sup> Including employees of our Wireless Solutions business for the three months ended September 30, 2010. As of September 30, 2010, June 30, 2010 and September 30, 2009, 5,771, 5,599 and 5,971 Infineon employees, respectively, were engaged in research and development.

## Consolidated Statement of Financial Position

The Statement of Financial Position as of September 30, 2010 presents the assets and liabilities to be transferred in connection with the divestiture of the Wireless mobile phone business as assets and liabilities "classified as held for sale". The Statement of Financial Positions as of June 30, 2010, and September 30, 2009, presents the assets and liabilities to be sold in connection with the Wireline Communications business as assets and liabilities "classified as held for sale".

in Euro million	Sep 30, 10	Jun 30, 10 <sup>(1)</sup>	Sep 30, 09 <sup>(1)</sup>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	1,667	1,452	1,414
Available-for-sale financial assets	60	62	93
Trade and other receivables	687	685	514
therein: Trade accounts receivables	622	591	449
Inventories	514	551	460
Income tax receivable	7	19	11
Other current financial assets	72	9	26
Other current assets	88	145	114
Assets classified as held for sale	495	24	112
<b>Total current assets</b>	<b>3,590</b>	<b>2,947</b>	<b>2,744</b>
Property, plant and equipment	838	808	928
Goodwill and other intangible assets	87	384	369
Investments accounted for using the equity method	35	39	27
Deferred tax assets	308	175	156
Other financial assets	119	135	124
Other assets	16	30	18
<b>Total assets</b>	<b>4,993</b>	<b>4,518</b>	<b>4,366</b>
<b>Liabilities and equity</b>			
Current liabilities:			
Short-term debt and current maturities of long-term debt	133	127	521
Trade and other payables	665	577	393
therein: Trade accounts payables	659	572	384
Current provisions	553	483	436
Income tax payable	111	119	102
Other current financial liabilities	16	54	50
Other current liabilities	153	247	147
Liabilities classified as held for sale	177	14	9
<b>Total current liabilities</b>	<b>1,808</b>	<b>1,621</b>	<b>1,658</b>
Long-term debt	263	279	329
Pension plans and similar commitments	146	103	94
Deferred tax liabilities	11	8	13
Long-term provisions	55	59	89
Other financial liabilities	6	4	5
Other liabilities	79	134	85
<b>Total liabilities</b>	<b>2,368</b>	<b>2,208</b>	<b>2,273</b>
Shareholders' equity:			
Ordinary share capital	2,173	2,173	2,173
Additional paid-in capital	6,048	6,048	6,048
Accumulated deficit	(5,613)	(5,911)	(6,180)
Other reserves	17	-	(8)
<b>Total equity attributable to shareholders of Infineon Technologies AG</b>	<b>2,625</b>	<b>2,310</b>	<b>2,033</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>60</b>
<b>Total equity</b>	<b>2,625</b>	<b>2,310</b>	<b>2,093</b>
<b>Total liabilities and equity</b>	<b>4,993</b>	<b>4,518</b>	<b>4,366</b>

<sup>(1)</sup> Prior period figures have been adjusted.

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## Infineon Regional Sales Development

Revenue by Region in %	3 months ended			12 months ended	
	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
Germany	26%	26%	23%	26%	24%
Other Europe	19%	20%	21%	20%	22%
North America	11%	10%	12%	11%	12%
Asia/Pacific	38%	37%	38%	36%	35%
Japan	5%	6%	5%	6%	6%
Other	1%	1%	1%	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
<b>Europe</b>	<b>45%</b>	<b>46%</b>	<b>44%</b>	<b>46%</b>	<b>46%</b>
<b>Outside Europe</b>	<b>55%</b>	<b>54%</b>	<b>56%</b>	<b>54%</b>	<b>54%</b>

## Consolidated Statements of Cash Flows

### Gross and Net Cash Position\*

Infineon defines gross cash position as cash and cash equivalents and available-for-sale financial assets, and net cash position as gross cash position less short-term debt and current maturities of long-term debt, and long-term debt. Since Infineon holds a portion of its available monetary resources in the form of readily available-for-sale financial assets, 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 overall liquidity. The gross and net cash position is determined as follows from the condensed consolidated balance sheets, without adjustment to the IFRS amounts presented:

\* Includes only amounts from continuing operations.

in Euro million	Sep 30, 10	Jun 30, 10	Sep 30, 09
Cash and cash equivalents	1,667	1,452	1,414
Available-for-sale financial assets	60	62	93
<b>Gross Cash Position</b>	<b>1,727</b>	<b>1,514</b>	<b>1,507</b>
Less: Short-term debt and current maturities of long-term debt	133	127	521
Long-term debt	263	279	329
<b>Net Cash Position</b>	<b>1,331</b>	<b>1,108</b>	<b>657</b>

### Free Cash Flow\*

Infineon defines free cash flow as net cash from operating and investing activities excluding purchases or sales of available-for-sale financial assets. Since Infineon holds a portion of its available monetary resources in the form of available-for-sale financial assets, and operates in a capital intensive industry, it reports free cash flow to provide investors with a measure that can be used to evaluate changes in liquidity after taking capital expenditures into account. Free cash flow is not intended to represent the residual cash flow available for discretionary expenditures, since debt service requirements or other non-discretionary expenditures are not deducted. The free cash flow is determined as follows from the consolidated cash flow statements:

\* Includes only amounts from continuing operations.

in Euro million	3 months ended			12 months ended	
	Sep 30, 10	Jun 30, 10	Sep 30, 09	Sep 30, 10	Sep 30, 09
Net cash provided by (used in) operating activities from continuing operations	399	250	165	958	282
Net cash provided by (used in) investing activities from continuing operations	(161)	298	(19)	(355)	25
Adjusted for: Net purchases (net proceeds from sales) of available-for-sale financial assets	(2)	(375)	(6)	(30)	(33)
<b>Free Cash Flow from continuing operations</b>	<b>236</b>	<b>173</b>	<b>140</b>	<b>573</b>	<b>274</b>

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## Consolidated Statements of Cash Flows

in Euro million	3 months ended		
	Sep 30, 10	Jun 30, 10	Sep 30, 09
Net income (loss)	390	126	11
Less: net loss (income) from discontinued operations	(197)	(23)	(1)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating			
Depreciation and amortization	85	80	98
Provision for (recovery of) doubtful accounts	-	1	-
Losses on sales of available-for-sale financial assets	-	-	2
Losses in connection with the deconsolidation of ALTIS	(14)	(4)	-
Losses (gains) on disposals of property, plant, and equipment, and other assets	-	(1)	1
Income from investments accounted for using the equity method	(1)	(4)	(3)
Dividends received from associated companies	4	3	-
Impairment charges	-	5	3
Share-based compensation	-	-	1
Deferred income taxes	(55)	(7)	(2)
Changes in operating assets and liabilities:			
Trade and other receivables	6	(82)	(17)
Inventories	(8)	(18)	31
Other current assets	34	(7)	(4)
Trade and other payables	92	83	12
Provisions	114	(46)	(2)
Other current liabilities	(70)	174	28
Other assets and liabilities	25	(2)	5
Interest received	3	5	5
Interest paid	(1)	(25)	(4)
Income tax received (paid)	(8)	(8)	1
Net cash provided by (used in) operating activities from continuing operations	399	250	165
Net cash provided by (used in) operating activities from discontinued operations	(12)	(11)	24
Net cash provided by (used in) operating activities	387	239	189
Cash flows from investing activities:			
Proceeds from sales of available-for-sale financial assets	2	375	6
Proceeds from sales of businesses and interests in subsidiaries	1	-	-
Purchases of intangible assets, and other assets	(8)	(9)	(5)
Purchases of property, plant and equipment	(155)	(71)	(21)
Proceeds from sales of property, plant and equipment, and other assets	(1)	3	1
Net cash provided by (used in) investing activities from continuing operations	(161)	298	(19)
Net cash provided by (used in) investing activities from discontinued operations	(8)	(35)	(18)
Net cash provided by (used in) investing activities	(169)	263	(37)
Cash flows from financing activities:			
Net change in short-term debt	-	(8)	-
Net change in related party financial receivables and payables	2	-	-
Proceeds from issuance of long-term debt	2	2	-
Principal repayments of long-term debt	(13)	(267)	(188)
Change in restricted cash	1	(1)	-
Proceeds from issuance of ordinary shares	-	-	680
Dividend payments to minority interests	-	-	3
Net cash provided by (used in) financing activities from continuing operations	(8)	(274)	495
Net cash provided by (used in) financing activities from discontinued operations	-	-	-
Net cash provided by (used in) financing activities	(8)	(274)	495
Net increase (decrease) in cash and cash equivalents	210	228	647
Effect of foreign exchange rate changes on cash and cash equivalents	5	(4)	-
Cash and cash equivalents at beginning of period	1,452	1,228	767
Cash and cash equivalents at end of period	1,667	1,452	1,414

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## DISCLAIMER

This press release includes forward-looking statements and assumptions about the future of Infineon's business and the industry in which we operate. 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, and our expected or projected future results.

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.

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.

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