News Release / Presseinformation

Infineon achieves revenue and earnings targets for the 2012 fiscal year despite headwinds; Management Board proposes an unchanged dividend of €0.12 per share

- **Q4 FY 2012: revenue €982 million, Segment Result €116 million**
- **Outlook for Q1 FY 2013: decrease in revenue by a low teens percentage compared to Q4 FY 2012 and a Segment Result Margin of between 4 and 6 percent of revenue**
- **Outlook FY 2013: decrease in revenue compared to previous fiscal year by a mid- to high-single digit percentage rate and Segment Result Margin at a mid- to high-single digit percentage of revenue**
- **Cost-cutting measures are being implemented. Budgeted investment for FY 2013 reduced from €500 million to approximately €400 million (FY 2012: €890 million)**

Neubiberg, Germany – November 14, 2012 Infineon Technologies AG today reported results for the fourth quarter and the 2012 fiscal year, both ended September 30, 2012.

in Euro million	3 months ended Sep 30, 12	sequential +/- in %	3 months ended Jun 30, 12	year-on-year +/- in %	3 months ended Sep 30, 11
Revenue	982	(1)	990	(5)	1,038
Segment Result	116	(8)	126	(41)	195
Segment Result Margin [in %]	11.8%		12.7%		18.8%
Income from continuing operations	129	43	90	(48)	247
Income (loss) from discontinued operations, net of income taxes	9	213	(8)	107	(122)
Net income	**138**	**68**	**82**	**10**	**125**
Basic earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG[1]:					
Basic earnings per share (in Euro) from continuing operations	0.12	50	0.08	(48)	0.23
Basic earnings per share (in Euro) from discontinued operations	0.01	+++	–	109	(0.11)
Basic earnings per share (in Euro)	**0.13**	**63**	**0.08**	**8**	**0.12**
Diluted earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG[1]:					
Diluted earnings per share (in Euro) from continuing operations	0.12	50	0.08	(45)	0.22
Diluted earnings per share (in Euro) from discontinued operations	0.01	+++	–	109	(0.11)
Diluted earnings per share (in Euro)	**0.13**	**63**	**0.08**	**18**	**0.11**

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

"The sovereign debt crisis on the one hand and a slowdown in economic growth in Asia on the other have had an adverse impact on the global economy. Despite these

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economic headwinds, Infineon has performed well in the 2012 fiscal year and we have achieved our targets", stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG.

Group profit for 2012 fiscal year

Global economic uncertainties caused by high public-sector debt levels in Europe caused customers to be increasingly cautious in their willingness to spend as the 2012 fiscal year took its course. After recording revenue growth of 51 percent in the 2010 fiscal year and a further rise of 21 percent in the 2011 fiscal year, Group revenue declined by 2 percent to €3.904 billion for the 2012 fiscal year.

The worldwide economic slowdown had the greatest effect on demand for power semiconductors for use in industrial, computing and consumer applications: Revenue in the Power Management & Multimarket (PMM) segment fell by 7 percent and that of the Industrial Power Control (IPC) segment by 9 percent compared to the previous fiscal year. By contrast, the Automotive (ATV) and Chip Card & Security (CCS) segments both achieved revenue growth of 7 percent. Overall, revenue from these four core segments, at €3.774 billion, almost reached last fiscal year's level. The decline in Group revenue was predominantly attributable to the phasing out of manufacturing services relating to the divested Wireline Communications and Wireless mobile phone businesses. Revenues from these operations are allocated to Other Operating Segments (OOS) and fell by 42 percent or €91 million to €125 million.

In view of the ongoing favorable outlook for long-term growth in the focus areas of energy efficiency, mobility and security and after a phase of almost two years with bottlenecks in production, development and sales, Infineon has increased capacities in these areas. With these investments Infineon is positioned excellently to fully capitalize on any economic recovery by satisfying the demand of our customers. In the fiscal year 2012, however, the consequence was a decrease in Segment Result, with revenue slightly down and expenditures for production, development, sales and administration all up. Segment Result went down accordingly by €259 million from €786 million in the previous fiscal year to €527 million for the 2012 fiscal year. The Segment Result Margin fell from 19.7 percent to 13.5 percent. Nonetheless, Infineon has met its forecast - communicated one year ago - of a Segment Result Margin within a low to mid-teens percentage range of sales. Slightly lower revenue due to a slowdown in the economy, particularly in the second half of the fiscal year, were compensated by a somewhat stronger US dollar. The average Euro/US dollar exchange rate in the 2012 fiscal year was 1.30 compared to a rate of 1.40 used in the forecast.

Income from continuing operations for the two periods dropped from €744 million to €432 million.

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Infineon finished the 2012 fiscal year with a very solid liquidity position with gross cash of €2.235 billion and a net cash of €1.940 billion. A dividend of €130 million was paid for the 2011 fiscal year. Payments for the repurchase of subordinated convertible bonds due in 2014 and for share buybacks amounted to €62 million and €20 million, respectively. Overall, a total of €212 million was returned to capital markets.

Dividend for 2012 fiscal year

The Management Board will propose to the Supervisory Board and subsequently to shareholders at the Annual General Meeting to be held in February 2013 that Infineon Technologies AG shall pay an unchanged dividend of €0.12 per share for the 2012 fiscal year. The fact that the dividend is to remain steady despite lower earnings and a moderate demand outlook reflects the Management Board's confidence in Infineon's long-term prospects and is consistent with the stated objective of pursuing a dividend policy of keeping the dividend at least constant compared to the previous year, even during periods of flat or lower earnings. If approved by the Supervisory Board and the Annual General Meeting, the total dividend would amount to approximately €129 million.

Group earnings in fourth quarter of 2012 fiscal year

Fourth-quarter Group revenue totalled €982 million, 1 percent down from the previous quarter's €990 million.

Segment result fell from €126 million in the third quarter to €116 million in the fourth quarter, resulting in a Segment Result Margin of 11.8 percent compared to 12.7 percent one quarter earlier. In addition to lower revenue, Segment Result was also negatively affected by rising production and operational costs.

Income from continuing operations rose from €90 million in the third quarter to €129 million in the fourth quarter 2012. A reassessment of deferred tax assets, both inside and outside Germany, resulted in the recognition of an income tax benefit in the fourth quarter amounting to €52 million. A tax expense of €13 million was reported for the third quarter.

Basic and diluted earnings per share from continued operations improved from €0.08 in the previous quarter to €0.12 in the final quarter of the 2012 fiscal year.

Income from discontinued operations in the fourth quarter was positive €9 million, compared to negative €8 million reported for the third quarter. Basic and diluted earnings per share from discontinued operations improved from €0.00 to €0.01 during the last two quarters of the 2012 fiscal year.

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Net income rose in the fourth quarter to €138 million, up from €82 million in the previous quarter. Earnings per share went up from €0.08 to €0.13 (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 – rose in the final quarter of the 2012 fiscal year to €246 million, compared to third quarter investments totalling €158 million. The depreciation and amortization expense increased slightly to €115 million, compared to a third-quarter expense of €113 million.

Despite significantly higher disbursements for investments, free cash flow[1] from continuing operations improved from negative €22 million in the third quarter to positive €47 million in the fourth quarter. One consequence of the higher level of investment expenditure was an increase in trade payables.

The gross cash position as of September 30, 2012 improved to €2.235 billion, compared to €2.150 billion at the end of the third quarter. The net cash position at the end of the 2012 fiscal year stood at €1.940 billion, slightly higher than the €1.907 billion reported three months earlier. The increase in the net cash position reflects positive free cash flow in the final quarter on the one hand and a cash outflow of €12 million for the repurchase of convertible bonds due 2014 with a nominal value of €5 million.

Outlook for first quarter of 2013 fiscal year

Infineon forecasts a reduction in revenue in the first quarter of the 2013 fiscal year of a low teens percentage compared to the final quarter of the 2012 fiscal year. All segments are expected to report lower revenue, with the IPC segment most affected given the weak demand for capital goods. Predominantly as a result of the drop in revenue, the Segment Result Margin is expected to come in at between 4 and 6 percent of revenue.

Outlook for 2013 fiscal year

Based on an assumed Euro/US dollar exchange rate of 1.25, Infineon forecasts a reduction in revenue compared to the previous fiscal year by a mid- to high-single digit percentage rate. This outlook is based on the assumption that revenue will remain at reduced levels in the first half of the year and will improve considerably in the second half. Broken down by division, 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 goods and

[1] For definitions and the calculation of free cash flow and of gross and net cash position, please see pages 13 to 15.

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services sold relating to the Wireline Communications and Wireless mobile phone businesses divested in the previous year are further phased out.

"Macroeconomic headwinds are getting stronger and we do not see this changing in the near term. We are therefore forecasting a drop in revenue for the 2013 fiscal year. Nonetheless, Infineon continues to pursue the right strategy by focusing on energy efficiency, mobility and security", stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG in his statement on the outlook for the new fiscal year.

Given the macroeconomic uncertainties and the prospect of further decreases in revenue, Infineon has decided a number of measures to stabilize its margin and will now proceed to implement them. In manufacturing, Infineon will, for example, adjust production costs through measures such as temporarily switching off underutilized equipment, reducing the temporary workforce and the selective use of short-time work. Additionally, budgeted investments for fiscal 2013 will be reduced from the previously-planned amount of 500 million Euros to 400 million Euros. In Research and Development and Sales and Marketing, amongst others, projects of lesser strategic importance will either be postponed or cancelled and costs related to external service providers will be reduced. Furthermore, the Company has frozen headcount at roughly the level reached at the end of the 2012 fiscal year and postponed certain salary increases. The orientation of the incentive scheme to long-term margin targets will add to these cost reductions. In total, the sum of all measures will lead to a cost savings exceeding 100 million Euros. Overall, taking account of the cost reduction measures already decided on, Infineon forecasts a Segment Result Margin for the 2013 fiscal year at a mid- to high-single digit percentage of revenue.

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Segment earnings in fourth quarter of the 2012 fiscal year

in Euro million	in % of total revenue	3 months ended Sep 30, 12	sequential +/- in %	3 months ended Jun 30, 12	year-on-year +/- in %	3 months ended Sep 30, 11
Infineon						
Revenue	100	982	(1)	990	(5)	1,038
Segment Result		116	(8)	126	(41)	195
Segment Result Margin [in %]		11.8%		12.7%		18.8%
Automotive (ATV)						
Segment Revenue	42	416	(3)	428	5	396
Segment Result		47	(13)	54	(29)	66
Segment Result Margin [in %]		11.3%		12.6%		16.7%
Industrial Power Control (IPC)						
Segment Revenue	19	181	2	177	(16)	216
Segment Result		26	-	26	(47)	49
Segment Result Margin [in %]		14.4%		14.7%		22.7%
Power Management & Multimarket (PMM)						
Segment Revenue	25	247	6	233	(4)	256
Segment Result		37	12	33	(42)	64
Segment Result Margin [in %]		15.0%		14.2%		25.0%
Chip Card & Security (CCS)						
Segment Revenue	13	126	3	122	9	116
Segment Result		18	-	18	13	16
Segment Result Margin [in %]		14.3%		14.8%		13.8%
Other Operating Segments (OOS)						
Segment Revenue	1	14	(52)	29	(77)	60
Segment Result		(6)	---	-	(400)	2
Corporate and Eliminations (C&E)						
Segment Revenue	0	(2)	(300)	1	67	(6)
Segment Result		(6)	(20)	(5)	(200)	(2)

In the fourth quarter of the 2012 fiscal year, ATV segment revenue was lower as a result of seasonal factors, falling from €428 million in the third quarter to €416 million in the final quarter of the fiscal year. Lower revenue was accompanied by a small decrease in Segment Result, which came in at €47 million with a Segment Result Margin of 11.3 percent, compared to €54 million and 12.6 percent one quarter earlier.

IPC segment revenue edged up from €177 million in the previous quarter to €181 million in the fourth quarter, with weaker demand for IGBT modules and from distributors in China more than offset by increased demand for IGBT chips and drivers. Segment Result remained unchanged at €26 million, with revenue roughly at the previous quarter's level. The fourth-quarter Segment Result Margin was 14.4 percent compared to 14.7 percent in the previous quarter.

Driven by typical seasonal effects, PMM segment revenue increased in line with forecasts by 6 percent from €233 million to €247 million, reflecting healthy demand for game consoles, smartphones as well as mobile telephone infrastructure. Segment Result improved from €33 million to €37 million as a result of the overall increase in revenue. The fourth-quarter Segment Result Margin improved to 15.0 percent, following a margin of 14.2 percent reported for the previous quarter.

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Following on from a strong sales performance in the previous quarter, CCS segment revenue rose further from €122 million to €126 million in the fourth quarter. Revenue generated with PayTV-related products fell in line with expectations as a result of the timing of projects. This decrease was, however, more than offset by strong demand in the area of SIM cards and government identification projects. Segment Result was stable at €18 million. The Segment Result Margin decreased slightly from 14.8 percent to 14.3 percent as a result of a change in the product mix and slightly higher operating expenses.

Revenue recorded by Other Operating Segments (OOS) went down as expected from €29 million to €14 million. These revenues relate primarily to goods and services sold relating to the Wireline Communications and Wireless mobile phone businesses divested in the previous year and will continue to decrease in the 2013 fiscal year.

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Analyst telephone conference and press conference

Infineon will host a telephone conference call for analysts and investors (in English only) on November 14, 2012 at 10:00 am (CET), 4:00 am (EST). During the call, the Infineon Management Board will present the Company's results from the fourth quarter and 2012 fiscal year. In addition, the Management Board will host a live press conference 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 **Q4 Investor Presentation** is available (in English) at:
http://www.infineon.com/cms/en/corporate/investor/reporting/index.html

Infineon Financial Calendar (*preliminary)

- Nov 15 – 16, 2012 Morgan Stanley TMT Conference, Barcelona
- Nov 20 – 21, 2012 Company roadshow – including presentation by Dr. Helmut Gassel, Division President, Industrial Power Control (IPC), London
- Nov 27 – 28, 2012 Credit Suisse Technology Conference, Scottsdale/Arizona
- Dec 6, 2012 Payment Revolution Natixis Conference, London
- Jan 31, 2013* Earnings Release for the First Quarter of the 2013 Fiscal Year
- Feb 28, 2013 Annual General Meeting 2013, Munich, Germany (Start: 10:00 a.m. CET)
- 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

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

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 have been adjusted accordingly.

Consolidated Statements of Operations

	3 months ended			12 months ended	
in Euro million; except for the per share data	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Revenue	982	990	1,038	3,904	3,997
Cost of goods sold	(638)	(633)	(619)	(2,477)	(2,343)
Gross profit	**344**	**357**	**419**	**1,427**	**1,654**
Research and development expenses	(123)	(116)	(110)	(455)	(439)
Selling, general and administrative expenses	(121)	(119)	(119)	(475)	(449)
Other operating income	5	5	10	25	23
Other operating expense	(18)	(17)	(21)	(67)	(53)
Operating income	**87**	**110**	**179**	**455**	**736**
Financial income	7	8	12	38	39
Financial expense	(16)	(14)	(22)	(61)	(65)
Income (expense) from investments accounted for using the equity method	(1)	(1)	3	(1)	4
Income from continuing operations before income taxes	**77**	**103**	**172**	**431**	**714**
Income tax benefit (expense)	52	(13)	75	1	30
Income from continuing operations	**129**	**90**	**247**	**432**	**744**
Income (loss) from discontinued operations, net of income taxes	9	(8)	(122)	(5)	375
Net income	**138**	**82**	**125**	**427**	**1,119**
Attributable to:					
Non-controlling interests	-	-	-	-	-
Shareholders of Infineon Technologies AG	138	82	125	427	1,119
Basic earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG[1]:					
Weighted average shares outstanding (in million) – basic	1,080	1,080	1,085	1,080	1,086
Basic earnings per share (in Euro) from continuing operations	0.12	0.08	0.23	0.40	0.68
Basic earnings per share (in Euro) from discontinued operations	0.01	-	(0.11)	-	0.35
Basic earnings per share (in Euro)	**0.13**	**0.08**	**0.12**	**0.40**	**1.03**
Diluted earnings per share (in Euro) attributable to shareholders of Infineon Technologies AG[1]:					
Weighted average shares outstanding (in million) – diluted	1,132	1,133	1,152	1,134	1,159
Diluted earnings per share (in Euro) from continuing operations	0.12	0.08	0.22	0.39	0.66
Diluted earnings per share (in Euro) from discontinued operations	0.01	-	(0.11)	-	0.32
Diluted earnings per share (in Euro)	**0.13**	**0.08**	**0.11**	**0.39**	**0.98**

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

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Segment Revenues and Segment Results

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 Segment Results to Operating Income

	3 months ended			12 months ended	
in Euro million	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Segment Result	116	126	195	527	786
plus/minus:					
Asset impairment reversals/asset impairments, net	(10)	(4)	-	(28)	5
Impact on earnings of restructuring measures and closures, net	(1)	-	-	(1)	-
Share-based compensation expense	-	(1)	(1)	(2)	(2)
Acquisition-related depreciation/amortization and losses	-	(1)	-	(3)	(3)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries	(1)	-	1	(1)	-
Other expenses	(17)	(10)	(16)	(37)	(50)
Operating income	**87**	**110**	**179**	**455**	**736**

Revenues and Segment Results for the three and twelve months ended September 30, 2012 and 2011

	3 months ended			12 months ended		
Revenue in Euro million	Sep 30, 12	Sep 30, 11	+/- in %	Sep 30, 12	Sep 30, 11	+/- in %
Automotive	416	396	5	1,660	1,552	7
Industrial Power Control	181	216	(16)	728	797	(9)
Power Management & Multimarket	247	256	(4)	929	1,003	(7)
Chip Card & Security	126	116	9	457	428	7
Other Operating Segments	14	60	(77)	125	216	(42)
Corporate and Eliminations	(2)	(6)	67	5	1	400
Total	**982**	**1,038**	**(5)**	**3,904**	**3,997**	**(2)**

	3 months ended			12 months ended		
Segment Result in Euro million	Sep 30, 12	Sep 30, 11	+/- in %	Sep 30, 12	Sep 30, 11	+/- in %
Automotive	47	66	(29)	219	279	(22)
Industrial Power Control	26	49	(47)	118	202	(42)
Power Management & Multimarket	37	64	(42)	142	242	(41)
Chip Card & Security	18	16	13	56	54	4
Other Operating Segments	(6)	2	(400)	5	14	(64)
Corporate and Eliminations	(6)	(2)	(200)	(13)	(5)	(160)
Total	**116**	**195**	**(41)**	**527**	**786**	**(33)**

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Revenues and Segment Result
for the three months ended September 30, 2012 and June 30, 2012

	3 months ended		
Revenue in Euro million	Sep 30, 12	Jun 30, 12	+/- in %
Automotive	416	428	(3)
Industrial Power Control	181	177	2
Power Management & Multimarket	247	233	6
Chip Card & Security	126	122	3
Other Operating Segments	14	29	(52)
Corporate and Eliminations	(2)	1	(300)
Total	**982**	**990**	**(1)**

	3 months ended		
Segment Result in Euro million	Sep 30, 12	Jun 30, 12	+/- in %
Automotive	47	54	(13)
Industrial Power Control	26	26	-
Power Management & Multimarket	37	33	12
Chip Card & Security	18	18	-
Other Operating Segments	(6)	-	---
Corporate and Eliminations	(6)	(5)	20
Total	**116**	**126**	**(8)**

Employees

	Sep 30, 12	Jun 30, 12	Sep 30, 11
Infineon [1]	26,658	26,454	25,720

[1] As of September 30, 2012, June 30, 2012 and September 30, 2011, 4,289, 4,183 and 3,900 Infineon employees, respectively, were engaged in research and development.

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Consolidated Statement of Financial Position

in Euro million	Sep 30, 12	Jun 30, 12	Sep 30, 11
Assets:			
Current assets:			
Cash and cash equivalents	425	440	1,007
Financial investments	1,810	1,710	1,685
Trade and other receivables	539	563	593
therin: Trade accounts receivables	474	504	510
Inventories	567	546	507
Income tax receivable	6	7	30
Other current financial assets	9	4	2
Other current assets	149	144	142
Assets classified as held for sale	5	9	5
Total current assets	**3,510**	**3,423**	**3,971**
Property, plant and equipment	1,731	1,615	1,343
Goodwill and other intangible assets	146	138	111
Investments accounted for using the equity method	32	34	34
Deferred tax assets	315	261	262
Other financial assets	124	132	124
Other assets	40	41	28
Total non-current assets	**2,388**	**2,221**	**1,902**
Total assets	**5,898**	**5,644**	**5,873**
Liabilities and equity:			
Current liabilities:			
Short-term debt and current maturities of long-term debt	55	51	68
Trade and other payables	622	523	735
therin: Trade accounts payables	615	516	720
Current provisions	710	696	810
Income tax payable	69	74	59
Other current financial liabilities	100	126	159
Other current liabilities	122	178	174
Total current liabilities	**1,678**	**1,648**	**2,005**
Long-term debt	240	192	237
Pension plans and similar commitments	293	172	168
Deferred tax liabilities	4	6	7
Long-term provisions	30	31	26
Other financial liabilities	8	7	4
Other liabilities	70	61	71
Total non-current liabilities	**645**	**469**	**513**
Total liabilities	**2,323**	**2,117**	**2,518**
Shareholders' equity:			
Ordinary share capital	2,160	2,174	2,173
Additional paid-in capital	5,674	5,710	5,854
Accumulated deficit	(4,199)	(4,225)	(4,514)
Other reserves	28	25	10
Own shares	-	(46)	(26)
Put options on own shares	(88)	(111)	(142)
Equity attributable to shareholders of Infineon Technologies AG	**3,575**	**3,527**	**3,355**
Total liabilities and equity	**5,898**	**5,644**	**5,873**

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Infineon Regional Sales Development

	3 months ended			12 months ended	
	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Revenue:					
Europe, Middle East, Africa	41%	43%	48%	44%	48%
therein: Germany	21%	22%	28%	23%	27%
Asia-Pacific (w/o Japan)	40%	38%	37%	38%	36%
therein: China	19%	16%	16%	17%	17%
Japan	7%	7%	5%	6%	5%
Americas	12%	12%	10%	12%	11%
Total	**100%**	**100%**	**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 and cash equivalents”, 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	Sep 30, 12	Jun 30, 12	Sep 30, 11
Cash and cash equivalents	425	440	1,007
Financial investments	1,810	1,710	1,685
Gross Cash Position	**2,235**	**2,150**	**2,692**
Less:			
Short-term debt and current maturities of long-term debt	55	51	68
Long-term debt	240	192	237
Net Cash Position	**1,940**	**1,907**	**2,387**

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:

	3 months ended			12 months ended	
in Euro million	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Net cash provided by operating activities from continuing operations	291	136	361	667	983
Net cash used in investing activities from continuing operations	(344)	(258)	(189)	(1,013)	(2,499)
Adjusted for: Net purchases (net proceeds from sales) of financial investments	100	100	(75)	127	1,622
Free Cash Flow from continuing operations	**47**	**(22)**	**97**	**(219)**	**106**

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Consolidated Statements of Cash Flows

in Euro million	3 months ended			12 months ended	
	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Net income	**138**	**82**	**125**	**427**	**1,119**
Plus/minus : net income (loss) from discontinued operations, net of income taxes	(9)	8	122	5	(375)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	115	113	98	428	364
Income tax expense (benefit)	(52)	13	(75)	(1)	(30)
Net interest result	10	4	7	22	26
Provision for doubtful accounts	-	5	-	5	1
Losses on sales of financial investments	-	-	2	-	2
Losses (gains) on sales of businesses and interests in subsidiaries	-	-	-	-	(2)
Losses (gains) on disposals of property, plant and equipment	1	1	(1)	1	(1)
Expenses (income) from investments accounted for using the equity method	1	1	(3)	1	(4)
Dividends received from associated companies	-	-	-	-	5
Impairment charges	10	4	1	28	(4)
Share-based compensation	-	1	1	2	2
Changes in trade and other receivables	39	(24)	15	51	(71)
Changes in inventories	(23)	(22)	6	(62)	(51)
Changes in other current assets	(8)	(23)	(11)	(14)	(27)
Changes in trade and other payables	98	(41)	(1)	(96)	87
Changes in provisions	26	-	39	(78)	57
Changes in other current liabilities	(61)	30	26	(20)	(10)
Changes in other assets and liabilities	9	(4)	(5)	(34)	(48)
Interest received	6	13	11	36	27
Interest paid	(2)	(6)	(2)	(15)	(24)
Income tax received (paid)	(7)	(19)	6	(19)	(60)
Net cash provided by operating activities from continuing operations	**291**	**136**	**361**	**667**	**983**
Net cash provided by (used in) operating activities from discontinued operations	**(1)**	**-**	**135**	**(28)**	**263**
Net cash provided by operating activities	**290**	**136**	**496**	**639**	**1,246**
Cash flows from investing activities:					
Purchases of financial investments	(500)	(850)	(887)	(2,369)	(2,905)
Proceeds from sales of financial investments	400	750	962	2,242	1,283
Proceeds from sales of businesses and interests in subsidiaries	-	-	2	-	2
Purchases of intangible assets and other assets	(12)	(14)	(13)	(58)	(42)
Purchases of property, plant and equipment	(234)	(144)	(260)	(832)	(845)
Proceeds from sales of property, plant and equipment and other assets	2	-	7	4	8
Net cash used in investing activities from continuing operations	**(344)**	**(258)**	**(189)**	**(1,013)**	**(2,499)**
Net cash provided by (used in) investing activities from discontinued operations	**(2)**	**-**	**(33)**	**(12)**	**946**
Net cash used in investing activities	**(346)**	**(258)**	**(222)**	**(1,025)**	**(1,553)**

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in Euro million	3 months ended			12 months ended	
	Sep 30, 12	Jun 30, 12	Sep 30, 11	Sep 30, 12	Sep 30, 11
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	60	-	-	70	29
Repayments of long-term debt	(6)	(21)	(21)	(67)	(81)
Repurchase of convertible subordinated bonds	(12)	-	(50)	(62)	(173)
Change in cash deposited as collateral	-	-	1	-	-
Proceeds from issuance of ordinary shares	1	1	-	2	-
Purchase of own shares	-	-	(26)	(20)	(26)
Proceeds from issuance of put options on own shares	-	2	4	8	8
Dividend payments	-	-	-	(130)	(109)
Net cash provided by (used in) financing activities from continuing operations	**43**	**(18)**	**(92)**	**(199)**	**(352)**
Net cash used in financing activities from discontinued operations	**-**	**-**	**-**	**-**	**(3)**
Net cash provided by (used in) financing activities	**43**	**(18)**	**(92)**	**(199)**	**(355)**
Net increase (decrease) in cash and cash equivalents	(13)	(140)	182	(585)	(662)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	4	3	3	2
Cash and cash equivalents at beginning of period	440	576	822	1,007	1,667
Cash and cash equivalents at end of period	**425**	**440**	**1,007**	**425**	**1,007**

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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