

PERMA FIX ENVIRONMENTAL SERVICES INC
Form SC 13D
August 02, 2016

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)**

Under the Securities Exchange Act of 1934

(Amendment No. ___)*

PERMA-FIX ENVIRONMENTAL SERVICES, INC.
(Name of Issuer)

Common Stock, \$0.001 par value per share
(Title of Class of Securities)

714157203
(CUSIP Number)

D. Kyle Cerminara

Fundamental Global Investors, LLC

4201 Congress Street, Suite 140

Charlotte, North Carolina 28209

(704) 323-6851

With a copy to:

Derek D. Bork

Thompson Hine LLP

3900 Key Center

127 Public Square

Cleveland, Ohio 44114

(216) 566-5500

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

June 28, 2016

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§ 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box “.”

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person’s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 (“Act”) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

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NAME OF REPORTING PERSON

1

Fundamental Global Investors, LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a) ..

(b) ..

SEC USE ONLY

3

SOURCE OF FUNDS

4

AF

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5

..

CITIZENSHIP OR PLACE OF ORGANIZATION

6

North Carolina

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SOLE VOTING POWER

7

0

SHARED VOTING POWER

8

616,750

SOLE DISPOSITIVE POWER

9

0

10 SHARED DISPOSITIVE POWER

616,750

AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON

11

616,750

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES ..

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

5.3%

TYPE OF REPORTING PERSON

14

00

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NAME OF REPORTING PERSON

1

Fundamental Global Partners, LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a) ..

(b) ..

SEC USE ONLY

3

SOURCE OF FUNDS

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5

..

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SOLE VOTING POWER

7

0

SHARED VOTING POWER

8

193,463

SOLE DISPOSITIVE POWER

9

0

10 SHARED DISPOSITIVE POWER

193,463

AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON

11

193,463

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES ..

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

1.7%

TYPE OF REPORTING PERSON

14

PN

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NAME OF REPORTING PERSON

1

Fundamental Global Partners Master Fund, LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a) ..
(b) ..

SEC USE ONLY

3

SOURCE OF FUNDS

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e)

5

..

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

SOLE VOTING POWER

7

0

SHARED VOTING POWER

8

423,287

SOLE DISPOSITIVE POWER

9

0

10 SHARED DISPOSITIVE POWER

423,287

AGGREGATE AMOUNT BENEFICIALLY OWNED BY REPORTING PERSON

11

423,287

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES ..

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

3.7%

TYPE OF REPORTING PERSON

14

PN

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Item 1. Security and Issuer.

This Statement of Beneficial Ownership on Schedule 13D (this “Statement”) relates to the Common Stock, \$0.001 par value per share (the “Common Stock”), of Perma-Fix Environmental Services, Inc., a Delaware corporation (the “Company”). The Company reports that its principal executive offices are located at 8302 Dunwoody Place, #250, Atlanta, Georgia 30350.

Item 2. Identity and Background.

This Statement is filed by (i) Fundamental Global Partners, LP, a Delaware limited partnership (“FGPP”), (ii) Fundamental Global Partners Master Fund, LP, a Cayman Islands exempted limited partnership (“FGPM”), (iii) Fundamental Global Investors, LLC, a North Carolina limited liability company, (iv) FGI Funds Management, LLC, a Florida limited liability company, (v) Mr. Joseph H. Moglia, (vi) Mr. D. Kyle Cerminara, and (vii) Mr. Lewis M. Johnson.

The foregoing entities and persons are sometimes referred to herein as a “Reporting Person” and collectively as the “Reporting Persons.” The Reporting Persons are filing this Statement jointly. Neither the fact of this filing nor anything contained herein shall be deemed to be an admission by any of the Reporting Persons that they constitute a “group.”

The principal business of each of FGPP and FGPM is serving as a private investment fund. The principal business of Fundamental Global Investors, LLC is to serve as a registered investment advisor. The principal business of FGI Funds Management, LLC is to provide investment advisory services, including to FGPP and FGPM as the relying advisor to Fundamental Global Investors LLC. The principal occupation of Mr. Moglia is serving as Chairman of TD Ameritrade, Head Football Coach for Coastal Carolina University, and Chairman of Fundamental Global Investors, LLC. The principal occupation of Mr. Cerminara is serving as an investment manager and advisor, and Mr. Cerminara is also the Chief Executive Officer and Executive Chairman of the Board of Directors of Ballantyne Strong, Inc., a Delaware corporation (“BTN”). The principal occupation of Mr. Johnson is serving as an investment manager and advisor. Each of Messrs. Moglia, Cerminara and Johnson is a U.S. citizen.

The business address of each of FGPP, Fundamental Global Investors, LLC and Mr. Moglia is 4201 Congress Street, Suite 140, Charlotte, North Carolina 28209. The business address of FGPM is c/o Maples Corporate Services Limited,

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P.O. Box 309, Uglan House, Grand Cayman, KY1-1104 Cayman Islands. The business address of FGI Funds Management, LLC is 9045 Strada Stell Court, Suite 106, Naples, Florida 34109. The business addresses for Mr. Cerminara are c/o Fundamental Global Investors, LLC, 4201 Congress Street, Suite 140, Charlotte, North Carolina 28209; c/o Ballantyne Strong, Inc., 13710 FNB Parkway, Suite 400, Omaha, Nebraska 68154; and 131 Plantation Ridge Dr., Suite 100, Mooresville, North Carolina 28117. The business addresses for Mr. Johnson are c/o CWA Asset Management Group, LLC, 9045 Strada Stell Court, Suite 106, Naples, Florida 34109 and c/o Fundamental Global Investors, LLC, 4201 Congress Street, Suite 140, Charlotte, North Carolina 28209.

Mr. D. Kyle Cerminara is the Chief Executive Officer, Partner and Manager of Fundamental Global Investors, LLC and the Chief Executive Officer and Executive Chairman of the Board of Directors of BTN. Mr. Lewis M. Johnson is the President, Partner and Manager of Fundamental Global Investors, LLC. Mr. Joseph H. Moglia is Chairman and Partner of Fundamental Global Investors, LLC. Messrs. Cerminara and Johnson are the Managers of FGI Funds Management, LLC.

BTN is a Delaware corporation, with its principal executive offices located at 13710 FNB Parkway, Suite 400, Omaha, Nebraska 68154. BTN and its subsidiaries engage in diverse business activities including the design, integration and installation of technology solutions for a broad range of applications; development and delivery of out-of-home messaging, advertising and communications; manufacturing of projection screens; and providing managed services including monitoring of networked equipment. BTN focuses on serving the cinema, retail, financial, and government markets.

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None of the Reporting Persons or any of their partners, managers, officers or other controlling persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

None of the Reporting Persons or any of their partners, managers, officers or other controlling persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration.

The total cost for purchasing the Common Stock reported as owned by the Reporting Persons, including brokerage commissions, was approximately as follows: FGPP, \$1,006,443, and FGPM, \$2,200,188. The source of these funds was working capital of FGPP and FGPM, as applicable.

Item 4. Purpose of Transaction.

The Reporting Persons acquired the Common Stock reported in this Statement for investment purposes. The Reporting Persons and their affiliates may in the future acquire additional shares of Common Stock or dispose of some or all of the shares of Common Stock held by the Reporting Persons in open-market transactions or privately negotiated transactions, on such terms and at such times as the Reporting Persons may deem advisable. The Reporting Persons may engage in short selling or hedging or similar transactions with respect to the Common Stock, on such terms and at such times as the Reporting Persons may deem advisable, subject to applicable law.

Except as set forth herein, none of the Reporting Persons has any present plan or proposal that would result in any of the actions described in paragraphs (a) through (j) of Item 4 of Schedule 13D. The Reporting Persons reserve the right in the future to formulate any such plans or proposals, and to take any actions with respect to their investments in the Company, including any or all of the actions described in paragraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5. Interest in Securities of the Issuer.

(a) The Reporting Persons beneficially own in the aggregate 616,750 shares of Common Stock, which represents approximately 5.3% of the Company's outstanding shares of Common Stock.

Each of FGPP and FGPM directly holds the number and percentage of shares of Common Stock disclosed as beneficially owned by it in the applicable table set forth on the cover page to this Statement. None of the other Reporting Persons directly holds any of the shares of Common Stock disclosed in this Statement.

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Each percentage ownership of shares of Common Stock set forth in this Statement is based on the 11,574,331 shares of Common Stock reported by the Company as outstanding as of June 9, 2016 in its Proxy Statement filed with the Securities and Exchange Commission on June 23, 2016.

Fundamental Global Investors, LLC may be deemed to beneficially own the shares of Common Stock disclosed as directly owned by FGPP and FGPM. As principals of Fundamental Global Investors, LLC, Messrs. Cerminara, Johnson and Moglia may be deemed to beneficially own the shares of Common Stock disclosed as directly owned by FGPP and FGPM. FGI Funds Management, LLC, as the investment manager to FGPP and FGPM, may be deemed to beneficially own the shares of Common Stock disclosed as directly owned by FGPP and FGPM. As principals of FGI Funds Management, LLC, Messrs. Cerminara and Johnson may be deemed to beneficially own the shares of Common Stock disclosed as directly owned by FGPP and FGPM. Messrs. Cerminara, Johnson and Moglia expressly disclaim such beneficial ownership.

(b) Each of FGPP and FGPM beneficially owns, and has the shared power to direct the voting and disposition of, the shares of Common Stock disclosed as beneficially owned by it in the applicable table set forth on the cover page to this Statement. Fundamental Global Investors, LLC has the shared power to direct the voting and disposition of the shares of Common Stock held by FGPP and FGPM. FGI Funds Management, LLC, as the investment manager of FGPP and FGPM, has the shared power to direct the voting and disposition of the shares of Common Stock held by FGPP and FGPM. Messrs. Cerminara and Johnson, as principals of FGI Funds Management, LLC, may be deemed to have the shared power to direct the voting and disposition of the shares of Common Stock held by FGPP and FGPM. Messrs. Cerminara, Johnson and Moglia, as principals of Fundamental Global Investors, LLC, may be deemed to have the shared power to direct the voting and disposition of the shares of Common Stock held by FGPP and FGPM.

(c) The transactions effected by the Reporting Persons in the Common Stock during the past 60 days are set forth on Schedule A to this Statement. Each of these transactions was effected through the open market.

(d) Not applicable.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

The Reporting Persons have entered into a Joint Filing Agreement, which is filed as Exhibit 99.1 to this Statement.

Item 7. Material to Be Filed as Exhibits.

^{99.1} Joint Filing Agreement among the Reporting Persons (set forth on the signature page to this Statement and incorporated herein by reference).

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SIGNATURE

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

In accordance with Rule 13d-1(k)(1)(iii) under the Securities Exchange Act of 1934, as amended, the persons named below agree to the joint filing on behalf of each of them of this Statement on Schedule 13D with respect to the Common Stock of the Company.

Dated: August 1, 2016

FUNDAMENTAL GLOBAL PARTNERS, LP,
by Fundamental Global Partners GP, LLC, its general partner

/s/ D. Kyle Cerminara
D. Kyle Cerminara
Partner and Manager

FUNDAMENTAL GLOBAL PARTNERS MASTER FUND, LP,
by FG Partners GP, LLC, its general partner

/s/ D. Kyle Cerminara
D. Kyle Cerminara
Manager

FUNDAMENTAL GLOBAL INVESTORS, LLC

/s/ D. Kyle Cerminara
D. Kyle Cerminara
Chief Executive Officer, Partner and Manager

FGI FUNDS MANAGEMENT, LLC

/s/ D. Kyle Cerminara
D. Kyle Cerminara
Manager

/s/ D. Kyle Cerminara
D. Kyle Cerminara

/s/ Lewis M. Johnson
Lewis M. Johnson

/s/ Joseph H. Moglia
Joseph H. Moglia

Schedule A**Transactions by Fundamental Global Partners, LP and Fundamental Global Partners Master Fund, LP in the Common Stock in the past 60 days:****Fundamental Global Partners, LP:**

Transaction Date	Number of Shares Bought/(Sold)	Average Price Per Share (\$)
5/26/2016	3,046	\$4.3698
5/27/2016	9,659	\$4.5698
5/31/2016	3,981	\$4.7087
6/1/2016	7,981	\$4.7689
6/2/2016	11,720	\$4.9401
6/3/2016	25,762	\$5.1291
6/6/2016	23,397	\$5.3345
6/7/2016	23,742	\$5.3624
6/8/2016	22,230	\$5.5193
6/9/2016	1,113	\$5.5350
6/10/2016	8,323	\$5.5258
6/13/2016	3,925	\$5.5338
6/14/2016	1,521	\$5.1200
6/17/2016	9,722	\$5.3346
6/21/2016	600	\$5.3348
6/22/2016	3,384	\$5.2658
6/23/2016	4,380	\$5.3255
6/24/2016	4,170	\$5.3232
6/27/2016	1,410	\$5.2788
6/28/2016	14,778	\$5.3349
7/19/2016	6,000	\$4.8248
7/29/2016	2,619	\$4.5961

(Continued on the next page.)

Fundamental Global Partners Master Fund, LP:

Transaction Date	Number of Shares Bought/(Sold)	Average Price Per Share (\$)
5/26/2016	7,109	\$4.3698
5/27/2016	22,539	\$4.5698
5/31/2016	9,292	\$4.7087
6/1/2016	18,623	\$4.7689
6/2/2016	27,348	\$4.9401
6/3/2016	60,113	\$5.1291
6/6/2016	54,594	\$5.3345
6/7/2016	55,401	\$5.3624
6/8/2016	51,872	\$5.5193
6/9/2016	2,599	\$5.5350
6/10/2016	19,421	\$5.6224
6/13/2016	9,161	\$5.5338
6/14/2016	3,551	\$5.1200
6/17/2016	22,686	\$5.3346
6/21/2016	1,400	\$5.3348
6/22/2016	7,896	\$5.2658
6/23/2016	10,220	\$5.3255
6/24/2016	9,730	\$5.3232
6/27/2016	3,290	\$5.2788
6/28/2016	6,334	\$5.3349
7/19/2016	14,000	\$4.8248
7/29/2016	6,108	\$4.5961

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- (1) Includes inter-segment sales of 10 million and 10 million for the three months ended June 30, 2007 and September 30, 2007, respectively, from sales of wireless communication applications to Qimonda.
- (2) Includes inter-segment sales of 47 million and 43 million for the three months ended June 30, 2007 and September 30, 2007, respectively, from sales of wafers from Infineon's 200-millimeter facility in Dresden to Qimonda under foundry agreements.
- (3) Includes the elimination of inter-segment sales of 57 million and 53 million for the three months ended June 30, 2007 and September 30, 2007, respectively.

(4) EBIT results of Qimonda for the period following its IPO are reported net of minority interest results.

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Regional Sales Development

Regional sales in %	12 months ended	
	Sep 30, 06	Sep 30, 07
Germany	17%	15%
Other Europe	17%	16%
North America	27%	25%
Asia Pacific	31%	34%
Japan	6%	9%
Other	2%	1%
Total	100%	100%
Europe	34%	31%
Outside-Europe	66%	69%

Condensed Consolidated Balance Sheets

in Euro million	Sep 30, 2006	Sep 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	2,040	1,819
Marketable securities	615	475
Trade accounts receivable, net	1,245	894
Inventories	1,202	1,217
Deferred income taxes	97	66
Other current assets	482	807
Total current assets	5,681	5,278
Property, plant and equipment, net	3,764	3,647
Intangible assets, net	230	232
Long-term investments	659	652
Restricted cash	78	77
Deferred income taxes	627	593
Pension assets		60
Other assets	146	140
Total assets	11,185	10,679

in Euro million	Sep 30, 2006	Sep 30, 2007
Liabilities and shareholders equity		
Current liabilities:		
Short-term debt and current maturities	797	336
Trade accounts payable	1,245	1,285
Accrued liabilities	525	526
Deferred income taxes	26	15
Short-term pension liabilities		5
Other current liabilities	712	680
Total current liabilities	3,305	2,847
Long-term debt	1,208	1,376
Pension liabilities	134	111
Deferred income taxes	60	46
Long-term liabilities	46	36
Other liabilities	277	316
Total liabilities	5,030	4,732
Minority Interests	840	1,033
Total shareholders equity	5,315	4,914
Total liabilities and shareholders equity	11,185	10,679

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Condensed Consolidated Statements of Cash Flows

in Euro million	3 months ended			12 months ended	
	Sep 30, 06	Jun 30, 07	Sep 30, 07	Sep 30, 06	Sep 30, 07
Net cash provided by operating activities	456	96	504	1,003	1,207
Net cash used in investing activities	(203)	(287)	(116)	(853)	(867)
Net cash provided by (used in) financing activities	428	1	142	762	(521)
Effect of foreign exchange rate changes	(5)	(3)	(18)	(20)	(40)
Net increase (decrease) in cash and cash equivalents	676	(193)	512	892	(221)
Depreciation and amortization	351	314	316	1,405	1,276
Purchases of property, plant and equipment	(288)	(346)	(445)	(1,253)	(1,375)

Gross and Net Cash Position

Infineon defines gross cash position as cash and cash equivalents and marketable securities, and net cash position as gross cash position less short and long-term debt. Since Infineon holds a substantial portion of its available monetary resources in the form of readily marketable securities, which for U.S. GAAP purposes are not considered to be cash, it reports its gross and net cash positions to provide investors with an understanding of the Company's overall liquidity. The gross and net cash position is determined as follows from the condensed consolidated balance sheets, without adjustment to the U.S. GAAP amounts presented:

in Euro million	Sep 30, 06	Jun 30, 07	Sep 30, 07
Cash and cash equivalents	2,040	1,307	1,819
Marketable securities	615	475	475
Gross Cash Position	2,655	1,782	2,294
Less: short-term debt	797	257	336
long-term debt	1,208	1,136	1,376
Net Cash Position	650	389	582

Free Cash Flow

Infineon defines free cash flow as cash from operating and investing activities excluding purchases or sales of marketable securities. Since Infineon holds a substantial portion of its available monetary resources in the form of readily marketable securities, and operates in a capital intensive industry, it reports free cash flow to provide investors with a measure that can be used to evaluate changes in liquidity after taking capital expenditures into account. Free cash flow is not intended to represent the residual cash flow available for discretionary expenditures, since debt service requirements or other non-discretionary expenditures are not deducted. The free cash flow is determined as follows from the condensed consolidated cash flow statements, without adjustment to the U.S. GAAP amounts presented:

in Euro million	3 months ended			12 months ended	
	Sep 30, 06	Jun 30, 07	Sep 30, 07	Sep 30, 06	Sep 30, 07
Net cash provided by operating activities	456	96	504	1,003	1,207
Net cash used in investing activities	(203)	(287)	(116)	(853)	(867)
Thereof: Sale of marketable securities, net	(59)	(28)		(238)	(133)
Free cash flow	194	(219)	388	(88)	207

Employee Data	Sep 30, 06	Jun 30, 07	Sep 30, 07
Infineon without Qimonda	29,849	29,555	29,598
Qimonda	11,802	12,974	13,481
Infineon worldwide	41,651	42,529	43,079
Thereof: Research and Development	7,745	8,168	8,339

Infineon business highlights for the fourth quarter of the 2007 fiscal year

AIM: With growth rates estimated at approximately 10 percent within the next five years, safety applications in automotive electronics are expected to be the fastest growing. Various system manufacturers have opted in favor of using sensors to monitor tire pressure and microcontrollers from the recently introduced XC2300 family for electrical steering and airbag systems. Infineon has already been able to claim the Number 1 position for sensors for tire pressure monitoring systems (TPMS), ABS and side airbags and, thanks to new design-wins, will continue to expand this lead.

Energy efficiency

AIM: Infineon was able to win new customers for industrial microcontrollers for electronic drive control systems and obtained new orders from the existing customer base, which led to a growth in sales of 16-bit flash microcontrollers of approximately 50 percent in fiscal 2007. With the introduction of the 8-bit microcontroller family, the company has now also addressed the market for electric bicycles. Within a very short time, Infineon has been able to claim an international market share in this field of approximately ten percent. In China, for example, some 18.5 million e-bikes will be produced in 2007; this market is expected to grow at a rate of around 25 percent a year.

AIM: The business with chips that are used in fluorescent lamp ballasts is still increasing strongly, particularly due to the expansion of the customer base in the lighting technology sector. Infineon is currently supplying the five largest manufacturers in the lighting technology sector.

AIM: With the licensing of a specific package technology used in power conversion, Infineon was able to further consolidate its leading position in the OptiMOS 2 and OptiMOS 3 power semiconductor families. OptiMOS 2 samples deploying this package technology are expected to be available starting early 2008. The package technology is designed for use in AC-DC and DC-DC power conversion applications in computers, notebooks, telecommunications and consumer electronics devices.

Communications

COM: Infineon again increased mobile phone platform shipments significantly, driven by strong demand from several major customers for its entry-level single-chip solution for ultra-low cost mobile phones and EDGE platform.

COM: The company announced the acquisition of LSI's Mobility Products Group, which will strengthen Infineon's position with important mobile phone customers, especially Samsung, and add highly qualified experts to the Infineon team.

COM: The company further expanded its wireless customer base with the development of a 3G RF transceiver for Motorola based on Infineon's SMARTi UE.

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COM: Infineon was presented the InfoVision Award from the International Engineering Consortium (IEC) and once more awarded for technology leadership. Its integrated AMAZON-SE ADSL2/ 2+ system-on-a-chip (SoC) was selected as the winner in the Enabling Silicon and Component-Level Technologies category for its robust, high-performance solution.

Security

AIM: Infineon is the Number 1 chip supplier in the chip card industry for the tenth consecutive year and also holds a leading position in the growth markets for contactless chip cards, identification and pay cards.

AIM: Further countries selected Infineon security chips for their electronic passports. In 2007, 40 countries around the world will issue approximately 70 million such passports and in 2008 some 15 nations in Eastern Europe, South America and Asia will add to that number. Approximately 35 percent of all the electronic passports issued contain an Infineon chip.

AIM: Customer interest is very high in the recently introduced SLE 76 family of security controllers, which have been specially developed for use in SIM cards in the growing high-volume segment with a memory size of 64 to 256 KB.

About Infineon

Infineon Technologies AG, Neubiberg, Germany, offers semiconductor and system solutions addressing three central challenges to modern society: energy efficiency, communications, and security. In the 2007 fiscal year (ending September), the company reported sales of Euro 7.7 billion (including Qimonda sales of Euro 3.6 billion) with approximately 43,000 employees worldwide (including approximately 13,500 Qimonda employees). With a global presence, Infineon operates through its subsidiaries in the U.S. from Milpitas, CA, in the Asia-Pacific region from Singapore, and in Japan from Tokyo. Infineon is listed on the Frankfurt Stock Exchange and on the New York Stock Exchange (ticker symbol: IFX).

About Qimonda

Qimonda AG is a leading supplier of DRAM memory products. Following its carve out from Infineon Technologies AG on May 1, 2006, Qimonda went public on the New York Stock Exchange on August 9, 2006. The company generated net sales of Euro 3.6 billion in its 2007 fiscal year with approximately 13,500 employees worldwide. Qimonda has access to five 300mm manufacturing sites on three continents and operates five major R&D facilities, including its lead R&D center in Dresden, Germany. The company is a leading supplier of DRAM products to PC and server manufacturers and is increasingly using its power saving trench technology for graphics, mobile and consumer applications.

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Further information is available at www.qimonda.com.

Infineon's group results include the consolidated results of Qimonda. Qimonda provides outlook on its business separately.

DISCLAIMER

This discussion includes forward-looking statements about our future business. These forward-looking statements include statements relating to future developments in the world semiconductor market, including the market for memory products, Infineon's future growth, the benefits of research and development alliances and activities, our planned levels of future investment in the expansion and modernization of our production capacity, the introduction of new technology at our facilities, the continuing transitioning of our production processes to smaller structure sizes, cost savings related to such transitioning and other initiatives, our successful development of technology based on industry standards, our ability to offer commercially viable products based on our technology, our ability to achieve our cost savings and growth targets, and the continued development of the business of Qimonda as a stand-alone entity and any future corporate financing measures Infineon or Qimonda may undertake. These forward-looking statements are subject to a number of uncertainties, including trends in demand and prices for semiconductors generally and for our products in particular, the success of our development efforts, both alone and with our partners, the success of our efforts to introduce new production processes at our facilities and the actions of our competitors, the availability of funds for planned expansion efforts, the outcome of antitrust investigations and litigation matters, as well as the other factors mentioned herein and those described in the "Risk Factors" section of the annual report of Infineon on Form 20-F filed with the U.S. Securities and Exchange Commission on November 30, 2006. As a result, our actual results could differ materially from those contained in the forward-looking statements. Infineon does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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