



News Release/Presseinformation

Infineon reports better than expected earnings for Q1 FY2014

- **Q1 FY2014: Revenue €984 million; Segment Result €116 million; Segment Result Margin 11.8 percent**
- **Capital returns program started: parts of the convertible bond repurchased, put options issued**
- **Outlook for Q2 FY2014: revenue expected to increase by a mid single digit percentage compared to previous quarter; Segment Result Margin between 10 and 13 percent**

Neubiberg, Germany – January 30, 2014 – Infineon Technologies AG today reports results for the first quarter of the 2014 fiscal year ended December 31, 2013.

€ in million	3 months ended	sequential	3 months ended	year-on-year	3 months ended
	Dec 31, 13	+/- in %	Sep 30, 13	+/- in %	Dec 31, 12
Revenue	984	(7)	1,053	16	851
Segment Result	116	(22)	148	+++	44
Segment Result Margin [in %]	11.8%		14.1%		5.2%
Income from continuing operations	85	(39)	139	+++	26
Income (loss) from discontinued operations, net of income taxes	2	(33)	3	+++	(7)
Net income	87	(39)	142	+++	19
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Basic earnings per share (in euro) from continuing operations	0.08	(38)	0.13	+++	0.02
Basic earnings (loss) per share (in euro) from discontinued operations	-	-	-	-	-
Basic earnings per share (in euro)	0.08	(38)	0.13	+++	0.02
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :					
Diluted earnings per share (in euro) from continuing operations	0.08	(38)	0.13	+++	0.02
Diluted earnings (loss) per share (in euro) from discontinued operations	-	-	-	-	-
Diluted earnings per share (in euro)	0.08	(38)	0.13	+++	0.02

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

"Infineon has made a good start into the new fiscal year. Revenue has developed in line with forecast during the first quarter. Earnings were better than expected, benefitting from the efficiency measures undertaken at our manufacturing facilities", stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. "Good order intake and positive forecasts for the global economy underpin our outlook: Infineon is poised to profitably grow in 2014."

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Review of Group financials for the first quarter of the 2014 fiscal year

First-quarter revenue for the Infineon Group totaled €984 million, 7 percent down on the €1,053 million recorded in the fourth quarter of the preceding fiscal year. Turnover was in line with the forecast made at the beginning of the quarter.

As a consequence of the lower level of revenue, the Segment Result declined by 22 percent from €148 million in the previous quarter to €116 million in the first quarter of the 2014 fiscal year. The corresponding Segment Result Margin decreased from 14.1 percent to 11.8 percent. However, thanks to earlier-than-anticipated improvements in manufacturing productivity, the Segment Result Margin came in above the originally expected range of between 8 and 10 percent.

Income from continuing operations in the first quarter of the 2014 fiscal year amounted to €85 million, compared with €139 million in the previous quarter. At €2 million, income from discontinued operations was almost unchanged from the €3 million recorded in the fourth quarter of the 2013 fiscal year.

Net income for the first quarter of the current fiscal year totaled €87 million, compared with €142 million in the preceding quarter. Earnings per share (basic and diluted) decreased quarter-on-quarter from €0.13 to €0.08.

Investments – which Infineon defines as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development cost – were reduced to €129 million, compared with €155 million in the fourth quarter of the 2013 fiscal year. Depreciation and amortization increased marginally from €119 million in the fourth quarter to €120 million in the first quarter of the 2014 fiscal year.

As a result of the reduction in net cash provided by operating activities from continuing operations, free cash flow¹ from continuing operations decreased quarter-on-quarter from €156 million to €30 million.

The gross cash position at the end of the first quarter of the 2014 fiscal year, at €2,279 million, was almost unchanged from the €2,286 million recorded at the end of September 2013. The net cash position improved by €65 million from €1,983 million at the end of the previous fiscal year to €2,048 million at the end of the first quarter of the current fiscal year, mainly resulting from the conversion of portions of the convertible bond due 2014.

Capital returns, redemption of convertible bond

On November 19, 2013 the Supervisory Board authorized a new capital returns program for an amount of up to €300 million, which can be used until September 30, 2015 to

¹ For definitions and the calculation of free cash flow and of gross and net cash position, please see page 10.

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acquire shares or parts of the convertible bond due 2014. The Company began implementing the program in December 2013. Since then, it has repurchased portions of the convertible bond due 2014 and written put options on own shares. In total, convertible bonds with a nominal value of €11 million have been repurchased for €35 million and put options sold for 6 million shares. Details of repurchases and the current status of put options sold can be found on Infineon's website at "About Infineon/Investor/Capital Returns/Program 2013".

The repurchases of convertible bonds with a nominal value of €11 million and the conversion of bonds with a nominal value of €64 million led to a nominal value of remaining bonds outstanding of below 20 percent of the nominal amount at issuance. This in turn, in accordance with the bond's Terms and Conditions, triggered an option for Infineon to call the convertible bond prior to its maturity. On December 23, 2013, Infineon announced the redemption of all outstanding convertible bonds at their principal amount plus accrued interest on February 7, 2014. The period for converting the convertible bond into shares prior to this redemption ends on January 31, 2014. In the meantime, all bonds have been converted into shares.

Outlook for the second quarter of the 2014 fiscal year

Second-quarter revenue is forecast to rise by a mid single digit percentage, primarily as a result of higher revenue in the Automotive (ATV) und Chip Card & Security (CCS) segments. The Segment Result Margin is expected to come in at between 10 and 13 percent.

Unchanged outlook for 2014 fiscal year

For the 2014 fiscal year, based on an assumed exchange rate of the US dollar against the euro of 1.35, Infineon continues to forecast an increase in revenue of between 7 and 11 percent compared to the previous year and a Segment Result Margin of between 11 and 14 percent.

The expected increase in revenue for the Industrial Power Control (IPC) segment should be well above the average for the Group. The growth rates forecast for the Power Management & Multimarket (PMM) and CCS segments are forecast to be roughly in line with the expected Group average. The ATV segment is likely to grow at a rate slightly lower than the Group average. Revenue generated by Other Operating Segments has decreased continuously in each of the last two fiscal years and only amounted to €26 million in the 2013 fiscal year. The figure for the 2014 fiscal year is expected to be unchanged or slightly lower.

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Planned investments for the 2014 fiscal year continue to be expected in the region of €650 million, with depreciation and amortization expected at €500 million or slightly above.

Segment earnings in the first quarter of the 2014 fiscal year

€ in million	in % of total revenue	3 months ended Dec 31, 13	sequential +/- in %	3 months ended Sep 30, 13	year-on- year +/- in %	3 months ended Dec 31, 12
Infineon						
Revenue	100	984	(7)	1,053	16	851
Segment Result		116	(22)	148	+++	44
Segment Result Margin [in %]		11.8%		14.1%		5.2%
Automotive (ATV)						
Segment Revenues	46	452	(1)	455	20	377
Segment Result		55	(4)	57	+++	20
Segment Result Margin [in %]		12.2%		12.5%		5.3%
Industrial Power Control (IPC)						
Segment Revenues	18	179	(9)	197	30	138
Segment Result		27	(18)	33	+++	(5)
Segment Result Margin [in %]		15.1%		16.8%		(3.6%)
Power Management & Multimarket (PMM)						
Segment Revenues	24	238	(12)	271	7	222
Segment Result		29	(41)	49	32	22
Segment Result Margin [in %]		12.2%		18.1%		9.9%
Chip Card & Security (CCS)						
Segment Revenues	11	108	(16)	129	-	108
Segment Result		6	(50)	12	(40)	10
Segment Result Margin [in %]		5.6%		9.3%		9.3%
Other Operating Segments (OOS)						
Segment Revenues	1	6	20	5	(33)	9
Segment Result		-	+++	(1)	+++	(2)
Corporate and Eliminations (C&E)						
Segment Revenues	0	1	+++	(4)	+++	(3)
Segment Result		(1)	(50)	(2)	-	(1)

ATV segment revenue amounted to €452 million in the first quarter of the current fiscal year, compared with €455 million in the final quarter of the 2013 fiscal year. Due to the number of public holidays, there is usually a more pronounced decrease in revenue in the three-month period from October to December. Strong demand, however – particularly from German car manufacturers – meant that revenue only declined by 1 percent in the first quarter of the 2014 fiscal year. Segment Result decreased slightly from €57 million in the last quarter to €55 million in the first quarter of the current fiscal year, yielding a first-quarter Segment Result Margin of 12.2 percent, compared with the previous quarter's 12.5 percent.

IPC segment revenue was 9 percent down due to seasonal factors, declining from €197 million in the preceding quarter to €179 million in the first quarter of the current fiscal year. Healthy demand from Asia resulted in stable revenues for traction, major home appliances and wind power applications, but did not compensate for decreases recorded in other application areas. Segment Result declined quarter-on-quarter from

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€33 million to €27 million, giving a Segment Result Margin of 15.1 percent, compared with the previous quarter's 16.8 percent.

PMM segment revenue amounted to €238 million in the first quarter of the 2014 fiscal year. This represented a decrease of 12 percent against the €271 million recorded one quarter earlier and was due to seasonal factors. Weakness in demand for the applications mobile devices, network infrastructure and games consoles was more pronounced. Segment Result declined from €49 million in the fourth quarter of the 2013 fiscal year to €29 million in the first quarter of the current fiscal year, with the corresponding Segment Result Margin decreasing from 18.1 percent to 12.2 percent.

First-quarter CCS segment revenue totaled €108 million, compared with €129 million one quarter earlier. Here too, the decrease of 16 percent was due to seasonally lower demand. Segment Result decreased to €6 million, compared with €12 million in the preceding quarter. The Segment Result Margin in the first quarter of the current year was 5.6 percent, compared with 9.3 percent in the preceding quarter.

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Analyst and press telephone conference

Infineon will host a telephone conference call for analysts and investors (in English only) on January 30, 2014 at 10:00 am (CET), 4:00 am (EST). During the call, the Infineon Management Board will present the Company's results from the first quarter of the 2014 fiscal year. In addition, the Management Board will host a live telephone conference with the media 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 **Q1 Investor Presentation** is available (in English only) at:

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

Infineon Financial Calendar (*preliminary)

- Feb 13, 2014 Annual General Meeting 2014, Munich
- Apr 29, 2014* Earnings Release for the Second Quarter of the 2014 Fiscal Year
- Jun 11, 2014 Deutsche Bank German, Swiss & Austrian Conference, Berlin
- Jun 17, 2014 JPMorgan Technology CEO Conference, London
- Jul 30, 2014* Earnings Release for the Third Quarter of the 2014 Fiscal Year
- Sep 9, 2014 Commerzbank Sector Week, Frankfurt
- Nov 18, 2014* Earnings Release for the Fourth Quarter and Full 2014 Fiscal Year
- Nov 19-20, 2014 Morgan Stanley TMT Conference, Barcelona
- Dec 2-3, 2014 Credit Suisse TMT Conference, Scottsdale/Arizona

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 2013 fiscal year (ending September 30), the Company reported sales of €3.84 billion with around 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

Reference: With effect from October 1st, 2013, in order to improve clarity, some individual items of the Consolidated Statement of Financial Position and the Consolidated Statements of Cash Flows have been reassigned.

Consolidated Statements of Operations

€ in million; except for the per share data	3 months ended		
	Dec 31, 13	Sep 30, 13	Dec 31, 12
Revenue	984	1,053	851
Cost of goods sold	(623)	(657)	(579)
Gross profit	361	396	272
Research and development expenses	(133)	(140)	(123)
Selling, general and administrative expenses	(114)	(115)	(108)
Other operating income	5	7	4
Other operating expense	(11)	(1)	(10)
Operating income	108	147	35
Financial income	2	7	8
Financial expense	(9)	(13)	(12)
Gain (loss) from investments accounted for using the equity method	1	2	-
Income from continuing operations before income taxes	102	143	31
Income tax	(17)	(4)	(5)
Income from continuing operations	85	139	26
Income (loss) from discontinued operations, net of income taxes	2	3	(7)
Net income	87	142	19
Attributable to:			
Non-controlling interests	-	-	-
Shareholders of Infineon Technologies AG	87	142	19
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :			
Weighted average shares outstanding (in million) – basic	1,083	1,075	1,077
Basic earnings per share (in euro) from continuing operations	0.08	0.13	0.02
Basic earnings (loss) per share (in euro) from discontinued operations	-	-	-
Basic earnings per share (in euro)	0.08	0.13	0.02
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG ¹ :			
Weighted average shares outstanding (in million) – diluted	1,126	1,127	1,078
Diluted earnings per share (in euro) from continuing operations	0.08	0.13	0.02
Diluted earnings (loss) per share (in euro) from discontinued operations	-	-	-
Diluted earnings per share (in euro)	0.08	0.13	0.02

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

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Segment Revenue 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 Total Segment Result to Operating Income

€ in million	3 months ended		
	Dec 31, 13	Sep 30, 13	Dec 31, 12
Segment Result	116	148	44
Plus/Minus			
Impairment on assets including asstes classified as held for sale, net of reversals	-	(1)	-
Impact on earnings of restructuring measures and closures, net	(4)	(11)	(2)
Share-based compensation expense	(2)	(1)	(1)
Acquisition-related depreciation / amortization and losses	-	-	(1)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	1
Other income (expenses)	(2)	12	(6)
Operating income	108	147	35

Revenue and Segment Result

for the three months ended December 31, 2013 and 2012 and September 30, 2013

Revenue € in million	3 months ended			3 months ended		
	Dec 31, 13	Dec 31, 12	+/- in %	Dec 31, 13	Sep 30, 13	+/- in %
Automotive	452	377	20	452	455	(1)
Industrial Power Control	179	138	30	179	197	(9)
Power Management & Multimarket	238	222	7	238	271	(12)
Chip Card & Security	108	108	-	108	129	(16)
Other Operating Segments	6	9	(33)	6	5	20
Corporate and Eliminations	1	(3)	+++	1	(4)	+++
Total	984	851	16	984	1,053	(7)

Segment Result € in million	3 months ended			3 months ended		
	Dec 31, 13	Dec 31, 12	+/- in %	Dec 31, 13	Sep 30, 13	+/- in %
Automotive	55	20	+++	55	57	(4)
Industrial Power Control	27	(5)	+++	27	33	(18)
Power Management & Multimarket	29	22	32	29	49	(41)
Chip Card & Security	6	10	(40)	6	12	(50)
Other Operating Segments	-	(2)	+++	-	(1)	+++
Corporate and Eliminations	(1)	(1)	-	(1)	(2)	(50)
Total	116	44	+++	116	148	(22)

Employees

	Dec 31, 13	Sep 30, 13	Dec 31, 12
Infineon ¹	27,583	26,725	26,458

¹ As of December 31, 2013, September 30, 2013 and December 31, 2012, 4,543, 4,472 and 4,375 Infineon employees, respectively, were engaged in research and development.

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Consolidated Statement of Financial Position

€ in million	Dec 31, 13	Sep 30, 13
ASSETS:		
Cash and cash equivalents	472	527
Financial investments	1,807	1,759
Trade receivables	452	518
Inventories	654	609
Income tax receivable	5	12
Other current assets	183	198
Total current assets	3,573	3,623
Property, plant and equipment	1,596	1,600
Goodwill and other intangible assets	182	170
Investments accounted for using the equity method	34	34
Deferred tax assets	323	325
Other non-current assets	151	153
Total non-current assets	2,286	2,282
Total assets	5,859	5,905
LIABILITIES AND EQUITY:		
Short-term debt and current maturities of long-term debt	64	134
Trade payables	515	569
Current provisions	603	675
Income tax payable	57	62
Other current liabilities	211	154
Total current liabilities	1,450	1,594
Long-term debt	167	169
Pension plans and similar commitments	248	246
Deferred tax liabilities	4	4
Long-term provisions	56	46
Other non-current liabilities	67	70
Total non-current liabilities	542	535
Total liabilities	1,992	2,129
Shareholders' equity:		
Ordinary share capital	2,220	2,162
Additional paid-in capital	5,534	5,549
Accumulated deficit	(3,820)	(3,907)
Other reserves	6	9
Own shares	(37)	(37)
Put options on own shares	(36)	-
Equity attributable to shareholders of Infineon Technologies AG	3,867	3,776
Total liabilities and equity	5,859	5,905

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Regional Sales Development

in %	3 months ended		
	Dec 31, 13	Sep 30, 13	Dec 31, 12
Revenue:			
Europe, Middle East, Africa	37%	40%	40%
Therein: Germany	19%	21%	20%
Asia-Pacific (w/o Japan)	44%	42%	42%
Therein: China	22%	20%	20%
Japan	7%	6%	6%
Americas	12%	12%	12%
Total	100%	100%	100%

Consolidated Statements of Cash Flows

Gross and Net Cash Position

Infineon defines gross cash position as cash and cash equivalents and financial investments, and net cash position as gross cash position less short-term debt and long-term debt. Since Infineon holds some of its liquid funds in the form of financial investments, which for IFRS purposes are not considered to be "cash", it reports its gross and net cash positions to provide investors with an understanding of the Company's liquidity. The gross and net cash position is derived as follows from the corresponding amounts in the consolidated statement of financial position:

€ in million	Dec 31, 13	Sep 30, 13	Dec 31, 12
Cash and cash equivalents	472	527	387
Financial investments	1,807	1,759	1,694
Gross cash position	2,279	2,286	2,081
Less:			
Short-term debt and current maturities of long-term debt	64	134	38
Long-term debt	167	169	275
Net cash position	2,048	1,983	1,768

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 million	3 months ended		
	Dec 31, 13	Sep 30, 13	Dec 31, 12
Net cash provided by (used in) operating activities from continuing operations	158	309	(41)
Net cash provided by (used in) investing activities from continuing operations	(176)	(213)	28
Purchases (proceeds from sales) of financial investments, net	48	60	(115)
Free Cash Flow from continuing operations	30	156	(128)

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Consolidated Statements of Cash Flows

€ in million	3 months ended		
	Dec 31, 13	Sep 30, 13	Dec 31, 12
Net income	87	142	19
Plus/Minus: loss (income) from discontinued operations, net of income taxes	(2)	(3)	7
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	120	119	116
Income tax benefit (expense)	18	4	5
Net interest result	6	6	4
Losses (gains) on disposals of property, plant and equipment	-	(1)	(1)
Impairment charges	-	1	-
Other non-cash result	-	(2)	(2)
Change in trade receivables	64	(13)	87
Change in inventories	(45)	(22)	(19)
Change in trade payables	(54)	113	(184)
Change in provisions	(67)	8	(79)
Change in other assets and liabilities	47	(36)	48
Interest received	2	2	5
Interest paid	(5)	(2)	(5)
Income tax paid	(13)	(7)	(42)
Net cash provided by (used in) operating activities from continuing operations	158	309	(41)
Net cash provided by (used in) in operating activities from discontinued	2	-	(1)
Net cash provided by (used in) operating activities	160	309	(42)
Purchases of financial investments	(273)	(185)	(485)
Proceeds from sales of financial investments	225	125	600
Purchases of intangible assets and other assets	(19)	(16)	(13)
Purchases of property, plant and equipment	(110)	(139)	(75)
Proceeds from sales of property, plant and equipment and other assets	1	2	1
Net cash provided by (used in) investing activities from continuing operations	(176)	(213)	28
Net cash used in investing activities from discontinued operations	(1)	-	-
Net cash provided by (used in) investing activities	(177)	(213)	28
Net change in related party financial receivables and payables	-	-	(1)
Proceeds from issuance of long-term debt	1	8	42
Repayments of long-term debt	(3)	(12)	(25)
Repurchase of convertible subordinated bonds	(35)	-	-
Purchases of own shares	-	-	(38)
Proceeds from the issuance of put options on own shares	1	-	-
Net cash used in financing activities from continuing operations	(36)	(4)	(22)
Net cash used in financing activities from discontinued operations	-	-	-
Net cash used in financing activities	(36)	(4)	(22)
Net decrease in cash and cash equivalents	(53)	92	(36)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(2)	(2)
Cash and cash equivalents at beginning of period	527	437	425
Cash and cash equivalents at end of period	472	527	387

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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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