News Release/Presseinformation

## Q4 FY 2011 Total Segment Result[1] of Euro 195 million and flat sales complete the record 2011 fiscal year

- **Quarterly sales of Euro 1.038 billion almost flat sequentially; Total Segment Result margin of 18.8 percent**
- **2011 fiscal year: 21 percent sales growth to Euro 4.0 billion at 19.7 percent Total Segment Result margin with Group net income in excess of Euro 1 billion mark all-time highs for the current portfolio. Euro 308 million of cash returned to the capital markets, diluted share count reduced by circa 2.5 percent**
- **Outlook for the first quarter of the 2012 fiscal year: sales to decline about ten percent; Total Segment Result margin to be 13 to 14 percent**
- **FY 2012 outlook: Revenue expected to be down a mid single digit percentage versus the 2011 fiscal year with a low to mid teens percentage for Total Segment Result margin**

Neubiberg, Germany – November 16, 2011 – Infineon Technologies AG today reported results for the fourth quarter as well as the whole 2011 fiscal year, ended September 30, 2011.

| in Euro million | 3 months ended Sep 30, 11 | sequential +/- in % | 3 months ended Jun 30, 11 | year-on-year +/- in % | 3 months ended Sep 30, 10 |
|---|---|---|---|---|---|
| Revenue | 1,038 | (0) | 1,043 | 10 | 942 |
| Total Segment Result | 195 | (8) | 212 | 14 | 171 |
| Total Segment Result margin [in %] | 18.8% | | 20.3% | | 18.2% |
| Income from continuing operations | 247 | 41 | 175 | 28 | 193 |
| Income (loss) from discontinued operations, net of income taxes | (122) | --- | 15 | --- | 197 |
| **Net income** | **125** | **(34)** | **190** | **(68)** | **390** |
| Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Basic earnings per share from continuing operations | 0.23 | 44 | 0.16 | 28 | 0.18 |
| Basic earnings per share from discontinued operations | (0.11) | --- | 0.01 | --- | 0.18 |
| **Basic earnings per share** | **0.12** | **(29)** | **0.17** | **(67)** | **0.36** |
| Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Diluted earnings per share from continuing operations | 0.22 | 38 | 0.16 | 38 | 0.16 |
| Diluted earnings per share from discontinued operations | (0.11) | --- | 0.01 | --- | 0.17 |
| **Diluted earnings per share** | **0.11** | **(35)** | **0.17** | **(67)** | **0.33** |

"2011 was a record year for Infineon: all-time high at revenues and margins for the current portfolio", says Peter Bauer, CEO of Infineon Technologies AG. "This success was not only based on the general economic upturn it was furthermore a result of our

[1] For a definition of Segment Result and a reconciliation to operating income (loss), please see page 10.


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own strength. Our strategic decision to focus on energy efficiency, mobility and security was absolutely right and secures profitable growth through the whole economic cycle.”

**Review of Group financials for the 2011 fiscal year**

The 2011 fiscal year continued Infineon’s improvements from the 2010 fiscal year in a number of respects.

After 51 percent sales growth in the 2010 fiscal year, turnover grew another 21 percent in the 2011 fiscal year to Euro 3.997 billion. This annual turnover marks an all-time high for the current portfolio of businesses. Infineon’s growth outpaced that of the industry and the peer group by a wide margin in two consecutive years.

Total Segment Result rose by 65 percent from the 2010 fiscal year to Euro 786 milllion with Total Segment Result margin of 19.7 percent. This, again, is a record for the current portfolio of businesses.

Income from continuing operations more than doubled from Euro 312 million in the 2010 fiscal year to Euro 744 million in the 2011 fiscal year. Helped by gains from the sale of the Wireless mobile phone business, net income exceeded the Euro one billion mark to stand at Euro 1.119 billion.

Infineon closed the 2011 fiscal year with a strong balance sheet, posting Euro 2.692 billion of gross cash and Euro 2.387 billion of net cash. Such values are up from gross and net cash at the end of the 2010 fiscal year of Euro 1.727 billion and Euro 1.331 billion, respectively.

Cash returns to capital markets during the 2011 fiscal year totaled Euro 308 million. Of that amount, Euro 109 million was spent on the annual dividend. Euro 173 million was used towards repurchases of the 2014 convertible bond and Euro 26 million were spent on share repurchases. Through the combination of bond and share repurchases, Infineon reduced the diluted number of shares by 29 million or by about 2.5 percent over the course of the fiscal year.

The Infineon share price rose 10 percent over the course of the 2011 fiscal year, outperforming the Dax index by 22 percentage points.

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**Review of Group financials for the fourth quarter of the 2011 fiscal year**

Infineon's revenues in the fourth quarter were Euro 1.038 billion, essentially flat compared to Euro 1.043 billion in the third quarter. Rising macroeconomic uncertainty due to the European debt crisis prevented further revenue growth.

Fourth quarter Total Segment Result was Euro 195 million, a decrease of 8 percent compared to Euro 212 million in the prior quarter. Total Segment Result margin in the fourth quarter decreased to 18.8 percent, down from 20.3 percent in the third quarter. Aside from the lack of revenue growth, Total Segment Result decreased also as depreciation and amortization grew to Euro 98 million from Euro 94 million in the prior quarter and as Operating Expenses rose to Euro 229 million from Euro 223 million in the prior quarter. The expiry of service agreements under which Infineon provided services for its former Wireless mobile phone business contributed to higher expenses both within the Cost of Goods Sold and within Operating Expenses.

In the fourth quarter, income from continuing operations rose to Euro 247 million from Euro 175 million in the prior quarter despite the decline in Total Segment Result as a tax expense of Euro 24 million in the third quarter of the 2011 fiscal year swung to a tax benefit of Euro 75 million in the fourth quarter of the 2011 fiscal year. The tax benefit in the last quarter of the 2011 fiscal year resulted primarily from two non-recurring effects. Firstly, Infineon booked an increase in its Deferred Tax Assets as sustainable profitability of Infineon Technologies AG resulted in higher anticipated future usage of net operating loss carry forwards. Secondly, differences in respect of the treatment of certain items for IFRS and tax purposes had an additional positive effect. Excluding such non-recurring benefits, the tax rate would be in the expected range from 10 to 15 percent.

Loss from discontinued operations, net of income taxes was Euro 122 million compared to income from discontinued operations of Euro 15 million in the previous quarter. The loss arose due to additional provisions totaling Euro 144 million, net of taxes, in connection with the insolvency proceedings of Qimonda AG. The basic and diluted loss from discontinued operations per share stood at Euro 0.11 per share, down from basic and diluted earnings per share of Euro 0.01 in the prior quarter.

Net income was Euro 125 million compared with Euro 190 million in the quarter before. In the fourth quarter, basic earnings per share were Euro 0.12 compared with Euro 0.17

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in the prior quarter and diluted earnings per share were Euro 0.11 compared with Euro 0.17 in the quarter before.

Investments, which the Company defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research & development assets, were Euro 273 million in the fourth quarter, down from Euro 319 million in the prior quarter. Investments in the third quarter included a cash outflow of Euro 91 million for the purchase of real estate including a cleanroom and manufacturing facilities as well as 300-millimeter manufacturing equipment from the insolvency administrator of the Qimonda Dresden GmbH & Co. OHG.

Depreciation and amortization rose to Euro 98 million, compared to Euro 94 million in the prior quarter, due to higher investments over the last quarters.

Free cash flow[2] from continuing operations for the fourth quarter was Euro 97 million, up significantly from negative Euro 8 million for the third quarter. The increase was due to tighter working capital management and lower investments relative to the third quarter of the 2011 fiscal year. Free cash flow from discontinued operations was Euro 102 million, up from negative Euro 75 million in the preceding quarter. The sale of inventory held for the former Wireless mobile phone business to Intel Mobile Communications (IMC) drove up free cash flow from discontinued operations this quarter, while the settlement of certain personnel related liabilities with IMC had a negative impact in the prior quarter. Group free cash flow for the quarter hence amounted to Euro 199 million.

The strong free cash flow generation drove increases in the Company's gross cash position to Euro 2,692 million and its net cash position to Euro 2,387 million as of September 30, 2011. Both increased from Euro 2,585 million and Euro 2,246 million, for gross and net cash, respectively, as of June 30, 2011.

Part of the positive free cash flow of the quarter was used towards total capital returns to financial markets of Euro 76 million. Infineon repurchased a nominal value of Euro 18.7 million of its 2014 convertible bond during the quarter for Euro 50 million in cash. Consequently, the Company's fully diluted sharecount was reduced by 8.1 million shares or approximately 0.7 percent of the fully diluted number of shares outstanding during the third quarter of the 2011 fiscal year. In addition, the Company repurchased 4 million shares through the exercise of put options under its share buy-back program for Euro 26 million in cash. This repurchase equates to a reduction of the number of basic

[2] For definitions and the calculation of free cash flow and of gross and net cash position, please see pages 13 and14.




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and fully diluted shares outstanding during the third quarter of the 2011 fiscal year of approximately 0.3 percent. The total reduction of diluted shares effected during the quarter hence amounts to 1.0 percent of diluted shares outstanding during the third quarter of the 2011 fiscal year.

**Outlook for the first quarter of the 2012 fiscal year**

Subsequent to the pre-announcement dated October, 14, 2011, the Company has observed increasing caution also on the part of customers in the typical late-cycle high power businesses such as, for example, industrial drives. Taking this into account, Infineon for the first quarter of the 2012 fiscal year now expects a sequential revenue decline of about 10 percent and 13 to 14 percent Total Segment Result margin.

Within the expected Group turnover development, Automotive (ATV) revenue is expected to be down slightly quarter-over-quarter, whilst sales in Industrial & Multimarket (IMM), Chip Card & Security (CCS) and Other Operating Segments (OOS) should exhibit more pronounced declines.

**Outlook for the 2012 fiscal year**

At an assumed Euro/U.S. Dollar exchange rate of 1.40, the Company expects full-year revenue to be down a mid single digit percentage relative to the 2011 fiscal year. Within this sales outlook, the Company expects revenue in ATV to develop better than the corporate average, whilst sales in IMM and CCS should develop slightly worse than the Group average. In addition, the Company anticipates a revenue decline in Other Operating Segments of about 40 percent relative to the level of the 2011 fiscal year due to planned reductions in wafer supplies to previously divested businesses. “Whilst we are not immune to cycles, we perform well during the current economic slowdown and remain fully confident in the long-term growth and margin prospects of our business”, says CEO Peter Bauer.

Total Segment Result margin for the 2012 fiscal year is expected to be a low to mid teens percentage of revenues. Within this outlook, the Company assumes a mid single digit revenue decline, a reduction in gross margin to below 40 percent and a 5 to 10 percent increase in operating expenses relative to the 2011 fiscal year. The Company is convinced that secular demand drivers such as the trends towards hybrid and electric vehicles, renewable energies and reduced electricity consumption remain intact. As such, whilst measures have been implemented to curb expense increases, the Company is maintaining high efforts in research and development as well as in selling in order to fully capitalize on its end markets’ growth potential beyond the 2012 fiscal year.

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For the 2012 fiscal year Infineon expects investments to be about flat compared with the levels of the 2011 fiscal year. As part of its investment budget, the Company will expand its capacity at its Dresden site in Germany for 300-millimeter production. The Company regards this as a strategic investment in manufacturing technology to bolster its lead over competition. In addition, Infineon will construct a second 200-millimeter wafer fabrication building at its highly cost-efficient site in Kulim, Malaysia. With full conviction regarding the long-term growth potential of its addressed markets, the planned investments during the 2012 fiscal year are intended to enable highly competitive growth beyond the 2012 fiscal year. Given long lead times between equipment orders, equipment installation and revenue generation, investments have to be made in the 2012 fiscal year in order to enable growth in later periods. Depreciation and amortization is expected to be about Euro 430 million compared with Euro 364 million in the previous year.

**Reorganization to more effectively exploit end market potential**

To more effectively exploit the long-term growth potential of its end markets, Infineon will also implement a number of organizational changes effective January 1, 2012.

Firstly, Arunjai Mittal, currently division president of IMM, will assume responsibilities for sales, marketing, strategy development and M&A as fourth member of the Infineon Management Board as of that date. This addition to the Management Board will allow Infineon to focus even more closely on the development of its distribution channels as well as its strategy.

Furthermore, the increasing complexity of IMM's product portfolio, its customer base and sales channels as well as its end market's dynamics require a breakup into two new segments: Industrial Power Control (IPC) will then concentrate on industrial applications requiring high power levels such as electrical drives and generators whilst Power Management & Multimarket (PMM) will focus on low to medium power ratings in applications such as power supplies for servers, laptops or televisions. The increased organizational specialization will allow further improvements in customer embeddedness and system understanding and should hence drive additional competitive advances.

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## Detailed review of segment performance in the fiscal fourth quarter 2011

| in Euro million | in % of total revenue | 3 months ended Sep 30, 11 | sequential +/- in % | 3 months ended Jun 30, 11 | year-on-year +/- in % | 3 months ended Sep 30, 10 |
|---|---|---|---|---|---|---|
| **Infineon** | | | | | | |
| Revenue | 100 | 1,038 | (0) | 1,043 | 10 | 942 |
| Total Segment Result | | 195 | (8) | 212 | 14 | 171 |
| Total Segment Result margin [in %] | | 18.8% | | 20.3% | | 18.2% |
| **Automotive (ATV)** | | | | | | |
| Segment Revenues | 38 | 396 | (3) | 410 | 16 | 340 |
| Segment Result | | 66 | (18) | 80 | 14 | 58 |
| Segment Result margin [in %] | | 16.7% | | 19.5% | | 17.1% |
| **Industrial & Multimarket (IMM)** | | | | | | |
| Segment Revenues | 45 | 472 | - | 472 | 8 | 436 |
| Segment Result | | 113 | (3) | 116 | 7 | 106 |
| Segment Result margin [in %] | | 23.9% | | 24.6% | | 24.3% |
| **Chip Card & Security (CCS)** | | | | | | |
| Segment Revenues | 11 | 116 | 8 | 107 | 1 | 115 |
| Segment Result | | 16 | 14 | 14 | 33 | 12 |
| Segment Result margin [in %] | | 13.8% | | 13.1% | | 10.4% |
| **Other Operating Segments (OOS)** | | | | | | |
| Segment Revenues | 6 | 60 | 11 | 54 | 7 | 56 |
| Segment Result | | 2 | (33) | 3 | (60) | 5 |
| **Corporate and Eliminations (C&E)** | | | | | | |
| Segment Revenues | 0 | (6) | --- | - | (20) | (5) |
| Segment Result | | (2) | (100) | (1) | 80 | (10) |

As expected in the prior quarter, sales in the ATV Segment declined 3 percent sequentially to Euro 396 million due to seasonality. ATV Segment Result decreased by Euro 14 million or 18 percent sequentially to Euro 66 million mainly due to the lower sales. ATV Segment Result margin stood at 16.7 percent.

Customer caution led to lower than expected demand in the IMM segment. Therefore IMM Segment Revenue was flat with the preceding quarter at Euro 472 million. Lower demand for power products was offset by higher sales of non-power products. In-line with the flat sales, IMM Segment Result was broadly flat as well at Euro 113 million with 23.9 percent Segment Result margin.

Higher demand in several government ID projects as well as solid demand for mobile communication and pay TV products drove CCS sales growth of 8 percent sequentially to Euro 116 million. CCS Segment Result rose 14 percent to Euro 16 million with 13.8 percent Segment Result margin.



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## Analyst telephone conference and press conference

Infineon Technologies AG will conduct a telephone conference (in English only) with analysts and investors on November 16, 2011, 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 2011 fiscal year. In addition, the Infineon Management Board will host a press conference 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 www.infineon.com/investor .

Please find the **Q4 Investor Presentation** on our web site at
http://www.infineon.com/cms/en/corporate/investor/reporting/index.html

## IFX financial calendar (*preliminary date)

| | |
|---|---|
| ➢ Nov 17-18, 2011 | Morgan Stanley TMT Conference, Barcelona, Spain |
| ➢ Nov 22, 2011 | Web cast, fourth quarter results, Automotive segment |
| ➢ Nov 29-30, 2011 | Credit Suisse Technology Conference, Scottsdale, AZ, USA |
| ➢ Feb 1, 2012* | Earnings Release for the First Quarter of the 2012 Fiscal Year |
| ➢ 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 |
| ➢ Jun 28, 2012* | IFX Day 2012 - Infineons Capital Markets Day, Campeon Neubiberg (Munich), Germany |
| ➢ Jul 31, 2012* | Earnings Release for the Third Quarter of the 2012 Fiscal Year |
| ➢ Nov 13, 2012* | Earnings Release for the Fourth Quarter and Full 2012 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 2011 fiscal year (ending September 30), the Company reported sales of Euro 4.0 billion with close to 26 thousand 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 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

| | 3 months ended | | | 12 months ended | |
|---|---|---|---|---|---|
| in Euro million; except for the per share data | Sep 30, 11 | Jun 30, 11 | Sep 30, 10 | Sep 30, 11 | Sep 30, 10 |
| Revenue | 1,038 | 1,043 | 942 | 3,997 | 3,295 |
| Cost of goods sold | (619) | (613) | (563) | (2,343) | (2,058) |
| **Gross profit** | **419** | **430** | **379** | **1,654** | **1,237** |
| Research and development expenses | (110) | (109) | (114) | (439) | (399) |
| Selling, general and administrative expenses | (119) | (114) | (103) | (449) | (386) |
| Other operating income | 10 | 2 | 7 | 23 | 18 |
| Other operating expense | (21) | (8) | (15) | (53) | (122) |
| **Operating income** | **179** | **201** | **154** | **736** | **348** |
| Financial income | 12 | 13 | 5 | 39 | 29 |
| Financial expense | (22) | (14) | (16) | (65) | (95) |
| Income from investments accounted for using the equity method | 3 | (1) | 1 | 4 | 8 |
| **Income from continuing operations before income taxes** | **172** | **199** | **144** | **714** | **290** |
| Income tax benefit (expense) | 75 | (24) | 49 | 30 | 22 |
| **Income from continuing operations** | **247** | **175** | **193** | **744** | **312** |
| Income (loss) from discontinued operations, net of income taxes | (122) | 15 | 197 | 375 | 348 |
| **Net income** | **125** | **190** | **390** | **1,119** | **660** |
| Attributable to: | | | | | |
| Non-controlling interests | - | - | - | - | 1 |
| Shareholders of Infineon Technologies AG | 125 | 190 | 390 | 1,119 | 659 |
| Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Weighted average shares outstanding (in million) – basic | 1,085 | 1,087 | 1,087 | 1,086 | 1,087 |
| Basic earnings per share (in Euro) from continuing operations | 0.23 | 0.16 | 0.18 | 0.68 | 0.29 |
| Basic earnings per share (in Euro) from discontinued operations | (0.11) | 0.01 | 0.18 | 0.35 | 0.32 |
| **Basic earnings per share (in Euro)** | **0.12** | **0.17** | **0.36** | **1.03** | **0.61** |
| Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Weighted average shares outstanding (in million) – diluted | 1,152 | 1,157 | 1,172 | 1,159 | 1,171 |
| Diluted earnings per share (in Euro) from continuing operations | 0.22 | 0.16 | 0.16 | 0.66 | 0.28 |
| Diluted earnings per share (in Euro) from discontinued operations | (0.11) | 0.01 | 0.17 | 0.32 | 0.30 |
| **Diluted earnings per share (in Euro)** | **0.11** | **0.17** | **0.33** | **0.98** | **0.58** |

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## Segment Revenues 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

| | 3 months ended | | | 12 months ended | |
|---|---|---|---|---|---|
| in Euro million | Sep 30, 11 | Jun 30, 11 | Sep 30, 10 | Sep 30, 11 | Sep 30, 10 |
| Total Segment Result | 195 | 212 | 171 | 786 | 475 |
| additional/less: | | | | | |
| Asset impairment reversals / asset impairments, net | - | - | (3) | 5 | (12) |
| Impact on earnings of restructuring measures and closures, net | - | - | 4 | - | 4 |
| Share-based compensation expense | (1) | - | - | (2) | - |
| Acquisition-related depreciation/amortization and losses | - | (1) | (1) | (3) | (4) |
| Losses in connection with the deconsolidation of ALTIS | - | - | - | - | (69) |
| Gains (losses) on sales of assets, businesses, or interests in subsidiaries | 1 | (1) | - | - | 4 |
| Other expenses | (16) | (9) | (17) | (50) | (50) |
| **Operating income** | **179** | **201** | **154** | **736** | **348** |

## Revenues and Segment Result
## for the three and twelve months ended September 30, 2011 and 2010

| | 3 months ended | | | 12 months ended | | |
|---|---|---|---|---|---|---|
| Revenue in Euro million | Sep 30, 11 | Sep 30, 10 | +/- in % | Sep 30, 11 | Sep 30, 10 | +/- in % |
| Automotive | 396 | 340 | 16 | 1,552 | 1,268 | 22 |
| Industrial & Multimarket | 472 | 436 | 8 | 1,800 | 1,429 | 26 |
| Chip Card & Security | 116 | 115 | 1 | 428 | 407 | 5 |
| Other Operating Segments | 60 | 56 | 7 | 216 | 194 | 11 |
| Corporate and Eliminations | (6) | (5) | (20) | 1 | (3) | 133 |
| **Total** | **1,038** | **942** | **10** | **3,997** | **3,295** | **21** |

| | 3 months ended | | | 12 months ended | | |
|---|---|---|---|---|---|---|
| Segment Result in Euro million | Sep 30, 11 | Sep 30, 10 | +/- in % | Sep 30, 11 | Sep 30, 10 | +/- in % |
| Automotive | 66 | 58 | 14 | 279 | 198 | 41 |
| Industrial & Multimarket | 113 | 106 | 7 | 444 | 294 | 51 |
| Chip Card & Security | 16 | 12 | 33 | 54 | 22 | 145 |
| Other Operating Segments | 2 | 5 | (60) | 14 | (4) | 450 |
| Corporate and Eliminations | (2) | (10) | 80 | (5) | (35) | 86 |
| **Total** | **195** | **171** | **14** | **786** | **475** | **65** |

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## Revenues and Segment Result
## for the three months ended September 30, 2011 and June 30, 2011

| Revenue in Euro million | 3 months ended | | |
|---|---|---|---|
| | Sep 30, 11 | Jun 30, 11 | +/- in % |
| Automotive | 396 | 410 | (3) |
| Industrial & Multimarket | 472 | 472 | - |
| Chip Card & Security | 116 | 107 | 8 |
| Other Operating Segments | 60 | 54 | 11 |
| Corporate and Eliminations | (6) | - | --- |
| **Total** | **1,038** | **1,043** | **(0)** |

| Segment Result in Euro million | 3 months ended | | |
|---|---|---|---|
| | Sep 30, 11 | Jun 30, 11 | +/- in % |
| Automotive | 66 | 80 | (18) |
| Industrial & Multimarket | 113 | 116 | (3) |
| Chip Card & Security | 16 | 14 | 14 |
| Other Operating Segments | 2 | 3 | (33) |
| Corporate and Eliminations | (2) | (1) | (100) |
| **Total** | **195** | **212** | **(8)** |

## Employees

| | Sep 30, 11 | Jun 30, 11 | Sep 30, 10 |
|---|---|---|---|
| Infineon [1] | 25,750 | 25,149 | 26,654 |

(1) As of September 30, 2011, June 30, 2011 and September 30, 2010, 3,900, 3,711 and 5,771 Infineon employees, respectively, were engaged in research and development.

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## 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”.

| in Euro million | Sep 30, 11 | Jun 30, 11 | Sep 30, 10 |
|---|---|---|---|
| **Assets:** | | | |
| Current assets: | | | |
| Cash and cash equivalents | 1,007 | 822 | 1,667 |
| Financial investments | 1,685 | 1,763 | 60 |
| Trade and other receivables | 593 | 828 | 687 |
| therin: Trade accounts receivables | 510 | 584 | 622 |
| Inventories | 507 | 631 | 514 |
| Income tax receivable | 30 | 15 | 7 |
| Other current financial assets | 2 | 4 | 72 |
| Other current assets | 142 | 101 | 88 |
| Assets classified as held for sale | 5 | 4 | 495 |
| **Total current assets** | **3,971** | **4,168** | **3,590** |
| Property, plant and equipment | 1,343 | 1,185 | 838 |
| Goodwill and other intangible assets | 111 | 103 | 87 |
| Investments accounted for using the equity method | 34 | 31 | 35 |
| Deferred tax assets | 262 | 221 | 308 |
| Other financial assets | 124 | 124 | 119 |
| Other assets | 28 | 31 | 16 |
| **Total non-current assets** | **1,902** | **1,695** | **1,403** |
| **Total assets** | **5,873** | **5,863** | **4,993** |
| **Liabilities and equity:** | | | |
| Current liabilities: | | | |
| Short-term debt and current maturities of long-term debt | 68 | 83 | 133 |
| Trade and other payables | 735 | 760 | 665 |
| therin: Trade accounts payables | 720 | 718 | 659 |
| Current provisions | 810 | 619 | 553 |
| Income tax payable | 59 | 113 | 111 |
| Other current financial liabilities | 159 | 121 | 16 |
| Other current liabilities | 174 | 315 | 153 |
| Liabilities classified as held for sale | - | - | 177 |
| **Total current liabilities** | **2,005** | **2,011** | **1,808** |
| Long-term debt | 237 | 256 | 263 |
| Pension plans and similar commitments | 168 | 147 | 146 |
| Deferred tax liabilities | 7 | 9 | 11 |
| Non-current provisions | 26 | 45 | 55 |
| Other financial liabilities | 4 | 6 | 6 |
| Other liabilities | 71 | 69 | 79 |
| **Total non-current liabilities** | **513** | **532** | **560** |
| **Total liabilities** | **2,518** | **2,543** | **2,368** |
| Shareholders' equity: | | | |
| Ordinary share capital | 2,173 | 2,173 | 2,173 |
| Additional paid-in capital | 5,854 | 5,875 | 6,048 |
| Accumulated deficit | (4,514) | (4,619) | (5,613) |
| Other reserves | 10 | 4 | 17 |
| Own shares | (26) | - | - |
| Put options on own shares | (142) | (113) | - |
| **Equity attributable to shareholders of Infineon Technologies AG** | **3,355** | **3,320** | **2,625** |
| **Total liabilities and equity** | **5,873** | **5,863** | **4,993** |

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## Infineon Regional Sales Development

| in % | 3 months ended Sep 30, 11 | 3 months ended Jun 30, 11 | 3 months ended Sep 30, 10 | 12 months ended Sep 30, 11 | 12 months ended Sep 30, 10 |
|---|---|---|---|---|---|
| **Revenue:** | | | | | |
| Europe, Middle East, Africa | 48% | 49% | 45% | 48% | 46% |
| therein: Germany | 28% | 28% | 26% | 27% | 26% |
| Asia-Pacific (w/o Japan) | 37% | 36% | 38% | 36% | 36% |
| therein: China | 16% | 15% | 19% | 17% | 18% |
| Japan | 5% | 5% | 5% | 5% | 6% |
| Americas | 10% | 10% | 12% | 11% | 12% |
| **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 current maturities of long-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:

* Includes only amounts from continuing operations.

| in Euro million | Sep 30, 11 | Jun 30, 11 | Sep 30, 10 |
|---|---|---|---|
| Cash and cash equivalents | 1,007 | 822 | 1,667 |
| Financial investments | 1,685 | 1,763 | 60 |
| **Gross Cash Position** | **2,692** | **2,585** | **1,727** |
| Less: | | | |
| Short-term debt and current maturities of long-term debt | 68 | 83 | 133 |
| Long-term debt | 237 | 256 | 263 |
| **Net Cash Position** | **2,387** | **2,246** | **1,331** |

### 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 Sep 30, 11 | 3 months ended Jun 30, 11 | 3 months ended Sep 30, 10 | 12 months ended Sep 30, 11 | 12 months ended Sep 30, 10 |
|---|---|---|---|---|---|
| Net cash provided by operating activities from continuing operations | 361 | 311 | 399 | 983 | 958 |
| Net cash used in investing activities from continuing operations | (189) | (548) | (161) | (2,499) | (355) |
| Adjusted for: Net purchases (net proceeds from sales) of financial investments | (75) | 229 | (2) | 1,622 | (30) |
| **Free Cash Flow from continuing operations** | **97** | **(8)** | **236** | **106** | **573** |

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## Consolidated Statements of Cash Flows

| in Euro million | 3 months ended Sep 30, 11 | Jun 30, 11 | Sep 30, 10 |
|---|---|---|---|
| **Net income** | **125** | **190** | **390** |
| Less: net income (loss) from discontinued operations, net of income taxes | 122 | (15) | (197) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | | |
| Depreciation and amortization | 98 | 94 | 85 |
| Income tax benefit | (75) | 24 | (49) |
| Interest result | 7 | 4 | 10 |
| Provision for (recovery of) doubtful accounts | - | (2) | - |
| Losses (gains) on sales of financial investments | 2 | - | - |
| Losses (gains) on sales of businesses and interests in subsidiaries | - | (2) | - |
| Losses in connection with the deconsolidation of ALTIS | - | - | (14) |
| Losses (gains) on disposals of property, plant and equipment | (1) | - | - |
| Income from investments accounted for using the equity method | (3) | 1 | (1) |
| Dividends received from associated companies | - | 5 | 4 |
| Impairment charges | 1 | - | - |
| Share-based compensation | 1 | - | - |
| Changes in trade and other receivables | 15 | (5) | 6 |
| Changes in inventories | 6 | (20) | (8) |
| Changes in other current assets | (11) | 1 | 34 |
| Changes in trade and other payables | (1) | 31 | 92 |
| Changes in provisions | 39 | 50 | 114 |
| Changes in other current liabilities | 26 | (10) | (80) |
| Changes in other assets and liabilities | (5) | (13) | 19 |
| Interest received | 11 | 6 | 3 |
| Interest paid | (2) | (12) | (1) |
| Income tax paid | 6 | (16) | (8) |
| **Net cash provided by operating activities from continuing operations** | **361** | **311** | **399** |
| **Net cash provided by (used in) operating activities from discontinued** | **135** | **(32)** | **(12)** |
| **Net cash provided by operating activities** | **496** | **279** | **387** |
| Cash flows from investing activities: | | | |
| Purchases of financial investments | (887) | (550) | - |
| Proceeds from sales of financial investments | 962 | 321 | 2 |
| Proceeds from sales of businesses and interests in subsidiaries | 2 | - | 1 |
| Purchases of intangible assets and other assets | (13) | (11) | (8) |
| Purchases of property, plant and equipment | (260) | (308) | (155) |
| Proceeds from sales of property, plant and equipment and other assets | 7 | - | (1) |
| **Net cash used in investing activities from continuing operations** | **(189)** | **(548)** | **(161)** |
| **Net cash used in investing activities from discontinued operations** | **(33)** | **(43)** | **(8)** |
| **Net cash used in investing activities** | **(222)** | **(591)** | **(169)** |
| Cash flows from financing activities: | | | |
| Net change in related party financial receivables and payables | - | - | 2 |
| Proceeds from issuance of non-current debt | - | 2 | 2 |
| Repayments of non-current debt | (21) | (17) | (13) |
| Repurchase of subordinated convertible bonds | (50) | (16) | - |
| Change in cash deposited as collateral | 1 | (1) | 1 |
| Purchase of own shares | (26) | - | - |
| Proceeds from the issuance of put options on own shares | 4 | 4 | - |
| Dividend payments | - | - | - |
| **Net cash used in financing activities from continuing operations** | **(92)** | **(28)** | **(8)** |
| **Net cash provided by financing activities from discontinued operations** | **-** | **-** | **-** |
| **Net cash used in financing activities** | **(92)** | **(28)** | **(8)** |
| Net increase (decrease) in cash and cash equivalents | 182 | (340) | 210 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 3 | - | 5 |
| Cash and cash equivalents at beginning of period | 822 | 1,162 | 1,452 |
| **Cash and cash equivalents at end of period** | **1,007** | **822** | **1,667** |

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## D I S C L A I M E R

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.

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