



News Release/Presseinformation

Infineon resumes growth – profit margin better than expected

- **Second-quarter revenue ahead of forecast and 4 percent up on previous quarter to Euro 986 million**
- **Segment Result Margin at 14.6 percent slightly better than forecast**
- **Outlook for third quarter: Revenue and Segment Result Margin expected to be broadly flat**
- **Outlook for full fiscal year: Low single-digit percentage decline in revenue expected with mid-teens percentage Segment Result Margin**

Neubiberg, Germany – May 3, 2012 – Infineon Technologies AG today reported results for the second quarter of the 2012 fiscal year, ended March 31, 2012.

| in Euro million | 3 months ended | sequential | 3 months ended | year-on-year | 3 months ended |
|--|----------------|------------|----------------|--------------|----------------|
| | Mar 31, 12 | +/- in % | Dec 31, 11 | +/- in % | Mar 31, 11 |
| Revenue | 986 | 4 | 946 | (1) | 994 |
| Segment Result | 144 | 2 | 141 | (29) | 202 |
| Segment Result Margin [in %] | 14.6% | | 14.9% | | 20.3% |
| Income from continuing operations | 109 | 5 | 104 | (37) | 173 |
| Income from discontinued operations, net of income taxes | 2 | 125 | (8) | (99) | 399 |
| Net income | 111 | 16 | 96 | (81) | 572 |
| Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Basic earnings per share from continuing operations | 0.10 | – | 0.10 | (38) | 0.16 |
| Basic earnings per share from discontinued operations | – | 100 | (0.01) | (100) | 0.37 |
| Basic earnings per share | 0.10 | 11 | 0.09 | (81) | 0.53 |
| Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Diluted earnings per share from continuing operations | 0.10 | – | 0.10 | (33) | 0.15 |
| Diluted earnings per share from discontinued operations | – | 100 | (0.01) | (100) | 0.35 |
| Diluted earnings per share | 0.10 | 11 | 0.09 | (80) | 0.50 |

“Business was better in the second quarter than expected. Three out of four segments increased revenue. Our focus on key challenges for today’s society – energy efficiency, mobility and security – is also proving its worth during difficult economic times”, says Peter Bauer, CEO of Infineon Technologies AG. “Our investments secure growth and profitability in the long term.”

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Growth and margins

After a sequential decline in revenue in the first quarter of the current fiscal year, the second quarter – with the exception of the Industrial Power Control segment, for which demand continued to fall in line with the late-cycle nature of this business – saw a resumption of sequential revenue growth. Once again, Infineon performed better than the market as a whole. Second-quarter revenue rose 4 percent compared to the preceding quarter, despite the fact that sales volume in Infineon's addressable market (semiconductor industry revenue excluding memory chips and microprocessors) contracted by 1 percent.

Thanks to its earnings strength and liquidity position, Infineon is able to continue its targeted strategy of counter-cyclical investments. In addition to expanding capacity, the Company is also increasing levels of expenditure on research and development as well as on sales and marketing, with the ultimate aim of securing future growth and increasing market share. Despite some mixed trends in worldwide demand, the Segment Result Margin for the Infineon Group as a whole came in at 14.6 percent in the second quarter, again roughly in line with the 15 percent target margin over the economic cycle. Infineon has also been successful in terms of market share. Over the past year, we have managed to increase our market share in the Automotive sector by one full percentage point to 9.8 percent¹. Infineon has therefore gained more market share than any other competitor and further consolidated its market position as the second largest manufacturer in this sector.

Owing to a small increase in capital employed, the return on capital employed (RoCE) slipped from 27 percent in the first quarter to 25 percent in the second quarter. Nonetheless, RoCE remains significantly higher than the cost of capital.

Capital return

Shareholders are able to participate in the Group's sustainable, profitable growth in a number of ways, including favorable developments in Infineon's share price, dividends and the buyback of convertible bonds and shares. During the last quarter, Infineon paid a dividend of Euro 130 million for the 2011 fiscal year (previous year: Euro 109 million). Including the buyback of convertible bonds and shares, Infineon has returned some Euro 508 million to the capital market since the beginning of the 2011 fiscal year.

Outlook for third quarter of FY 2012

The outlook is based on the assumption that the Euro/US Dollar exchange rate will remain at a similar level to the average of the first half of the current fiscal year. The

¹ Strategy Analytics: Automotive Semiconductor Vendor Market Shares 2011, April 2012.

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forecast for the third quarter of the current fiscal year is for broadly flat revenue and a Segment Result Margin similar to the level recorded in the second quarter. The distribution of revenue over the various segments is not expected to change significantly, however, the combined revenue of Other Operating Segments (OOS) and Corporate and Eliminations (C&E) is expected to decrease.

Outlook for full FY 2012: higher targets for revenue and Segment Result Margin

Based on the assumption that the Euro/US Dollar exchange rate will be largely unchanged compared to the first half of the year, Infineon now forecasts that revenue in the 2012 fiscal year will only fall by a low single-digit percentage rate compared to the fiscal year 2011. Revenue had previously been predicted to drop by a mid-single-digit percentage rate.

In the same vein, the Segment Result Margin for the 2012 fiscal year is now expected to be a mid-teens percentage. Previously, the forecast had been for a low to mid-teens percentage margin.

Investments are forecasted to be at a similar level to the 2011 fiscal year, unchanged from the previous forecast. The expense for depreciation and amortization in the 2012 fiscal year is expected to be in the region of Euro 440 million.

Details with regard to Group earnings in the second quarter of FY 2012

Group revenue rose by 4 percent from Euro 946 million in the first quarter 2012 to Euro 986 million in the second quarter of the 2012 fiscal year.

The Automotive (ATV), Power Management & Multimarket (PMM) and Chip Card & Security (CCS) segments all contributed to second-quarter growth. The Euro/US Dollar exchange rate also had a positive impact on revenue. By contrast, revenue generated by the Industrial Power Control (IPC) segment decreased.

Infineon's second-quarter Segment Result rose to Euro 144 million, compared with Euro 141 million recorded in the previous quarter. The Segment Result Margin slipped marginally from 14.9 percent in the first quarter to 14.6 percent in the second quarter. The expansion of capacities pushed the expense for depreciation and amortization up from Euro 97 million (Q1 FY 2012) to Euro 103 million (Q2 FY 2012). Operating expenses also went up slightly, with the combined total of research and development, selling and administrative expenses up from Euro 224 million to Euro 227 million.

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Infineon reported income from continuing operations of Euro 109 million, up from Euro 104 million in the previous quarter. Interest expenses included in that figure were slightly lower than in the previous quarter since there were no buybacks of convertible bonds in the second quarter. The tax expense was also slightly lower.

Earnings per share from continuing operations (basic and diluted) remained unchanged from the previous quarter, at Euro 0.10 per share.

Income from discontinued operations went up in the second quarter of the 2012 fiscal year to Euro 2 million, compared to the loss of Euro 8 million reported one quarter earlier.

Basic and diluted earnings per share from discontinued operations improved to Euro 0,00 compared with a loss per share (basic and diluted) of Euro 0.01 in the previous quarter.

Net income increased to Euro 111 million in the second quarter after the previous quarter's Euro 96 million. Earnings per share were Euro 0.10 compared with Euro 0.09 one quarter earlier (basic and diluted).

Investments – which the Company defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research and development assets – amounted to Euro 192 million and were therefore Euro 102 million lower than the previous quarter's figure of Euro 294 million. Depreciation and amortization developed as expected, increasing from Euro 97 million in the first quarter to Euro 103 million in the second quarter.

Free cash flow² from continuing operations improved significantly from negative Euro 234 million in the first quarter to negative Euro 10 million in the second. The main factor for this was the lower level of investments. Other factors contributing to the improvement were increased net income, higher depreciation and amortization as well as lower inventories and bonus payments.

The dividend for the 2011 fiscal year, totalling Euro 130 million, was paid on March 9, 2012, and reduced both the gross and the net cash position. The gross cash position went down by Euro 147 million from Euro 2,337 million at December 31, 2011 to Euro 2,190 million at March 31, 2012. The net cash position decreased by Euro 141 million,

² For definitions and the calculation of free cash flow and of gross and net cash position, please see pages 12 and 13.

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finishing the second quarter at Euro 1,927 million compared with Euro 2,068 million at the end of the previous quarter.

Segment earnings in second quarter of 2012 fiscal year

| in Euro million | in % of total revenue | 3 months ended Mar 31, 12 | sequential +/- in % | 3 months ended Dec 31, 11 | year-on-year +/- in % | 3 months ended Mar 31, 11 |
|---|-----------------------|------------------------------|------------------------|------------------------------|--------------------------|------------------------------|
| Infineon | | | | | | |
| Revenue | 100 | 986 | 4 | 946 | (1) | 994 |
| Segment Result | | 144 | 2 | 141 | (29) | 202 |
| Segment Result Margin [in %] | | 14.6% | | 14.9% | | 20.3% |
| Automotive (ATV) | | | | | | |
| Segment Revenues | 43 | 425 | 9 | 391 | 8 | 392 |
| Segment Result | | 63 | 15 | 55 | (15) | 74 |
| Segment Result Margin [in %] | | 14.8% | | 14.1% | | 18.9% |
| Industrial Power Control (IPC) | | | | | | |
| Segment Revenues | 18 | 174 | (11) | 196 | (9) | 191 |
| Segment Result | | 27 | (31) | 39 | (50) | 54 |
| Segment Result Margin [in %] | | 15.5% | | 19.9% | | 28.3% |
| Power Management & Multimarket (PMM) | | | | | | |
| Segment Revenues | 23 | 227 | 2 | 222 | (6) | 242 |
| Segment Result | | 32 | (20) | 40 | (41) | 54 |
| Segment Result Margin [in %] | | 14.1% | | 18.0% | | 22.3% |
| Chip Card & Security (CCS) | | | | | | |
| Segment Revenues | 11 | 112 | 15 | 97 | 5 | 107 |
| Segment Result | | 14 | 133 | 6 | - | 14 |
| Segment Result Margin [in %] | | 12.5% | | 6.2% | | 13.1% |
| Other Operating Segments (OOS) | | | | | | |
| Segment Revenues | 4 | 39 | (9) | 43 | (36) | 61 |
| Segment Result | | 7 | 75 | 4 | - | 7 |
| Corporate and Eliminations (C&E) | | | | | | |
| Segment Revenues | 1 | 9 | 400 | (3) | +++ | 1 |
| Segment Result | | 1 | 133 | (3) | 200 | (1) |

Automobile production grew in the second quarter as expected and major customers continued to perform well in this sector. ATV segment revenue increased by 9 percent from Euro 391 million to Euro 425 million. Segment Result rose from EUR 55 million to EUR 63 million and the Segment Result Margin improved by 0.7 percentage points to 14.8 percent.

IPC³ segment revenue fell from Euro 196 million in the first quarter to Euro 174 million in the second quarter of the 2012 fiscal year. Demand in all industrial sectors was weak owing to the late-cycle nature of this business. IPC's Segment Result declined from Euro 39 million to Euro 27 million as a consequence of the lower level of revenue; this caused the margin to drop from 19.9 percent to 15.5 percent.

³ As announced earlier, Infineon has divided its segment Industrial & Multimarket (IMM) into two new segments effective January 1, 2012: Industrial Power Control (IPC) and Power Management & Multimarket (PMM). The Company will report exclusively according to its new structure from second quarter of the 2012 fiscal year onwards. Details relating to the new structure are included in the quarterly presentation (only in English) and in the "Financial tables" on our website under Quarterly Financial Results.

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PMM³ segment revenue stabilized in the second quarter. There was a significant rise in demand for power components in the notebooks and servers line of business. On the other hand, customer spending on lighting, wireless infrastructure and solar related-products and – due to seasonal factors also on games consoles – remained subdued. Overall, the segment recorded second-quarter revenue amounting to Euro 227 million, compared to Euro 222 million in the preceding quarter. Production capacity expansion and higher operational costs caused the PMM Segment Result to drop from Euro 40 million in the first quarter to Euro 32 million in the second quarter of the 2012 fiscal year. The margin deteriorated accordingly from 18.0 percent to 14.1 percent.

CCS segment revenue rose from Euro 97 million in the first quarter to Euro 112 million in the second quarter; the main driving force behind this was the increase in business relating to secure solutions for payment, government ID and Pay-TV. The Segment Result rose from Euro 6 million to Euro 14 million due to the good sales performance. After a margin of 6.2 percent in the first quarter, the CCS segment was able once again to report a double-digit margin of 12.5 percent.

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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 May 3, 2012, at 10:00 a.m. Central European Summer Time (CEST), 4:00 a.m. Eastern Daylight Time (US EDT), to discuss operating performance during the second quarter of the 2012 fiscal year. In addition, the Infineon Management Board will host a telephone conference with the media at 11:30 a.m. (CEST), 5:30 a.m. (US EDT). 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 **Q2 Investor Presentation** on our web site at

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

IFX financial calendar (*preliminary date)

- Jun 5, 2012 DZ Bank Sustainability Technologies Conference, Zurich, Switzerland
- Jul 31, 2012* Earnings Release for the Third Quarter of the 2012 Fiscal Year
- Aug 29 – 30, 2012 Commerzbank Sector Conference Week, Frankfurt, Germany
- Sep 13, 2012 JPMorgan Pan Euro Tech Conference, London, UK
- Sep 26, 2012 Baader Investment Conference, Munich, Germany
- Nov 14, 2012* Earnings Release for the Fourth Quarter and Full 2012 Fiscal Year
- Nov 15 – 16, 2012 Morgan Stanley TMT Conference, Barcelona, Spain
- Nov 27 – 28, 2012 Credit Suisse Technology Conference, Scottsdale, USA

About Infineon

Infineon Technologies AG, Neubiberg, Germany, offers semiconductor and system solutions addressing three central challenges to modern society: energy efficiency, mobility, and security. In the 2011 fiscal year (ending September 30), the Company reported sales of Euro 4.0 billion with close to 26,000 employees worldwide. Infineon is listed on the Frankfurt Stock Exchange (ticker symbol: IFX) and in the USA on the over-the-counter market OTCQX International Premier (ticker symbol: IFNNY).

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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

| in Euro million; except for the per share data | 3 months ended | | | 6 months ended | |
|--|----------------|-------------|-------------|----------------|-------------|
| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 | Mar 31, 12 | Mar 31, 11 |
| Revenue | 986 | 946 | 994 | 1,932 | 1,916 |
| Cost of goods sold | (621) | (585) | (573) | (1,206) | (1,111) |
| Gross profit | 365 | 361 | 421 | 726 | 805 |
| Research and development expenses | (110) | (106) | (112) | (216) | (220) |
| Selling, general and administrative expenses | (117) | (118) | (113) | (235) | (216) |
| Other operating income | 11 | 4 | 9 | 15 | 11 |
| Other operating expense | (20) | (12) | (18) | (32) | (24) |
| Operating income | 129 | 129 | 187 | 258 | 356 |
| Financial income | 11 | 12 | 8 | 23 | 14 |
| Financial expense | (13) | (18) | (11) | (31) | (29) |
| Income from investments accounted for using the equity method | - | 1 | 2 | 1 | 2 |
| Income from continuing operations before income taxes | 127 | 124 | 186 | 251 | 343 |
| Income tax expense | (18) | (20) | (13) | (38) | (21) |
| Income from continuing operations | 109 | 104 | 173 | 213 | 322 |
| Income from discontinued operations, net of income taxes | 2 | (8) | 399 | (6) | 482 |
| Net income | 111 | 96 | 572 | 207 | 804 |
| Attributable to: | | | | | |
| Non-controlling interests | - | - | - | - | - |
| Shareholders of Infineon Technologies AG | 111 | 96 | 572 | 207 | 804 |
| Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Weighted average shares outstanding (in million) – basic | 1,080 | 1,082 | 1,087 | 1,081 | 1,087 |
| Basic earnings per share (in Euro) from continuing operations | 0.10 | 0.10 | 0.16 | 0.20 | 0.30 |
| Basic earnings per share (in Euro) from discontinued operations | - | (0.01) | 0.37 | (0.01) | 0.44 |
| Basic earnings per share (in Euro) | 0.10 | 0.09 | 0.53 | 0.19 | 0.74 |
| Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro): | | | | | |
| Weighted average shares outstanding (in million) – diluted | 1,133 | 1,140 | 1,160 | 1,136 | 1,163 |
| Diluted earnings per share (in Euro) from continuing operations | 0.10 | 0.10 | 0.15 | 0.20 | 0.29 |
| Diluted earnings per share (in Euro) from discontinued operations | - | (0.01) | 0.35 | (0.01) | 0.41 |
| Diluted earnings per share (in Euro) | 0.10 | 0.09 | 0.50 | 0.19 | 0.70 |

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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 Segment Result to Operating Income

| in Euro million | 3 months ended | | | 6 months ended | |
|---|----------------|------------|------------|----------------|------------|
| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 | Mar 31, 12 | Mar 31, 11 |
| Segment Result | 144 | 141 | 202 | 285 | 379 |
| plus/minus: | | | | | |
| Asset impairment reversals/asset impairments, net | (14) | - | 3 | (14) | 5 |
| Impact on earnings of restructuring measures and closures, net | - | - | - | - | - |
| Share-based compensation expense | - | (1) | (1) | (1) | (1) |
| Acquisition-related depreciation/amortization and losses | (1) | (1) | (1) | (2) | (2) |
| Gains (losses) on sales of assets, businesses, or interests in subsidiaries | - | - | - | - | - |
| Other expenses | - | (10) | (16) | (10) | (25) |
| Operating income | 129 | 129 | 187 | 258 | 356 |

Revenues and Segment Result for the three and six months ended March 31, 2012 and 2011

| Revenue in Euro million | 3 months ended | | | 6 months ended | | |
|--------------------------------|----------------|------------|------------|----------------|--------------|----------|
| | Mar 31, 12 | Mar 31, 11 | +/- in % | Mar 31, 12 | Mar 31, 11 | +/- in % |
| Automotive | 425 | 392 | 8 | 816 | 746 | 9 |
| Industrial Power Control | 174 | 191 | (9) | 370 | 377 | (2) |
| Power Management & Multimarket | 227 | 242 | (6) | 449 | 479 | (6) |
| Chip Card & Security | 112 | 107 | 5 | 209 | 205 | 2 |
| Other Operating Segments | 39 | 61 | (36) | 82 | 102 | (20) |
| Corporate and Eliminations | 9 | 1 | +++ | 6 | 7 | (14) |
| Total | 986 | 994 | (1) | 1,932 | 1,916 | 1 |

| Segment Result in Euro million | 3 months ended | | | 6 months ended | | |
|--------------------------------|----------------|------------|-------------|----------------|------------|-------------|
| | Mar 31, 12 | Mar 31, 11 | +/- in % | Mar 31, 12 | Mar 31, 11 | +/- in % |
| Automotive | 63 | 74 | (15) | 118 | 133 | (11) |
| Industrial Power Control | 27 | 54 | (50) | 66 | 106 | (38) |
| Power Management & Multimarket | 32 | 54 | (41) | 72 | 109 | (34) |
| Chip Card & Security | 14 | 14 | - | 20 | 24 | (17) |
| Other Operating Segments | 7 | 7 | - | 11 | 9 | 22 |
| Corporate and Eliminations | 1 | (1) | 200 | (2) | (2) | - |
| Total | 144 | 202 | (29) | 285 | 379 | (25) |

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Revenues and Segment Result for the three months ended March 31, 2012 and December 31, 2011

| Revenue in Euro million | 3 months ended | | |
|--------------------------------|----------------|------------|----------|
| | Mar 31, 12 | Dec 31, 11 | +/- in % |
| Automotive | 425 | 391 | 9 |
| Industrial Power Control | 174 | 196 | (11) |
| Power Management & Multimarket | 227 | 222 | 2 |
| Chip Card & Security | 112 | 97 | 15 |
| Other Operating Segments | 39 | 43 | (9) |
| Corporate and Eliminations | 9 | (3) | 400 |
| Total | 986 | 946 | 4 |

| Segment Result in Euro million | 3 months ended | | |
|--------------------------------|----------------|------------|----------|
| | Mar 31, 12 | Dec 31, 11 | +/- in % |
| Automotive | 63 | 55 | 15 |
| Industrial Power Control | 27 | 39 | (31) |
| Power Management & Multimarket | 32 | 40 | (20) |
| Chip Card & Security | 14 | 6 | 133 |
| Other Operating Segments | 7 | 4 | 75 |
| Corporate and Eliminations | 1 | (3) | 133 |
| Total | 144 | 141 | 2 |

Employees

| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 |
|-------------------------|------------|------------|------------|
| Infineon ⁽¹⁾ | 26,227 | 26,026 | 25,119 |

⁽¹⁾ As of March 31, 2012, December 31, 2011, and March 31, 2011, 4,114, 4,014 and 4,045 Infineon employees, respectively, were engaged in research and development.

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Consolidated Statement of Financial Position

| in Euro million | Mar 31, 12 | Dec 31, 11 | Sep 30, 11 |
|--|--------------|--------------|--------------|
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | 576 | 392 | 1,007 |
| Financial investments | 1,614 | 1,945 | 1,685 |
| Trade and other receivables | 540 | 554 | 593 |
| therein: Trade accounts receivables | 493 | 460 | 510 |
| Inventories | 521 | 539 | 507 |
| Income tax receivable | 9 | 20 | 30 |
| Other current financial assets | 5 | 5 | 2 |
| Other current assets | 124 | 133 | 142 |
| Assets classified as held for sale | 9 | 15 | 5 |
| Total current assets | 3,398 | 3,603 | 3,971 |
| Property, plant and equipment | 1,577 | 1,509 | 1,343 |
| Goodwill and other intangible assets | 134 | 122 | 111 |
| Investments accounted for using the equity method | 35 | 34 | 34 |
| Deferred tax assets | 257 | 262 | 262 |
| Other financial assets | 133 | 118 | 124 |
| Other assets | 46 | 45 | 28 |
| Total non-current assets | 2,182 | 2,090 | 1,902 |
| Total assets | 5,580 | 5,693 | 5,873 |
| Liabilities and equity: | | | |
| Current liabilities: | | | |
| Short-term debt and current maturities of long-term debt | 58 | 65 | 68 |
| Trade and other payables | 564 | 608 | 735 |
| therein: Trade accounts payables | 557 | 591 | 720 |
| Current provisions | 687 | 736 | 810 |
| Income tax payable | 84 | 69 | 59 |
| Other current financial liabilities | 137 | 135 | 159 |
| Other current liabilities | 149 | 164 | 174 |
| Total current liabilities | 1,679 | 1,777 | 2,005 |
| Long-term debt | 205 | 204 | 237 |
| Pension plans and similar commitments | 169 | 170 | 168 |
| Deferred tax liabilities | 6 | 7 | 7 |
| Long-term provisions | 31 | 27 | 26 |
| Other financial liabilities | 7 | 6 | 4 |
| Other liabilities | 64 | 66 | 71 |
| Total non-current liabilities | 482 | 480 | 513 |
| Total liabilities | 2,161 | 2,257 | 2,518 |
| Shareholders' equity: | | | |
| Ordinary share capital | 2,173 | 2,173 | 2,173 |
| Additional paid-in capital | 5,706 | 5,832 | 5,854 |
| Accumulated deficit | (4,307) | (4,418) | (4,514) |
| Other reserves | 15 | 16 | 10 |
| Own shares | (46) | (46) | (26) |
| Put options on own shares | (122) | (121) | (142) |
| Total equity | 3,419 | 3,436 | 3,355 |
| Total liabilities and equity | 5,580 | 5,693 | 5,873 |

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Infineon Regional Sales Development

| in % | 3 months ended | | | 6 months ended | |
|-----------------------------|----------------|-------------|-------------|----------------|-------------|
| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 | Mar 31, 12 | Mar 31, 11 |
| Revenue: | | | | | |
| Europe, Middle East, Africa | 47% | 46% | 49% | 47% | 48% |
| therein: Germany | 24% | 26% | 27% | 25% | 27% |
| Asia-Pacific (w/o Japan) | 35% | 37% | 35% | 36% | 36% |
| therein: China | 14% | 16% | 17% | 15% | 18% |
| Japan | 6% | 6% | 5% | 6% | 5% |
| Americas | 12% | 11% | 11% | 11% | 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 | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 |
|--|--------------|--------------|--------------|
| Cash and cash equivalents | 576 | 392 | 1,162 |
| Financial investments | 1,614 | 1,945 | 1,529 |
| Gross Cash Position | 2,190 | 2,337 | 2,691 |
| Less: | | | |
| Short-term debt and current maturities of long-term debt | 58 | 65 | 130 |
| Long-term debt | 205 | 204 | 226 |
| Net Cash Position | 1,927 | 2,068 | 2,335 |

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 | | | 6 months ended | |
|--|----------------|--------------|------------|----------------|------------|
| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 | Mar 31, 12 | Mar 31, 11 |
| Net cash provided by operating activities from continuing operations | 181 | 59 | 177 | 240 | 311 |
| Net cash used in investing activities from continuing operations | 140 | (551) | (1,632) | (411) | (1,762) |
| Adjusted for: Net purchases (net proceeds from sales) of financial investments | (331) | 258 | 1,468 | (73) | 1,468 |
| Free Cash Flow from continuing operations | (10) | (234) | 13 | (244) | 17 |

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Consolidated Statements of Cash Flows

| in Euro million | 3 months ended | | |
|---|----------------|--------------|----------------|
| | Mar 31, 12 | Dec 31, 11 | Mar 31, 11 |
| Net income | 111 | 96 | 572 |
| Plus/less: income from discontinued operations, net of income taxes | (2) | 8 | (399) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 103 | 97 | 89 |
| Income tax expense | 18 | 20 | 13 |
| Net interest result | 2 | 6 | 3 |
| Provision for (recovery of) doubtful accounts | - | - | 3 |
| Losses (gains) on disposals of property, plant and equipment | (1) | - | - |
| Income from investments accounted for using the equity method | - | (1) | (2) |
| Impairment charges | 10 | - | (3) |
| Share-based compensation | 1 | - | 1 |
| Change in trade and other receivables | (1) | 37 | (72) |
| Change in inventories | 17 | (34) | 13 |
| Change in other current assets | 16 | 5 | 2 |
| Change in trade and other payables | (46) | (107) | 13 |
| Change in provisions | (37) | (67) | 20 |
| Change in other current liabilities | (11) | 22 | (39) |
| Change in other assets and liabilities | (19) | (20) | (21) |
| Interest received | 10 | 7 | 6 |
| Interest paid | - | (7) | - |
| Income tax received (paid) | 10 | (3) | (22) |
| Net cash provided by operating activities from continuing operations | 181 | 59 | 177 |
| Net cash provided by (used in) operating activities from discontinued operations | - | (27) | 84 |
| Net cash provided by operating activities | 181 | 32 | 261 |
| Purchases of financial investments | (450) | (569) | (1,468) |
| Proceeds from sales of financial investments | 781 | 311 | - |
| Purchases of intangible assets and other assets | (16) | (16) | (9) |
| Purchases of property, plant and equipment | (176) | (278) | (155) |
| Proceeds from sales of property, plant and equipment and other assets | 1 | 1 | - |
| Net cash provided by (used in) investing activities from continuing operations | 140 | (551) | (1,632) |
| Net cash provided by (used in) investing activities from discontinued operations | (2) | (8) | 1,077 |
| Net cash provided by (used in) investing activities | 138 | (559) | (555) |
| Proceeds from issuance of long-term debt | 8 | 2 | - |
| Repayments of long-term debt | (15) | (25) | (16) |
| Repurchase of convertible subordinated bonds | - | (50) | (27) |
| Purchase of own shares | - | (20) | - |
| Proceeds from issuance of put options on own shares | 3 | 3 | - |
| Dividend payments | (130) | - | (109) |
| Net cash used in financing activities from continuing operations | (134) | (90) | (152) |
| Net cash provided by (used in) financing activities from discontinued operations | - | - | 1 |
| Net cash used in financing activities | (134) | (90) | (151) |
| Net increase (decrease) in cash and cash equivalents | 185 | (617) | (445) |
| Effect of foreign exchange rate changes on cash and cash equivalents | (1) | 2 | (3) |
| Cash and cash equivalents at beginning of period | 392 | 1,007 | 1,610 |
| Cash and cash equivalents at end of period | 576 | 392 | 1,162 |

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DISCLAIMER

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

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

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

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