QUARTERLY FINANCIAL REPORT

DECEMBER 31, 2012

Infineon Technologies AG

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CONTENT

SELECTED CONSOLIDATED FINANCIAL DATA

€ in millions; except earnings per share, Segment Result Margin and Gross margin	Three months ended, December 31, 2012	2011
Selected Results of Operations Data		
Revenue	851	946
Gross margin	32.0%	38.2%
Segment Result	44	141
Segment Result Margin	5.2%	14.9%
Research and development expenses	(123)	(106)
Capital expenditure	(88)	(294)
Depreciation and amortization	116	97
Income from continuing operations	26	104
Income from discontinued operations, net of income taxes	(7)	(8)
Net income	19	96
Basic earnings per share (in euro) from continuing operations	0.02	0.10
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in euro)	0.02	0.09
Diluted earnings per share (in euro) from continuing operations	0.02	0.10
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in euro)	0.02	0.09
Selected Liquidity Data		
Net cash provided by (used in) operating activities from continuing operations	(41)	59
Net cash provided by (used in) operating activities	(42)	32
Net cash provided by (used in) investing activities from continuing operations[1]	28	(551)
Net cash provided by (used in) investing activities[1]	28	(559)
Net cash used in financing activities from continuing operations	(22)	(90)
Net cash used in financing activities	(22)	(90)
Change in cash and cash equivalents	(38)	(615)

€ in millions; except numbers of employees	As of December 31, 2012	September 30, 2012
Selected Financial Condition Data		
Total assets	5,638	5,898
Total equity	3,604	3,575
Gross cash position[2]	2,081	2,235
Debt (short-term and long-term)	313	295
Net cash position[2]	1,768	1,940
Employees	26,458	26,658

[1] Thereof €115 million net proceeds from sales of and €258 million net purchases of financial investments in the three months ended December 31, 2012 and December 31, 2011, respectively.
[2] Gross cash position is defined as cash and cash equivalents and financial investments. Net cash position is defined as gross cash position less short-term and long-term debt.

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

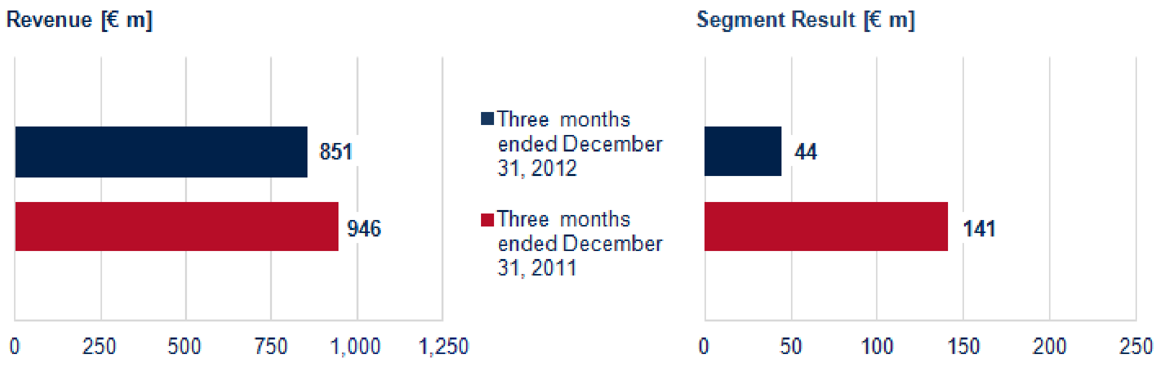
UNCERTAINTIES REGARDING FUTURE DEVELOPMENT OF GLOBAL ECONOMY INFLUENCE FIRST-QUARTER PERFORMANCE:

REVENUE DOWN ON BOTH PRECEDING QUARTER AND FIRST QUARTER LAST YEAR

SHARP DROP IN BOTH SEGMENT RESULT MARGIN AND INCOME FROM CONTINUING OPERATIONS COMPARED TO PRECEDING QUARTER AND FIRST QUARTER LAST YEAR

FIRST QUARTER 2013 FISCAL YEAR (OCTOBER 1, 2012 TO DECEMBER 31, 2012):

- Revenue down by 10 percent on previous year`s first quarter to €851 million
- Segment Result of €44 million posted – down 69 percent on same quarter last year
- Segment Result Margin of 5.2 percent (July - September 2012: 11.8 percent; October - December 2011: 14.9 percent)
- Net income of €19 million compared to €96 million in same quarter last year



- Net cash position decreased by €172 million to €1,768 million as of December 31, 2012 (September 30, 2012: €1,940 million); gross cash position of €2,081 million as of December 31, 2012 (September 30, 2012: €2,235 million)
- Equity ratio increased to 63.9 percent as of December 31, 2012 compared to 60.6 percent as of September 30, 2012
- Management and Supervisory Board propose unchanged dividend of €0.12 per dividend-entitled share at forthcoming Annual General Meeting

THE INFINEON SHARE

INFINEON SHARE PERFORMANCE DURING THE FIRST THREE MONTHS OF THE 2013 FISCAL YEAR

The Infineon share closed at a Xetra price of €6.13 on December 28, 2012, up 24 percent on its closing price of €4.94 at the end of the 2012 fiscal year.

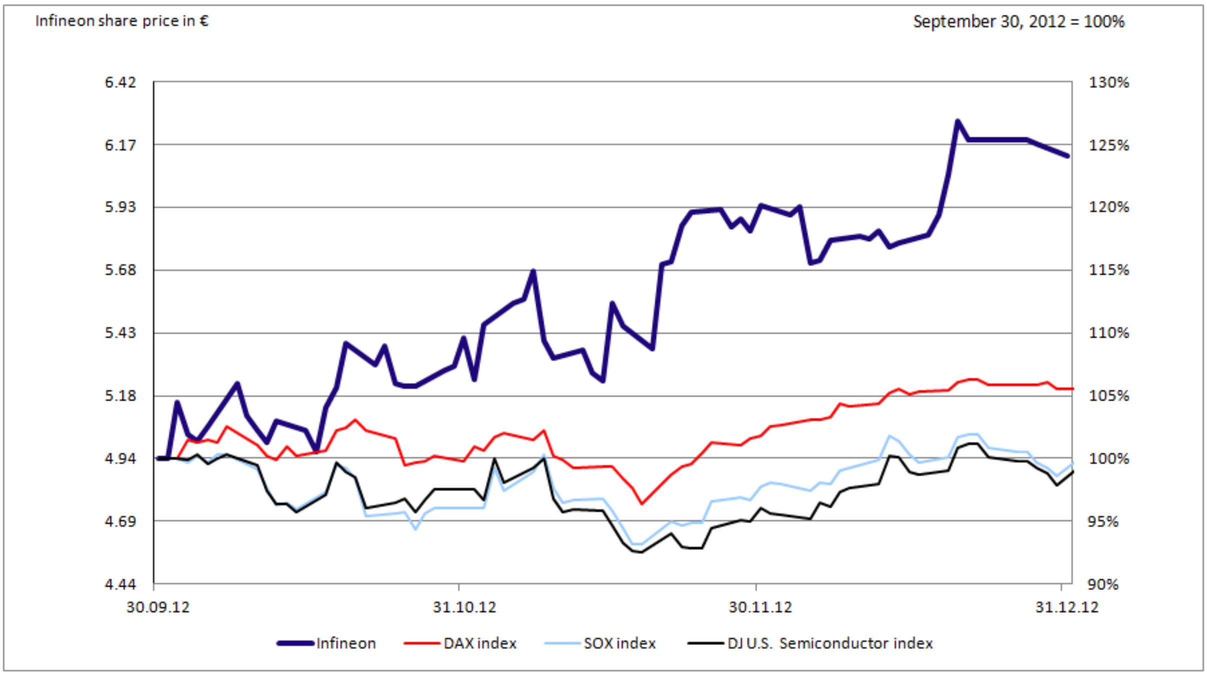
The share recorded its lowest price for the quarter on October 15, 2012 when it stood at €4.96. From its low starting point, it then proceeded to gain in value throughout the quarter. The high for the first quarter of €6.26 was recorded on December 19, 2012.

During the quarter, the Infineon share performed better than the relevant comparable indices, all three of which drifted downward until mid-quarter, before recouping these losses by quarter-end. The Philadelphia Stock Exchange Semiconductor Index (SOX) and the Dow Jones US Semiconductor Index both closed virtually unchanged from their respective levels at the beginning of the quarter. The German stock index, the DAX, finished the quarter with a gain of 5 percent.

At the Annual General Meeting due to take place in Munich on February 28, 2013, the Management and Supervisory Board will propose that the Company pays an unchanged dividend of €0.12 per dividend-entitled share. Infineon's strategy with regard to dividend policy is to enable shareholders to participate appropriately in growing earnings or, in times of flat or declining earnings, to at least keep the dividend at a constant level.

Towards the end of the 2012 fiscal year Infineon cancelled own shares held at that stage, bringing down the number of shares in issue to 1,080,306,332. During the first quarter of the 2013 fiscal year, further put options were exercised by investors in conjunction with the ongoing capital return program and 6 million shares were repurchased at a total cost of €38 million. The capital return program expires on March 31, 2013. Further information regarding the share buy-back program, put options issued and shares acquired is published regularly on Infineon’s website at www.infineon.com/cms/de/corporate/investor/infineon-share/share-buyback.html. The status of the program as of December 31, 2012 is presented in note 13 to the Interim Consolidated Financial Statements.

Performance of the Infineon share, the DAX Index, the Philadelphia Semiconductor Index (SOX) and the Dow Jones US Semiconductor Index during the first three months of the 2013 fiscal year (daily closing prices)



	Three months ended June 30,		
	2012	2011	+/- in %
IFX closing prices in euro (Xetra)			
End of the previous period	4.94	5.59	(12%)
High	6.26	6.69	(6%)
Low	4.96	5.22	(5%)
End of the period	6.13	5.82	5%
Weighted-average number of shares traded per day	8,157,736	10,721,420	(24%)
IFX closing prices in U.S. dollars (OTCQX)			
End of the previous period	6.44	7.39	(13%)
High	8.27	9.40	(12%)
Low	6.47	6.96	(7%)
End of the period	8.27	7.51	10%
Weighted-average number of ADSs traded per day	41,063	203,793	(80%)
Shares outstanding (as of December 31)	1,080,401,872	1,086,745,835	
Therein: own shares	6,000,000	7,000,000	

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

Global economic growth remained at a low level during the fourth quarter of the 2012 calendar year. However, the rate of growth is expected to pick up slightly as of the second quarter of the 2013 calendar year. Overall, the International Monetary Fund (IMF) forecasts global economic growth of 2.7 percent for the 2013 calendar year, as compared with 2.5 percent for the 2012 calendar year (IMF, January 2013). The slight increase in the forecast growth rate is based on the assumption that the European debt crisis and hence the situation on global financial markets will continue to improve.

The global semiconductor market was subdued during the fourth quarter of the 2012 calendar year. Demand for semiconductor components was held down by a number of factors during the 2012 calendar year, primarily as a result of the European debt crisis, but also weaker pace of growth in China. Analysts at the market research company IHS iSuppli are predicting that the global semiconductor market addressed by Infineon (i.e. excluding microprocessors and memory chips) will begin to recover from spring 2013 onwards. Overall, the 2013 calendar year is expected to see marked growth of 5 percent, compared to virtually no growth (0.4 percent) recorded in 2012 (IHS iSuppli, December 2012).

REVIEW OF RESULTS OF OPERATIONS

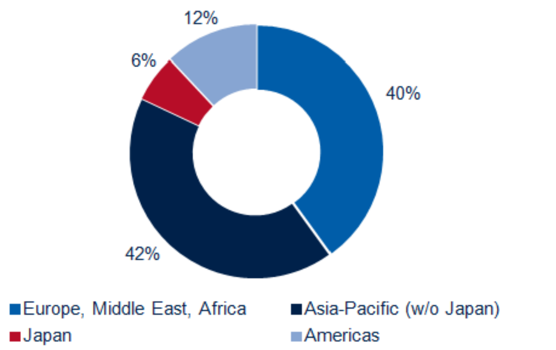
€ in millions	Three months ended December 31, 2012	2011
Revenue	851	946
Gross profit	**272**	361
Research and development expenses	(123)	(106)
Selling, general and administrative expenses	(108)	(118)
Other operating income and expense, net	(6)	(8)
Operating income	**35**	129
Net financial result (financial income and expense, net)	(4)	(6)
Income from investments accounted for using the equity method	-	1
Income tax expense	(5)	(20)
Income from continuing operations	**26**	104
Income from discontinued operations, net of income taxes	(7)	(8)
Net income	**19**	96
Basic earnings per share (in euro)	0.02	0.09
Diluted earnings per share (in euro)	0.02	0.09

NET INCOME DOWN DUE TO LOWER REVENUE AND UNDER-UTILIZATION OF PRODUCTION CAPACITIES

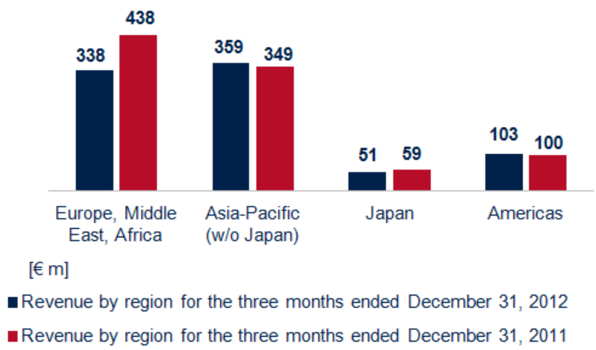
First-quarter net income fell from €96 million in previous year`s first quarter to €19 million in the quarter under report, reflecting the combined effect of a general slowdown in economic growth and the under-utilization of production capacities built up in previous quarters. The result was also influenced by changes in the segment mix. Earnings per share declined accordingly.

INCREASING IMPORTANCE OF ASIA-PACIFIC

Revenue generated in Europe fell by €100 million, whereas a small increase of €10 million was recorded for Asia-Pacific. The latter region is becoming increasingly important for Infineon and accounted for the largest share of revenue (42 percent) in the first quarter of the 2013 fiscal year.



Revenue by region for the three months ended December 31, 2012



€ in millions, except percentages	Three months ended December 31, 2012		2011	
Europe, Middle East, Africa	338	40%	438	46%
therein: Germany	166	20%	244	26%
Asia-Pacific (w/o Japan)	359	42%	349	37%
therein: China	166	20%	153	16%
Japan	51	6%	59	6%
Americas	103	12%	100	11%
Total	**851**	**100%**	**946**	**100%**

PRACTICALLY UNCHANGED COST OF GOODS SOLD LEAD TO SHARP FALL IN GROSS MARGIN

Gross profit (revenue less cost of goods sold) for the first quarter of the 2013 fiscal year amounted to €272 million and was thus 25 percent down on the €361 million recorded in the same quarter one year earlier. Variable cost of sales decreased in line with reduced production volumes. At the same time, however, higher costs (particularly depreciation and personnel expense) arose as a result of the measures taken in previous quarters to raise production capacities which were not fully utilized during the quarter under report. This combined with a shift in the segment mix meant that the gross margin decreased at a faster rate than the 10 percent drop in revenue. The gross margin came in at 32.0 percent in the first quarter of the 2013 fiscal year, down from the 38.2 percent recorded in the same quarter one year earlier.

€ in millions, except percentages	Three months ended December 31, 2012	2011
Cost of goods sold	579	585
Changes year-on-year	(1%)	
Percentage of revenue	68.0%	61.8%
Gross profit	272	361
Percentage of revenue (gross margin)	32.0%	38.2%

HIGHER RESEARCH AND DEVELOPMENT EXPENSES DRIVE UP OPERATING EXPENSES

First-quarter operating expenses (research and development expenses plus selling, general and administrative expenses) increased by €7 million to €231 million (October – December 2011: €224 million). In percentage terms, operating expenses constituted 27.1 percent of first-quarter revenue, as compared to 23.7 percent one year earlier.

Research and development expenses increased by €17 million from €106 million in the first quarter of the 2012 fiscal year to €123 million in the three-month period ended December 31, 2012. The number of people working on research and development at Infineon was increased compared to the same quarter last year in order to create a sound basis for further growth.

€ in millions, except percentages	Three months ended December 31, 2012	2011
Research and development expenses	123	106
Changes year-on-year	16%	
Percentage of revenue	14.5%	11.2%

First-quarter selling, general and administrative expenses stood at 12.7 percent of revenue, as compared to 12.5 percent one year earlier.

	Three months ended December 31,	
€ in millions, except percentages	**2012**	2011
Selling, general and administrative expenses	108	118
Changes year-on-year	(8%)	
Percentage of revenue	12.7%	12.5%

FINANCIAL RESULT SLIGHTLY IMPROVED

The net financial result (financial income less financial expenses) for the first quarter of the 2013 fiscal year was negative €4 million, an improvement of €2 million compared to the negative €6 million recorded one year earlier. In the first quarter of the previous fiscal year, repurchases of subordinated convertible notes due 2014 executed in conjunction with the capital return program gave rise to losses of €5 million. No such repurchases were made during the quarter under report and hence no losses were incurred. First-quarter financial income decreased as a result of lower interest rates and the reduced gross cash position.

FIRST-QUARTER EFFECTIVE TAX RATE OF 16 PERCENT

As in the corresponding period one year earlier, the tax expense for the first quarter of the 2013 fiscal year was influenced by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets.

Based on income from continuing operations of €31 million and a tax expense of €5 million, the effective tax rate for the three months ended December 31, 2012 was 16 percent. The rate was therefore unchanged from the first quarter of the previous fiscal year when a tax expense of €20 million arose on income from continuing operations before income taxes of €124 million.

LOSS FROM DISCONTINUED OPERATIONS VIRTUALLY UNCHANGED

The loss from discontinued operations, net of income taxes for the first quarter of the 2013 fiscal year amounted to €7 million, compared to a loss of €8 million one year earlier. An expense of €6 million was recognized in the quarter under report for risks related to the Qimonda insolvency (see note 16 "Commitments and Contingencies"). Subsequent expenses totaling €1 million were incurred in conjunction with the Wireless mobile phone business.

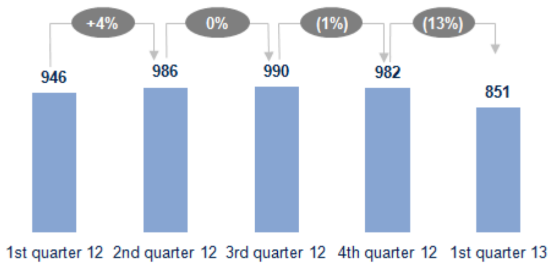
In the first quarter of the previous fiscal year, a change in the interpretation of the fiscal authorities regarding an issue also affecting the sale of the Wireless mobile phone business resulted in the recognition of an expense of €8 million in conjunction with an adjustment to tax provisions.

NET INCOME DETERIORATION REFLECTED IN EARNINGS PER SHARE

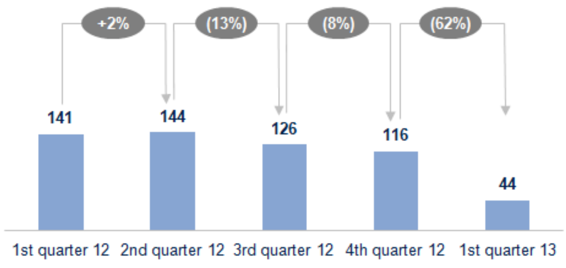
Net income for the three months ended December 31, 2012 totaled €19 million, significantly down on the €96 million recorded in the same quarter one year earlier.

The lower net income resulted in a similarly sharp reduction in earnings per share. Compared to earnings per share of €0.09 (basic and diluted) for the first quarter of the 2012 fiscal year, the corresponding figures for the first three months of the current fiscal year amounted to €0.02.

SEGMENT PERFORMANCE



Comparison of the revenue of the last 5 quarters [€ m]



Comparison of the Segment Result of the last 5 quarters [€ m]

First-quarter Segment Result Margin of 5.2 percent

The weak state of the economy impacted the performance of most of Infineon’s operating segments, albeit to a different extent. €58 million or approximately 60 percent of the total decline in Infineon`s revenue (€95 million) compared to the first quarter last year related to the Industrial Power Control segment. Chip Card & Security was the only segment to generate more revenue than in the previous year's corresponding quarter (up by €11 million).

The first-quarter Segment Result fell by €97 million from €141 million in the previous fiscal year to €44 million in the current fiscal year, primarily due to the combined impact of lower revenues and higher fixed costs, the latter caused by expanded production capacities not fully utilized during the period under report. Industrial Power Control recorded the steepest drop in Segment Result (down by €44 million), accounting for 45 percent of the total decrease.

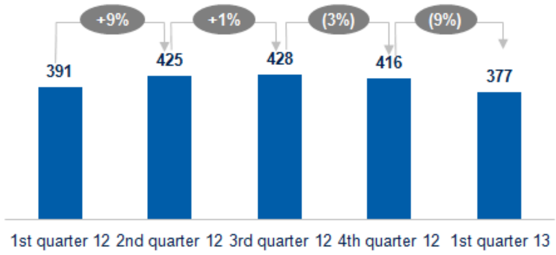
The first-quarter Segment Result Margin was 5.2 percent, as compared to 14.9 percent one year earlier.

AUTOMOTIVE

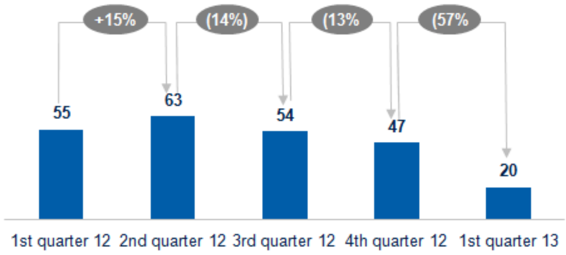
€ in millions, except percentages	Three months ended December 31, 2012	2011
Revenue	377	391
Share of Total Revenue	44%	41%
Segment Result	20	55
Share of Segment Result of Infineon	45%	39%
Segment Result Margin	5.3%	14.1%

The Automotive segment recorded first-quarter revenue totaling €377 million, a decrease of €14 million or 4 percent on the €391 million registered for the first three months of the 2012 fiscal year. This dip in revenue was due in part to inventory corrections along the automotive supply chain and also to market contraction, particularly in Europe.

The Automotive segment posted a Segment Result of €20 million for the first quarter, €35 million down on the previous year. The Segment Result Margin decreased accordingly from 14.1 percent to 5.3 percent. The deterioration in earnings against the previous year was mainly attributable to lower revenues, and the corresponding under-utilization of production capacities as well as the impact of higher costs caused by expanded capacities across the Group.



Comparison of the revenue of Automotive of the last 5 quarters [€ m]



Comparison of the Segment Result of Automotive of the last 5 quarters [€ m]

Major events and developments in the Automotive segment during the first three months of the 2013 fiscal year:

Major new contracts were gained in the field of vehicle safety with a total volume in excess of €400 million, which will begin generating revenue in 2015:

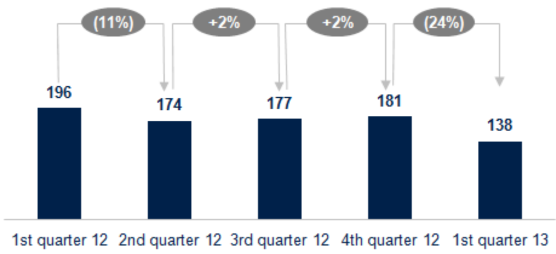
- One of the world's leading manufacturers of electronic safety equipment for airbags, brakes and electric power steering systems chose Infineon to supply products from the new AURIX microcontrollers platform based on dual-core architecture, components for power supplies and bridge drivers used to control electric motors.
- Infineon was also successful in winning business from an Asian automotive supplier convinced of the benefits offered by AURIX microcontrollers and their ability to meet functional safety requirements.
- Thanks to the outstanding quality of its MEMS products, Infineon was able to win sensor component business in the field of side-impact recognition. These sensors provide the necessary information to activate side airbags.

INDUSTRIAL POWER CONTROL

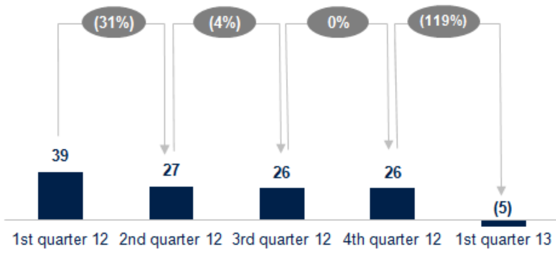
	Three months ended December 31,	
€ in millions, except percentages	**2012**	2011
Revenue	138	196
Share of Total Revenue	16%	21%
Segment Result	(5)	39
Share of Segment Result of Infineon	(11%)	28%
Segment Result Margin	(3.6%)	19.9%

The Industrial Power Control segment recorded first-quarter revenue amounting to €138 million, a drop of €58 million on the first quarter of the 2012 fiscal year. Whereas that quarter had been affected by supply bottlenecks, the first quarter of the current fiscal year was characterized by weak market conditions in particular in the capital goods sector and by inventory corrections by customers (in particular by distributors operating in the Asian region). Demand for industrial drives was especially hit by these developments. Revenue generated with products for photovoltaic applications also fell sharply due to the reduced scale of government subsidies available from the beginning of January 2013 in countries important for this market.

Segment Result was driven down by the steep decline in revenue and the accompanying under-utilization of production capacities coupled with higher depreciation expenses as a result of the expanded productions capacities. Compared to the previous year’s first-quarter Segment Result of €39 million and a Segment Result Margin of 19.9 percent, the equivalent figures for the first quarter of the current year were negative €5 million and negative 3.6 percent respectively.



Comparison of the revenue of Industrial Power Control of the last 5 quarters [€ m]



Comparison of the Segment Result of Industrial Power Control of the last 5 quarters [€ m]

Major events and developments in the Industrial Power Control segment in the first quarter of the 2013 fiscal year:

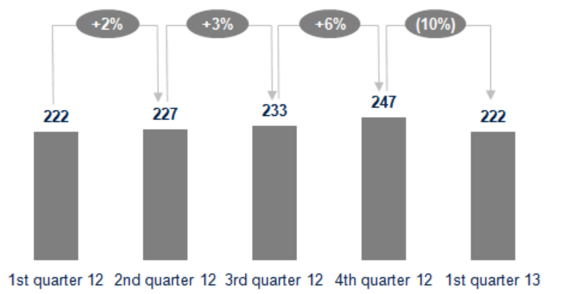
- The next generation of IGBT products with Trenchstop™ 5 technology was launched. These products set a new benchmark in IGBT performance for a number of applications, such as photovoltaic inverters, uninterruptible power supplies and electronically controlled welding machines. The new product family enables customers to reduce system costs, improve efficiency and increase reliability at the same time.
- Infineon has now introduced TIM (Thermal Interface Material) products that provide optimal solutions for customers to meet the challenge of heat evacuation from the power module. TIM has been specifically developed for Infineon and is already being applied in the production process, depending on the use to which the product is put, thus enabling the customer's system to attain improved power density, greater reliability and longer useful life.
- The expansion of the EconoDUAL™ module family now enables Infineon to offer up to 30% more power output with the same product dimensions. Target applications such as wind turbines, central inverters in photovoltaic systems, industrial drives and commercial vehicles, etc. can cover a significantly broader power spectrum using the new products, without expensive and time-consuming system developments. Infineon is the only one to offer these modules with a maximum output current across the full range from 650 to 1700 volts.

POWER MANAGEMENT & MULTIMARKET

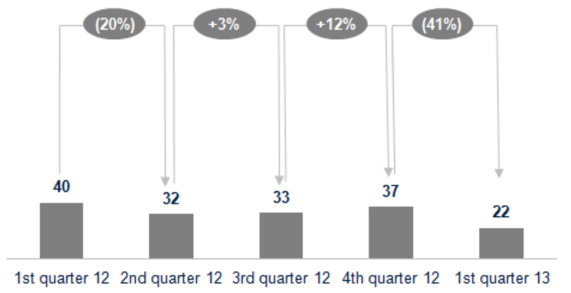
	Three months ended December 31,	
€ in millions, except percentages	**2012**	2011
Revenue	222	222
Share of Total Revenue	26%	23%
Segment Result	22	40
Share of Segment Result of Infineon	50%	28%
Segment Result Margin	9.9%	18.0%

Revenue in the first quarter of the 2013 fiscal year totaled €222 million, unchanged from the same quarter one year earlier. A comparison of these quarters shows slightly weaker revenues from the sale of components for video game consoles being offset by somewhat stronger demand for smartphone-related components and for power semiconductors in lower voltage classes.

With a first-quarter Segment Result of €22 million, the Power Management & Multimarket segment's earnings contribution was €18 million lower than the €40 million reported one year earlier. The Segment Result Margin for the quarter was 9.9 percent, significantly lower than the previous year’s 18.0 percent. Segment Result was negatively impacted by higher idle costs and increased operatiing expenses costs, the latter attributable to higher research and development expenses.



Comparison of the revenue of Power Management & Multimarket of the last 5 quarters [€ m]



Comparison of the Segment Result of Power Management & Multimarket of the last 5 quarters [€ m]

Major events and developments in the Power Management & Multimarket segment in the first quarter of the 2013 fiscal year:

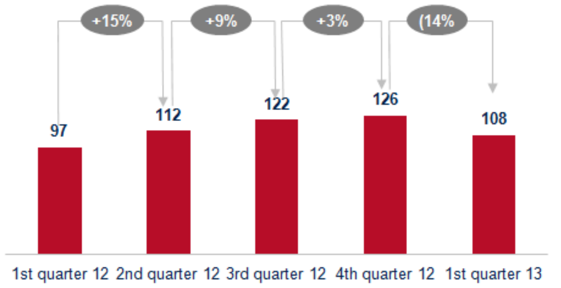
- A solution based on the use of digital power controllers in combination with OptiMOS™ low-voltage power transistors and driver ICs, enabled Infineon to achieve first design wins in the power supply of the newest platform designed for next generation servers on Intel architecture.
- In the market segment for smartphones and tablets, contracts were signed with a leading smartphone manufacturer not only for the supply of discrete high-frequency components on its latest phone platform (3G and LTE models) but also for supplying MOSFETs used in the switch-mode power supply units for these mobile devices. Thanks to the extreme efficiency of MOSFETs based on CoolMOS™ technology, the power density of chargers can be improved within the desired small form factor.

CHIP CARD & SECURITY

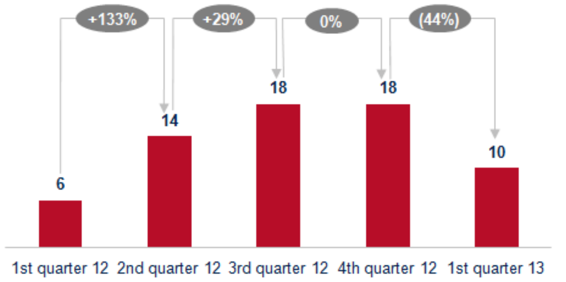
	Three months ended December 31,	
€ in millions, except percentages	**2012**	2011
Revenue	108	97
Share of Total Revenue	13%	10%
Segment Result	10	6
Share of Segment Result of Infineon	23%	4%
Segment Result Margin	9.3%	6.2%

Revenue in the first quarter of the 2013 fiscal year totaled €108 million, 11 percent up on the previous year's first quarter reported figure of €97 million. Business with SIM card and government ID applications was up on the corresponding quarter last year, while revenue from electronic payment cards remained practically unchanged. Revenue generated with highly secure components for Pay-TV applications, however, was slightly down.

The first-quarter Segment Result amounted to €10 million, compared with €6 million in the previous year. The increase came primarily from higher volumes for SIM cards and government ID applications. Research and development expenses was €3 million higher than one year earlier, due to project-related factors, while selling and general administrative expenses remained practically unchanged. Overall, Chip Card & Security recorded a Segment Result Margin of 9.3 percent (October – December 2011: 6.2 percent).



Comparison of the revenue of Chip Card & Security of the last 5 quarters [€ m]



Comparison of the Segment Result of Chip Card & Security of the last 5 quarters [€ m]

Major events and developments in the Chip Card & Security segment in the first three months of the 2013 fiscal year:

- By the end of the 2012 calendar year, Infineon had sold more than a billion security controllers based on 90-nanometer technology. After their successful introduction for mobile communication devices, 90-nanometer products are now also being used in payment cards and government ID applications.
- During the quarter under report, Infineon won a number of major awards for its security controllers:
- At the CARTES exhibition held in November 2012, Infineon was presented the prestigious SESAMES Award for its SLC 32TLC security controller, which is the first product to comply with the open transport standard CIPURSE.
- The German IT Security Award was presented to Infineon for the innovative encryption scheme "Cryptographic Protocol with Inherent Side-Channel Resistance".
- Infineon was also the first company to receive the highest security certificate (Common Criteria EAL 6+ (high)) for a flash-based security controller (SLE 78 based on "Integrity Guard" technology) from the Federal Office for Information Security (BSI).

OTHER OPERATING SEGMENTS

	Three months ended December 31,	
€ in millions, except percentages	**2012**	2011
Revenue	9	43
Share of Total Revenue	1%	5%
Segment Result	(2)	4
Share of Segment Result of Infineon	(4.5%)	2.8%

Other Operating Segments mainly comprise activities remaining with Infineon after the sale or exit of a business operation. These include post-closing activities arising from the fact that the businesses sold still rely on goods sold or services rendered by Infineon as well as remaining activities that cannot be allocated to another segment and which will be ultimately phased out. Product supplies to Lantiq following the sale of the Wireline Communications business fall under this category. Similarly, goods and services sold to Intel Mobile Communications (IMC) during a defined transitional period following the sale of the Wireless mobile phone business are also allocated to Other Operating Segments. The same applies to business with analog and digital TV tuners.

Revenue in the first quarter of the 2013 fiscal year generated with IMC and Lantiq continued to decrease, as a consequence of which the Segment Result turned into a loss of €2 million (October – December 2011: profit of €4 million).

CORPORATE AND ELIMINATIONS

The first-quarter segment result finished close to break-even with a loss of €1 million (October – December 2011: loss of €3 million).

REVIEW OF FINANCIAL CONDITION

€ in millions, except percentages	As of December 31, 2012	September 30, 2012	Change
Current assets	3,282	3,510	(6%)
Non-current assets	2,356	2,388	(1%)
Total assets	**5,638**	**5,898**	**(4%)**
Current liabilities	1,352	1,678	(19%)
Non-current liabilities	682	645	6%
Total liabilities	**2,034**	**2,323**	**(12%)**
Total equity	**3,604**	**3,575**	**1%**

DECREASE IN CURRENT ASSETS DUE TO LOWER GROSS CASH POSITION

Current assets decreased by 6 percent to stand at €3,282 million as of December 31, 2012 (September 30, 2012: €3,510 million). The main reason for the drop was the lower gross cash position (sum of cash and cash equivalents and financial investments), which was, in turn, mainly attributable to the settlement of payables relating to investments, bonus payments and the capital return program. The reduction of €97 million in trade receivables was a further reason for the decrease in current assets.

NON-CURRENT ASSETS DOWN DUE TO LOWER INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT

Non-current assets decreased by €32 million (1 percent) from €2,388 million as of September 30, 2012 to €2,356 million as of December 31, 2012, mainly due to the lower level of investment in property, plant and equipment. The depreciation expense for the quarter amounted to €110 million, thereby exceeding additions of €75 million. Capital expenditure related primarily to the production sites in Kulim (Malaysia), Villach (Austria) and Dresden (Germany).

LIABILITIES REDUCED BY SETTLEMENT OF PAYABLES, BONUSES AND CAPITAL RETURN PROGRAM-RELATED PAYMENTS

Current liabilities stood at €1,352 million as of December 31, 2012, €326 million (19 percent) lower than at September 30, 2012 (€1,678 million). The two principal factors for this reduced figure were the €182 million drop in trade and other payables and the €81 million decrease in current provisions, the latter mainly due to the settlement of bonus payments to employees. Furthermore, put options amounting to €38 million were exercised and additional put options with a value of €17 million expired during the first quarter of the 2013 fiscal year, thereby reducing other current financial liabilities.

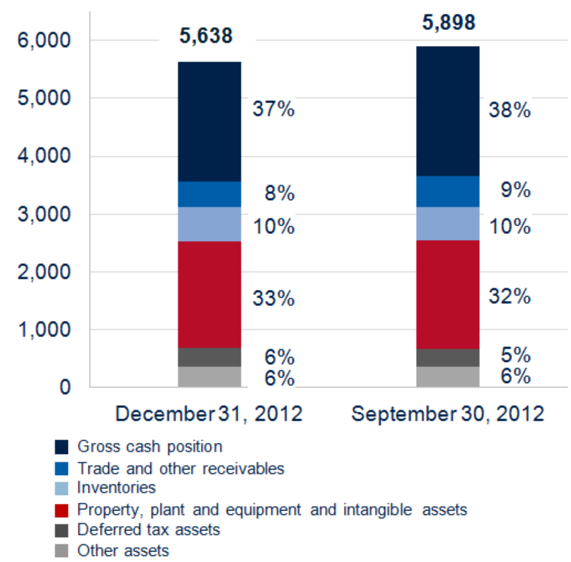
Compared to September 30, 2012 (€645 million), non-current liabilities increased by €37 million or 6 percent to stand at €682 million as of December 31, 2012, with most of the increase (€35 million) relating to non-current financial liabilities.

EQUITY MARGINALLY HIGHER DUE TO NET INCOME FOR THE PERIOD

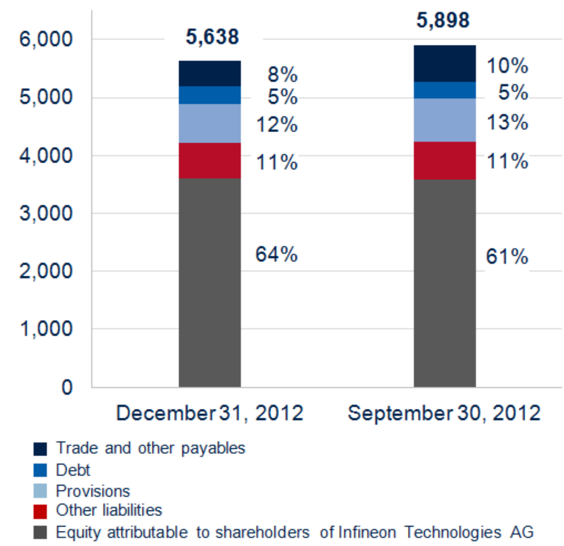
Equity increased by €29 million (1 percent) to reach €3,604 million at December 31, 2012 (September 30, 2012: €3,575 million). The increase was partly attributable to net income for the three-month period (€19 million) and partly to the expiry of put options (€17 million). By contrast, other reserves went down by €9 million, primarily owing to currency exchange rate effects.

The equity ratio improved to 63.9 percent as of the end of the reporting period (September 30, 2012: 60.6 percent).

Assets [€ m]



Liabilities and Equity [€ m]



REVIEW OF LIQUIDITY

CASH FLOWS

€ in millions	Three months ended December 31, 2012	2011
Net cash provided by (used in) operating activities from continuing operations	(41)	59
Net cash provided by (used in) investing activities from continuing operations	28	(551)
Net cash used in financing activities from continuing operations	(22)	(90)
Net change in cash and cash equivalents from discontinued operations	(1)	(35)
Net decrease in cash and cash equivalents	**(36)**	**(617)**
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	2
Change in cash and cash equivalents	**(38)**	**(615)**

Reductions in trade payables and provisions result in net outflow for cash used in operating activities from continuing operations

In terms of cash flows provided by (used in) operating activities from continuing operations, the first quarter of the 2013 fiscal year saw an outflow of €41 million, as compared to an inflow of €59 million in the same quarter one year earlier. Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€115 million), the principal items affecting cash flows provided by (used in) operating activities from continuing operations during the period under report were reductions in trade and other payables and provisions totaling €260 million, tax payments amounting to €42 million and, working in the opposite direction, reductions in trade and other receivables totaling €97 million.

In the same quarter one year earlier, taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€227 million), the principal items affecting cash flows from operating activities from continuing operations were reductions in trade and other payables and provisions totaling €174 million.

Net cash provided by investing activities from continuing operations due to the sale of financial investments and reduced investment in property, plant and equipment

Net cash provided by investing activities from continuing operations in the first quarter of the 2013 fiscal year amounted to €28 million. The sale of financial investments (primarily money deposits with a maximum term of three to six months) gave rise to a net inflow of €115 million. This did not impact the gross cash position, since the latter includes financial investments as well as cash and cash equivalents. Capital expenditure on property, plant and equipment in the first quarter totaled €75 million.

Net cash used in investing activities from continuing operations in the first quarter of the previous fiscal year amounted to €551 million, of which €278 million related to investments in property, plant and equipment and €258 million to the purchase of financial investments.

Repurchase of shares via put options results in net cash used in financing activities from continuing operations

Net cash used in financing activities from continuing operations in the first quarter of the 2013 fiscal year amounted to €22 million, influenced by an outflow of €38 million for the repurchase of 6 million own shares via put options on the one hand and a net inflow of €17 million as a result of new loans raised.

In the same quarter last year, net cash used in financing activities from continuing operations amounted to €90 million and related primarily to repurchases of subordinated convertible notes due 2014 (nominal amount of €19 million). Debts were reduced by €23 million (net). In addition, Infineon used €20 million to repurchase 3 million own shares via put options.

FREE CASH FLOW

The free cash flow figure is defined as net cash provided by (used in) operating activities and net cash provided by (used in) investing activities after adjusting for cash flows related to the purchase and sale of financial investments. Free cash flow serves as an additional performance indicator, since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the free cash flow calculated in this way is available to cover other disbursements since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or "more valuable" performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations, and is derived as follows from the Consolidated Statement of Cash Flows:

	Three months ended December 31,	
€ in millions	**2012**	2011
Net cash provided by (used in) operating activities from continuing operations	(41)	59
Net cash provided by (used in) investing activities from continuing operations	28	(551)
Purchases of (proceeds from the sale of) financial investments	(115)	258
Free cash flow	**(128)**	**(234)**

Cash used in operating activities from continuing operations and investment in organic growth result in high negative free cash flow figure

Free cash flow for the first quarter of the 2013 fiscal year was a negative amount of €128 million compared to a negative amount of €234 million in the corresponding quarter one year earlier. In addition to the cash used in operating activities from continuing operations, disbursements for investments in intangible assets and property, plant and equipment totaled €88 million.

Free cash flow in the first quarter of the previous fiscal year was a negative amount of €234 million, with net cash provided by operating activities covering only part of the high level of investments (€294 million) in property, plant and equipment and intangible assets.

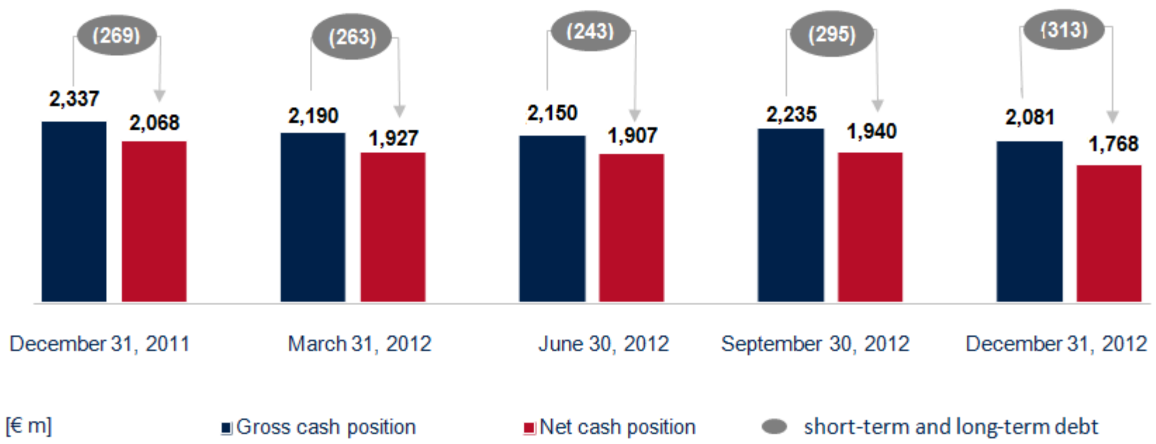
GROSS CASH POSITION AND NET CASH POSITION

The following table reconciles the gross cash position and net cash position (i.e. after deduction of debt). Since some liquid funds are held in the form of financial investments, which for IFRS purposes are not considered to be "cash and cash equivalents", Infineon reports on its gross and net cash positions in order to provide investors with a better understanding of the Company's overall liquidity. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

€ in millions	**December 31, 2012**	September 30, 2012
Cash and cash equivalents	387	425
Financial investments	1,694	1,810
Gross cash position	**2,081**	**2,235**
Less:		
Long-term debt	275	240
Short-term debt and current maturities of long-term debt	38	55
Total financial debt	**313**	**295**
Net cash position	**1,768**	**1,940**

The gross cash position, comprising cash and cash equivalents and financial investments, amounted to €2,081 million at December 31, 2012, a decrease of €154 million position of €2,235 million recorded at September 30, 2012. The decrease in the gross cash position mainly results from the settlement of payables (in particular for investments), disbursements in conjunction with the capital return program and bonus payments to employees.

The net cash position, defined as the gross cash position less short-term and long-term debt, decreased accordingly by €172 million from €1,940 million as of September 30, 2012 to €1,768 million as of December 31, 2012.



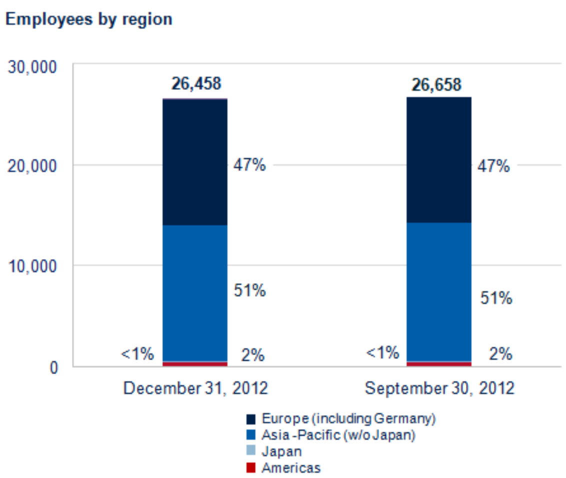
EMPLOYEES

The following table shows the composition of the Infineon workforce, by region, at the relevant reporting dates:

	As of		
	December 31, 2012	September 30, 2012	Change
Region:			
Europe	12,499	12,427	1%
Therein: Germany	8,450	8,408	0%
Asia/Pacific (w/o Japan)	13,341	13,624	(2%)
Therein: China	1,441	1,423	1%
Japan	119	116	3%
Americas	499	491	2%
Total	**26,458**	**26,658**	**(1%)**

The number of employees decreased overall by 1 percent during the first quarter of the 2013 fiscal year, with the reduction in the workforce in Asia-Pacific (in particular Malaysia) offset by small increases in other regions. Research and development functions were strengthened as the foundation for future growth, more than offset by staff reductions in other areas.

Approximately 32 percent of the Infineon staff were employed at Infineon sites in Germany at both December 31, 2012 and September 30, 2012.



SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after December 31, 2012 and up to the date on which the Interim Consolidated Financial Statements were approved by the Management Board on February 7, 2013 which are expected to have a material impact on Infineon's financial condition and/or results of operations.

OUTLOOK

OUTLOOK FOR THE SECOND QUARTER OF THE 2013 FISCAL YEAR

Revenue is forecast to rise by a mid single digit percentage in the second quarter of the 2013 fiscal year despite the weakness of the US dollar. The Industrial Power Control, Power Management & Multimarket, Chip Card & Security and Other Operating segments are all expected to report revenues at similar levels to the previous quarter, while the Automotive segment is likely to see a distinct increase. The second quarter Segment Result is expected to be slightly up in absolute terms compared to the first quarter.

UNCHANGED OUTLOOK FOR THE 2013 FISCAL YEAR

For the purposes of the outlook for the remainder of the fiscal year, Infineon has adjusted its assumed exchange rate from US dollar 1.25 to US dollar 1.30 to the euro. Despite the negative impact of this adjustment, Infineon continues to forecast a mid-to-high single digit percentage decrease in revenue in the 2013 fiscal year compared to one year earlier. Revenues generated by the Automotive, Power Management & Multimarket and Chip Card & Security segments are expected to fare better than the Group average whereas Industrial Power Control is expected to fare significantly worse than the Group average. Revenue of the Other Operating segments segment will again fall sharply, as sales to the previously sold Wireline Communications and Wireless mobile phone businesses are further reduced.

In margin terms, Infineon continues to forecast a mid-to-high single digit Segment Result Margin despite the unfavorable development of the euro/US dollar exchange rate. The measures aimed at stabilizing the margin announced in November in conjunction with fourth quarter and 2012 fiscal year reporting will continue to have a positive impact on Segment Result in the coming quarters.

Investments – defined as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized research and development expenses – are likely to be in the region of €400 million for the full fiscal year, compared to depreciation and amortization of approximately €470 million.

RISKS AND OPPORTUNITIES

Infineon's international structure and its broad range of products offer a multitude of opportunities, whilst simultaneously exposing it to numerous risks. These opportunities and risks can have either a positive or a negative impact on business performance respectively. Coordinated risk management and control systems are in place to identify material opportunities and risks at an early stage and manage them to Infineon's advantage. Risk management at Infineon is embedded in the Group's planning systems, playing an important role in all entrepreneurial decisions and business processes. As such, risk management plays a vital role in securing lasting success for the business as a whole.

Specific risks which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations, specific opportunities and the concept behind Infineon's risk management system are described in the Group Management Report for the 2012 fiscal year (pages 155 to 164).

During the first three months of the 2013 fiscal year, Infineon did not identify any material changes to the opportunities and risks described in the 2012 Annual Report and in note 16 to these Interim Consolidated Financial Statements.

Further risks – of which Infineon is not currently aware or which are not at present considered material – could also impair business activities in the future. At the date of this report, Infineon is not aware of any substantial risks capable of jeopardizing its going-concern status.

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

€ in millions	**December 31, 2012**	December 31, 2011
Revenue	851	946
Cost of goods sold	(579)	(585)
Gross profit	**272**	**361**
Research and development expenses	(123)	(106)
Selling, general and administrative expenses	(108)	(118)
Other operating income	4	4
Other operating expense	(10)	(12)
Operating income	**35**	**129**
Financial income	8	12
Financial expense	(12)	(18)
Income from investments accounted for using the equity method	-	1
Income from continuing operations before income taxes	**31**	**124**
Income tax expense	(5)	(20)
Income from continuing operations	**26**	**104**
Loss from discontinued operations, net of income taxes	(7)	(8)
Net income	**19**	**96**
Attributable to:		
Non-controlling interests	-	-
Shareholders of Infineon Technologies AG	19	96
Basic earnings per share attributable to shareholders of Infineon Technologies AG:		
Basic earnings per share (in euro) from continuing operations	0.02	0.10
Basic earnings (loss) per share (in euro) from discontinued operations	-	(0.01)
Basic earnings per share (in euro)	**0.02**	**0.09**
Diluted earnings per share attributable to shareholders of Infineon Technologies AG:		
Diluted earnings per share (in euro) from continuing operations	0.02	0.10
Diluted earnings (loss) per share (in euro) from discontinued operations	-	(0.01)
Diluted earnings per share (in euro)	**0.02**	**0.09**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

€ in millions	**December 31, 2012**	December 31, 2011
Net income	**19**	**96**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified subsequently to profit or loss:		
Currency translation effects	(5)	6
Net change in fair value of hedging instruments	(4)	1
Net change in fair value of available-for-sale financial assets	-	(1)
Total items that may be reclassified subsequently to profit or loss	**(9)**	**6**
Other comprehensive income (loss) for the year, net of tax	**(9)**	**6**
Total comprehensive income for the year, net of tax	**10**	**102**
Attributable to:		
Non-controlling interests	-	-
Shareholders of Infineon Technologies AG	10	102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2012, DECEMBER 31, 2011 (UNAUDITED) AND SEPTEMBER 30, 2012

€ in millions	**December 31, 2012**	December 31, 2011	September 30, 2012
Assets:			
Current assets:			
Cash and cash equivalents	387	392	425
Financial investments	1,694	1,945	1,810
Trade and other receivables	442	554	539
Inventories	585	539	567
Income tax receivable	13	20	6
Other current financial assets	5	5	9
Other current assets	152	133	149
Assets classified as held for sale	4	15	5
Total current assets	**3,282**	**3,603**	**3,510**
Property, plant and equipment	1,694	1,509	1,731
Goodwill and other intangible assets	153	122	146
Investments accounted for using the equity method	32	34	32
Deferred tax assets	312	262	315
Other financial assets	123	118	124
Other assets	42	45	40
Total non-current assets	**2,356**	**2,090**	**2,388**
Total assets	**5,638**	**5,693**	**5,898**

€ in millions	December 31, 2012	December 31, 2011	September 30, 2012
Liabilities and equity:			
Current liabilities:			
Short-term debt and current maturities of long-term debt	38	65	55
Trade and other payables	440	608	622
Current provisions	629	736	710
Income tax payable	37	69	69
Other current financial liabilities	43	135	100
Other current liabilities	165	164	122
Total current liabilities	**1,352**	**1,777**	**1,678**
Long-term debt	275	204	240
Pension plans and similar commitments	292	170	293
Deferred tax liabilities	4	7	4
Long-term provisions	38	27	30
Other financial liabilities	7	6	8
Other liabilities	66	66	70
Total non-current liabilities	**682**	**480**	**645**
Total liabilities	**2,034**	**2,257**	**2,323**
Shareholders' equity:			
Ordinary share capital	2,161	2,173	2,160
Additional paid-in capital	5,675	5,832	5,674
Accumulated deficit	(4,180)	(4,418)	(4,199)
Other reserves	19	16	28
Own shares	(37)	(46)	-
Put options on own shares	(34)	(121)	(88)
Equity attributable to shareholders of Infineon Technologies AG	**3,604**	**3,436**	**3,575**
Total liabilities and equity	**5,638**	**5,693**	**5,898**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

€ in millions	**December 31, 2012**	December 31, 2011
Net income	**19**	**96**
Plus: loss from discontinued operations, net of income taxes	7	8
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	116	97
Income tax expense	5	20
Net interest result	4	6
Provision for doubtful accounts	(3)	-
Losses (gains) on disposals of property, plant and equipment	(1)	-
Income from investments accounted for using the equity method	-	(1)
Share-based compensation	1	-
Change in trade and other receivables	97	37
Change in inventories	(19)	(34)
Change in other current assets	-	5
Change in trade and other payables	(181)	(107)
Change in provisions	(79)	(67)
Change in other current liabilities	41	22
Change in other assets and liabilities	(6)	(20)
Interest received	5	7
Interest paid	(5)	(7)
Income tax paid	(42)	(3)
Net cash provided by (used in) operating activities from continuing operations	**(41)**	**59**
Net cash used in operating activities from discontinued operations	**(1)**	**(27)**
Net cash provided by (used in) operating activities	**(42)**	**32**
Purchases of financial investments	(485)	(569)
Proceeds from sales of financial investments	600	311
Purchases of intangible assets and other assets	(13)	(16)
Purchases of property, plant and equipment	(75)	(278)
Proceeds from sales of property, plant and equipment and other assets	1	1
Net cash provided by (used in) investing activities from continuing operations	**28**	**(551)**
Net cash used in investing activities from discontinued operations	**-**	**(8)**
Net cash provided by (used in) investing activities	**28**	**(559)**

€ in millions	**December 31, 2012**	December 31, 2011
Net change in related party financial receivables and payables	(1)	-
Proceeds from issuance of long-term debt	42	2
Repayments of long-term debt	(25)	(25)
Repurchase of convertible subordinated bonds	-	(50)
Purchases of own shares	(38)	(20)
Proceeds from the issuance of put options on own shares	-	3
Net cash used in financing activities from continuing operations	**(22)**	**(90)**
Net cash used in financing activities from discontinued operations	**-**	**-**
Net cash used in financing activities	**(22)**	**(90)**
Net decrease in cash and cash equivalents	(36)	(617)
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	2
Cash and cash equivalents at beginning of period	425	1,007
Cash and cash equivalents at end of period	**387**	**392**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE THREE MONTHS ENDED DECEMBER 31, 2012 AND 2011

€ in millions, except for number of shares	Ordinary shares issued				Other
	Shares	Amount	Additional paid-in capital	Accumulated deficit	Foreign currency translation adjustment
Balance as of October 1, 2011	**1,086,745,835**	**2,173**	**5,854**	**(4,514)**	**16**
Net income	-	-	-	96	-
Other comprehensive income for the period, net of tax	-	-	-	-	6
Total comprehensive income for the period, net of tax	-	-	-	96	6
Share based compensation	-	-	1		-
Other changes in equity	-	-	(26)	-	-
Purchase of own shares	-	-	-	-	-
Put options on own shares	-	-	3	-	-
Balance as of December 31, 2011	**1,086,745,835**	**2,173**	**5,832**	**(4,418)**	**22**
Balance as of October 1, 2012	**1,080,306,332**	**2,160**	**5,674**	**(4,199)**	**26**
Net income	-	-	-	19	-
Other comprehensive income for the period, net of tax	-	-	-	-	(5)
Total comprehensive income for the period, net of tax	-	-	-	19	(5)
Issuance of ordinary shares:					
Exercise of stock options	95,540	1	-	-	-
Share-based compensation	-	-	1	-	-
Other changes in equity	-	-	-	-	-
Purchase of own shares	-	-	-	-	-
Put options on own shares	-	-	-	-	-
Balance as of December 31, 2012	**1,080,401,872**	**2,161**	**5,675**	**(4,180)**	**21**

reserves						
Unrealized gains (losses) on securities	Unrealized gains (losses) on hedging instruments	Own shares	Put options on own shares	Total equity attributable to shareholders of Infineon Technologies AG	Non-controlling interests	Total equity
3	**(9)**	**(26)**	**(142)**	**3,355**	**-**	**3,355**
-	-	-	-	96	-	96
(1)	1	-	-	6	-	6
(1)	1	-	-	102	-	102
-	-	-	-	1	-	1
-	-	-	-	(26)	-	(26)
-	-	(20)	-	(20)	-	(20)
-	-	-	21	24	-	24
2	**(8)**	**(46)**	**(121)**	**3,436**	**-**	**3,436**
3	**(1)**	**-**	**(88)**	**3,575**	**-**	**3,575**
-	-	-	-	19	-	19
-	(4)	-	-	(9)	-	(9)
-	(4)	-	-	10	-	10
-	-	-	-	1	-	1
-	-	-	-	1	-	1
-	-	-	-	-	-	-
-	-	(37)	-	(37)	-	(37)
-	-	-	54	54	-	54
3	**(5)**	**(37)**	**(34)**	**3,604**	**-**	**3,604**

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Infineon Group ("Infineon") comprising Infineon Technologies AG ("the Company") and its subsidiaries design, develop, manufacture and market a broad range of semiconductors and system solutions. The focus of activities is on automotive electronics, industrial electronics and chip-card-based security. Infineon products are also used in a wide variety of microelectronic applications, for example in computer systems, telecommunications systems and consumer goods. The product range comprises standard components, customer-specific solutions for devices and systems, specific components for digital, analog, and mixed-signal applications as well as embedded, non-volatile memories. Most of Infineon's revenue is generated by power semiconductors, the remainder by embedded control products (microcontroller designs adapted to the specific requirements of the application) and other product categories. Infineon's operations, investments and customers are located mainly in Europe, Asia and North America.

Infineon Technologies AG is a listed company under German law and ultimate parent company of the Infineon Group. The principal office of the Company is Am Campeon 1-12, 85579 Neubiberg (Germany). The Company is registered in the Commercial Register of the District Court of Munich under the number HRB 126492.

1 / BASIS OF PRESENTATION

The condensed Interim Consolidated Financial Statements of Infineon for the three months ended December 31, 2012 and 2011, have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB), and as adopted by the European Union (EU). The Interim Consolidated Financial Statements have been prepared in compliance with IAS 34, "Interim Financial Reporting". Accordingly, certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. In addition, although the Consolidated Statement of Financial Position as of September 30, 2012 presented herein was derived from audited financial statements, it does not include all disclosures required by IFRS. The condensed Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with IFRS, as adopted by the EU, for the 2012 fiscal year. The accounting policies applied preparing the accompanying Interim Consolidated Financial Statements are consistent with those used for the 2012 fiscal year.

In the opinion of management, the Interim Consolidated Financial Statements contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. All such adjustments are of a normal recurring nature. The results of operations for any interim period are not necessarily indicative of results for the full fiscal year.

The preparation of the Interim Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and also influence the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from management's estimates.

All amounts presented in the Interim Consolidated Financial Statements are shown in euro (€) except where stated otherwise. Negative amounts are presented in parentheses.

Deviations in amounts presented may occur due to rounding.

2 / ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

The following standard has been applied for the first time in the first quarter of the 2013 fiscal year:

Amendment to IAS 1 "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income". The amendment requires that a distinction be made in the Statement of Comprehensive Income between items that will be recognized in future periods in the Statement of Operations and those which will not. The amendment does not have a significant impact on Infineon´s Consolidated Financial Statements.

3 / DIVESTITURES AND DISCONTINUED OPERATIONS

QIMONDA — DISCONTINUED OPERATIONS

On January 23, 2009, Qimonda AG ("Qimonda"), a majority owned company, filed an application at the Munich Local Court to commence insolvency proceedings. On April 1, 2009, the insolvency proceedings formally opened. Insolvency proceedings were also opened for further domestic and foreign subsidiaries of Qimonda. Some of these insolvency proceedings have already been completed. The results of these proceedings are reported as discontinued operations in Infineon's Consolidated Statement of Operations and Consolidated Statement of Cash Flows, to the extent that the underlying events occurred before the commencement of insolvency proceedings. To the extent that the events occurred after the commencement of insolvency proceedings, their results are reported as part of continuing operations.

Certain provisions relating to Qimonda's insolvency were required to be adjusted in the three months ended December 31, 2012 and 2011 as a result of new developments.

A detailed description of the Qimonda-related risks is provided in note 16 ("Commitments and Contingencies - Qimonda matters").

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

On August 30, 2010, Infineon entered into a purchase agreement with Intel Corporation ("Intel"), pursuant to which it agreed to sell the mobile phone business of the Wireless Solutions segment ("Wireless mobile phone business") for a consideration of US$1.4 billion. Businesses with analog and digital TV tuners and satellite radio receivers and with radio frequency power transistors for amplifiers in cellular base stations are the only areas of the Wireless Solutions segment that remained with Infineon. The sale was completed on January 31, 2011. All assets, patents, other intellectual property and selected liabilities allocated to the Wireless mobile phone business were transferred separately. This business is being continued by the purchaser under the name "Intel Mobile Communications" ("IMC").

Subsequent expenses in the first quarter of the 2013 fiscal year amounted to €1 million.

The pre-tax gain on the sale of the Wireless mobile phone business was adjusted upwards by €2 million during the first quarter of the 2012 fiscal year. A change in the administrative guidelines of the German tax authorities which is generally relevant to a transaction in connection with the sale of the Wireless mobile phone business resulted in the first quarter of the 2012 fiscal year in a tax expense of €8 million as an adjustment of tax provisions.

Following the sale, Infineon continues to sell products and to render services to IMC. These activities are reported as continuing operations, and within "Other Operating Segments" for segment reporting purposes.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets reported as held for sale at December 31, 2012 and at September 30, 2012 amounting to €4 million and €5 million, respectively, relate to property, plant and equipment acquired from Qimonda Dresden GmbH & Co. OHG ("Qimonda Dresden") which the Company intends to sell.

INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES

The results of Qimonda and the Wireless mobile phone business, presented in the Consolidated Statement of Operations as discontinued operations, net of income taxes, in the three months ended December 31, 2012 and 2011, consist of the following:

	Three months ended December 31,	
€ in millions	**2012**	2011
Qimonda's share of discontinued operations, net of income taxes	(6)	(2)
Wireless mobile phone business' share of discontinued operations, net of income taxes	(1)	(6)
Losses from discontinued operations, net of income taxes	**(7)**	**(8)**

4 / FINANCIAL INCOME

Financial income for the three months ended December 31, 2012 and 2011 comprises solely interest income of €8 million and €12 million, respectively.

5 / FINANCIAL EXPENSE

Financial expense for the three months ended December 31, 2012 and 2011 comprises solely interest expense of € 12 million and €18 million, respectively. Interest expense for the three months ended December 31, 2011 includes losses before tax of €5 million, arising on the repurchase of convertible subordinated bonds due 2014.

6 / INCOME TAX

Income from continuing operations before income taxes and income tax expense for the three months ended December 31, 2012 and 2011, respectively, are as follows:

	Three months ended December 31,	
€ in millions	**2012**	2011
Income from continuing operations before income taxes	31	124
Income tax expense	(5)	(20)
Effective tax rate	16%	16%

In the three months ended December 31, 2012 and 2011, Infineon’s tax expense is affected by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets.

7 / EARNINGS PER SHARE

Basic earnings per share ("EPS") is calculated by dividing net income by the weighted average number of ordinary shares outstanding during the reporting period. The number of shares outstanding is increased when stock options are exercised and decreased by share repurchases and the acquisition of shares following the exercise of put options on own shares.

Basic earnings per share are calculated as follows:

	Three months ended December 31,	
	2012	2011
Earnings per share - basic (€ in millions):		
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	26	104
Loss from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	(7)	(8)
Earnings attributable to shareholders of Infineon Technologies AG	**19**	**96**
Weighted-average number of shares outstanding (in millions):		
- Ordinary share capital	1,080.3	1,086.7
- Adjustment for own shares	(3.6)	(5.2)
Weighted-average number of shares outstanding – basic	1,076.7	1,081.5
Basic earnings per share[1] (in €):		
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.02	0.10
Loss from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	(0.01)
Earnings per share attributable to shareholders of Infineon Technologies AG – basic	**0.02**	**0.09**

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

The calculation of diluted EPS is based on the assumption that all potentially dilutive instruments are converted into ordinary shares - with the consequence of a corresponding increase in the number of shares on the one hand and a corresponding reduction in the charge on earnings for these instruments, such as interest expense, on the other. The convertible bond due 2014 is a potentially dilutive instrument. Stock options and outstanding put options issued on own shares are also potential dilutive instruments if the exercise price is lower than the average share price for the period (for the stock options) or higher than the average share price for the period (for the put options on own shares).

Diluted earnings per share are calculated as follows:

	Three months ended December 31,	
	2012	2011
Earnings per share – diluted (€ in millions):		
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	26	104
Adjustment for interest expense on convertible bond	-	4
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	26	108
Loss from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	(7)	(8)
Earnings attributable to shareholders of Infineon Technologies AG – diluted	**19**	**100**
Weighted-average number of shares outstanding – basic (in millions):	1,076.7	1,081.5
Adjustments for:		
- Effect of potential conversion of convertible bond	-	57.0
- Effect of stock options	0.9	1.2
- Effect of put options on own shares	0.1	0.5
Weighted-average number of shares outstanding – diluted	1,077.7	1,140.2
Diluted earnings per share[1] (in €):		
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.02	0.10
Loss from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	(0.01)
Earnings per share attributable to shareholders of Infineon Technologies AG – diluted	**0.02**	**0.09**

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

The weighted-average number of potentially dilutive instruments which did not have a dilutive impact was not taken into account in the calculation of diluted earnings per share. For the three months ended December 31, 2012 and 2011 this included 12.9 million and 10.3 million, respectively, of stock options issued to members of the management board and employees, since their exercise price was higher than the average share price during the relevant periods. Similarly 5.0 million and 14.7 million of the put options written on own shares from May 2011 onwards were not taken into account in the computation during the three months ended December 31, 2012 and 2011 since their exercise price was lower than the average share price during the reporting period. Additionally, 49.9 million ordinary shares issuable upon conversion of the outstanding convertible subordinated bond during the three months ended December 31, 2012, were not taken into account, as their impact would have been antidilutive on earnings per share.

8 / TRADE AND OTHER RECEIVABLES

Trade accounts and other receivables consist of the following:

€ in millions	December 31, 2012	September 30, 2012
Third party - trade	395	485
Related parties - trade	4	5
Trade accounts receivable, gross	**399**	**490**
Allowance for doubtful accounts	(14)	(16)
Trade accounts receivable, net	**385**	**474**
Grants receivable	46	53
Third party - financial and other receivables	10	11
Employee receivables	1	1
Total	**442**	**539**

9 / INVENTORIES

Inventories consist of the following:

€ in millions	December 31, 2012	September 30, 2012
Raw materials and supplies	77	77
Work-in-process	322	309
Finished and purchased goods	186	181
Total Inventories	**585**	**567**

Inventories at December 31, 2012 and September 30, 2012 are stated net of write-downs of €107 million and €85 million, respectively.

10 / TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

€ in millions	December 31, 2012	September 30, 2012
Third party - trade	421	603
Related parties - trade	9	12
Trade payables	**430**	**615**
Related parties - other payables	1	2
Other	9	5
Total	**440**	**622**

11 / PROVISIONS

Provisions consist of the following:

€ in millions	December 31, 2012	September 30, 2012
Personnel costs	114	188
Warranties	104	109
Provisions related to Qimonda	337	326
Other	112	117
Total	**667**	**740**

Provisions for personnel costs include, among others, costs of variable compensation, severance payments, service anniversary awards, other personnel costs and related social security costs.

Provisions for warranties mainly represent the estimated future cost of fulfilling contractual requirements associated with products sold.

Provisions relating to Qimonda are described in detail in note 16.

Other provisions comprise provisions for penalties for default or delay on contracts, asset retirement obligations, litigations (other than provisions relating to Qimonda) and miscellaneous other liabilities.

The total amounts of provisions are reflected in the Consolidated Statement of Financial Position as of December 31, 2012 and September 30, 2012, respectively, as follows:

€ in millions	December 31, 2012	September 30, 2012
Current	629	710
Non-current	38	30
Total	**667**	**740**

12 / DEBT

Debt consists of the following:

€ in millions	December 31, 2012	September 30, 2012
Current portion of long-term debt	38	55
Total short-term debt and current maturities of long-term debt	**38**	**55**
Convertible subordinated bonds, 7.5%, due 2014	102	100
Loans payable to banks:		
Unsecured term loans, weighted average rate 1.58% (prior year 1.40%), due 2013-2022	173	140
Total long-term debt	**275**	**240**
Total	**313**	**295**

In conjunction with its capital return program (see note 13), the Company did not repurchase any subordinated convertible bonds due 2014 during the three months ended December 31, 2012. The remaining bonds outstanding at the balance sheet date with a nominal value of €113 million can be converted into up to 49.9 million shares.

Loans payable to banks, including the current portion thereof, relate primarily to project financing at Infineon Technologies Austria AG and Infineon Technologies (Kulim) Sdn. Bhd.

Furthermore, the Company has established several bilateral financing arrangements, in the form of both short- and long-term credit facilities.

13 / EQUITY

The ordinary share capital of Infineon Technologies AG stood at €2,160,803,744 as of December 31, 2012 sub-divided into 1,080,401,872 no par value registered shares. As of September 30, 2012 it stood at €2,160,612,664 sub-divided into 1,080,306,332 no par value registered shares, each representing €2 of the Company's ordinary share capital. 95,540 new shares were issued in the first quarter of the 2013 fiscal year as a result of the exercise of stock options.

Management Board and Supervisory Board will propose to the Annual General Meeting, which is set to take place on February 28, 2013, that a dividend of €0.12 for each share entitled to receive a dividend be paid out of the unappropriated profit reported by Infineon Technologies AG for the 2012 fiscal year. Taking into account the fact that own shares are not entitled to receive a dividend, this would result in an expected distribution of approximately €129 million. Since payment of the dividend depends on approval by the shareholders at the Annual General Meeting a liability for the dividend has not been recognized in the Consolidated Financial Statements as of September 30, 2012 or in the Interim Consolidated Financial Statements as of December 31, 2012.

On May 9, 2011 Infineon Technologies AG resolved to repurchase shares on the basis of the authorization given by shareholders at the Annual General Meeting on February 17, 2011. From the original sum of up to €300 million allocated to measures aimed at returning capital to shareholders in the period through March 2013, €212 million were spent as at 31 December 2012. The capital return may be effected through writing put options on Infineon shares, outright repurchases of Infineon shares using the Frankfurt Stock Exchange's Xetra trading system or through repurchases of further portions of Infineon's outstanding convertible bonds (see note 12). According to applicable law, the repurchased shares may only be used to cancel shares and thereby reduce share capital or for covering conversion rights of convertible bonds or for servicing employee options, because the share buyback will be carried out in accordance with sections 14 (2) and 20a (3) of the German Securities Trading Act in connection with the provisions of Commission Regulation (EC) No. 2273/2003 of December 22, 2003. The Company made use of this, and cancelled all shares repurchased in the 2012 and 2011 fiscal years, reducing the ordinary share capital accordingly.

The planned capital return program may be suspended and resumed at any time within the time limits stipulated by the Annual General Meeting and in compliance with other statutory provisions.

From the beginning of the program and up to December 31, 2012, the Company has issued put options on its own shares with a maximum term of nine months for an exercise value of €302 million. As of December 31, 2012 put options with an exercise value of €34 million remain outstanding. The put options outstanding as of December 31, 2012 correspond to a total of 6.5 million shares with various fixed exercise prices and require physical delivery of the shares. Options for 6 million shares were exercised during the three months ended December 31, 2012, for which Infineon paid €38 million to the owners of the options, leaving a total of 6 million own shares on hand as of December 31, 2012, measured at their repurchase cost of €38 million.

The following table contains a reconciliation of the number of put options issued during the 2013 and 2012 fiscal years and the number of put options outstanding as of December 31, 2012:

In each case stated in millions	Exercise value in €	Underlying number of shares
Outstanding put options as of October 1, 2011	**144**	**26**
Put options issued during the 2012 fiscal year	120	22
Less: put options expired in the 2012 fiscal year	(155)	(29)
Less: put options exercised in the 2012 fiscal year	(20)	(3)
Outstanding put options as of September 30, 2012	**89**	**16**
Put options issued during the 2013 fiscal year	-	-
Less: put options expired so far in the 2013 fiscal year	(17)	(3)
Less: put options exercised so far in the 2013 fiscal year	(38)	(6)
Outstanding put options as of December 31, 2012	**34**	**7**

The obligation to acquire own shares recognized as of December 31, 2012 measured at the present value of the amount expected to settle the outstanding put options of €34 million results in a corresponding reduction in equity, which is reported within the equity line item “Put options on own shares”. The obligation is recognized within “Other current financial liabilities”, measured on an accrual basis with interest recognized over the term of the instrument. The relevant liabilities are extinguished when the put options are settled by payment. At that stage, the amount previously recorded is reclassified, within equity, from “Put options on own shares” to “Own shares”. If the options are not exercised, the relevant liability is derecognized and equity increased accordingly.

14 / SHARE-BASED COMPENSATION

On December 14, 2012, the Company granted 3,848,140 options to eligible employees and 547,619 options to the Management Board under the “Infineon Technologies AG Aktienoptionsplan 2010” (“Stock Option Plan 2010”). The contractual term of the options is 7 years. The expenses of this third tranche under the Stock Option Plan 2010 granted on December 14, 2012, have been deferred and are being recognized proportionately over the expected vesting period of approximately 5 years.

In compliance with the requirements of Section 87, Paragraph 1 sentence 3 of the German Stock Corporation Act (AktG), service contracts with Management Board members include multi-year assessment criteria and allow a cap to be set in the event of exceptional developments. The exercise of all stock options of each individual tranche may not give rise to a gain greater than 250 percent of the part of the target annual income relevant for the tranche; any remaining options above this cap are forfeited.

Otherwise, there have been no significant changes to the disclosures provided in the Annual Report for the year ended September 30, 2012. A total of 3.0 million options expired during the three months ended December 31, 2012. Expenses for share-based compensation were not significant for the three months ended December 31, 2012 and 2011.

15 / RELATED PARTIES

Infineon also transacts in the normal course of business with equity method investees and other related companies (collectively, “related parties”). Related parties also include members of key management personnel, in particular Management and Supervisory Board members.

Infineon purchases certain of its raw materials and services from, and sells certain of its products and services to related parties. Purchases from and sales to related parties are generally effected at manufacturing cost plus a mark-up.

Related party receivables consist primarily of trade, financial, and other receivables from equity method investees and related companies, and totaled €4 million and €5 million as of December 31, 2012 and September 30, 2012, respectively.

Related party payables consist primarily of trade, financial, and other payables to equity method investees and related companies, and totaled €10 million and €14 million as of December 31, 2012 and September 30, 2012, respectively.

In the three months ended December 31, 2012 and 2011, sales and service charges to related parties totaled €4 million and €8 million, respectively, while purchases from related parties totaled €24 million and €28 million, respectively.

16 / COMMITMENTS AND CONTINGENCIES

LITIGATION AND GOVERNMENT INQUIRIES

ANTITRUST LITIGATION

In September 2004, the Company entered into a plea agreement with the Antitrust Division of the U.S. Department of Justice in connection with its investigation into alleged antitrust violations in the Dynamic Random Access Memory (DRAM) industry. A number of putative price-fixing class action lawsuits have been filed in U.S. state and federal courts against the Company, its U.S. subsidiary Infineon Technologies North America Corp. ("IF North America") and other DRAM suppliers by indirect purchasers, state attorneys general of various U.S. states and territories, and California school districts, political subdivisions and public agencies. The lawsuits allege, among other things, violations of federal and state antitrust laws and violations of state unfair competition laws relating to the sale and pricing of DRAM products during specified time periods commencing in or after 1998 through at the latest June 2002. The lawsuits seek actual and treble damages in unspecified amounts, penalties, costs, attorneys' fees, and injunctive and other equitable relief.

The Company has executed a settlement agreement resolving these various lawsuits, subject to certain conditions. As part of the settlement, the Company agreed to pay approximately US$29 million, which the Company has deposited into an escrow fund. After final court approval, the Company will be released from claims by the state attorneys general and by any class members who do not elect to opt out of the settlement. Prior to the time of final court approval of the settlement, there is a risk that class members may decide to opt out of the class.

Between December 2004 and February 2005, two putative class proceedings were filed in the Canadian province of Quebec, and one was filed in each of Ontario and British Columbia against the Company, IF North America and other DRAM manufacturers on behalf of all direct and indirect purchasers resident in Canada who purchased DRAM or products containing DRAM between July 1999 and June 2002, seeking damages, investigation and administration costs, as well as interest and legal costs. Plaintiffs primarily allege conspiracy to unduly restrain competition and to illegally fix the price of DRAM.

The provisions recorded in connection with these civil class action antitrust litigations encompass provisions for legal expenses and only those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at this time. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits.

OTHER GOVERNMENT INQUIRIES

In October 2008, the Company learned that the European Commission had commenced an investigation involving the Company's Chip Card & Security business for alleged violations of antitrust laws. In 2009 and again in the final quarter of the 2012 calendar year, the Company received written requests for information from the European Commission. The Company is cooperating with the Commission in answering the requests. The amount of any possible fine arising from the potential outcome of this investigation cannot be reasonably estimated at this time.

In June 2010, the Brazil Secretariat of Economic Law of the Ministry of Justice ("SDE") announced that it had initiated an investigation related to alleged anticompetitive activities within the DRAM industry. The SDE's Notice of Investigation names the Company, various other DRAM manufacturers and certain executives as parties to the proceedings, and clarifies that it focuses on the period from July 1998 to June 2002. The SDE's Notice of Investigation is based on the antitrust proceedings carried out in the United States and in Europe. The provisions recorded encompass provisions for legal expenses and only those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at this time. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits.

PATENT LITIGATION

In November 2008, Volterra Semiconductor Corporation ("Volterra") filed suit against Primarion, Inc. (an affiliate of the Company), the Company, and IF North America (jointly the "Defendants") in the United States District Court for the Northern District of California, alleging infringement of five U.S. patents by certain products that were offered by Primarion and claimed relief for damages, enhanced damages for willful infringement and injunctive relief. Volterra later withdrew one patent; four patents remain in the case. In May 2011, the court decided that two of the patents were infringed. This decision was anticipated by the Company. It has accordingly made preparations to appeal this outcome and recorded provisions for legal expenses and those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at the present time. The case is now in the damages phase. However, fact discovery showed that the damages theory originally set forth by Volterra of profits lost through price erosion by the U.S. entity and owner of the patents-in-suit turned out to be legally flawed, as the entity that made most sales used as a basis for this claim is its Asian subsidiary, and the profits do not "inexorably" flow back to the U.S. entity. Volterra has to provide a different damages theory. The jury trial to determine damages is set to begin on November 4, 2013. The suit will not commence with respect to the two remaining patents before damages have been adjudicated with respect to the former two patents. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits. There can be no assurance that the provisions recorded will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to this litigation. In January 2010, the Company also filed suit against Volterra in the United States District Court for the District of Delaware for infringement of four U.S. patents. The case was initially stayed. In December 2011, the stay was lifted and the case transferred to California, where it is now in the discovery stage.

In April 2011, the Company sued Atmel Corporation for infringement of eleven of its patents in the United States District Court for the District of Delaware. In July 2011, Atmel responded, denying liability and countersuing the Company, alleging infringement of, initially, six of its patents, as well as breach of a confidentiality agreement allegedly entered into by the parties during previous negotiations involving some of the patents-in-suit. In March 2012, Atmel extended its countersuit by four further allegedly infringed patents. In August 2012, the parties agreed to drop four patents each from the lawsuit, leaving seven Infineon and six Atmel patents in litigation. On December 4, 2012, the court issued its *Markman* order, in which the court construed the claim language of the patent claims asserted by the parties. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits.

QIMONDA MATTERS

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out and transferred to Qimonda in the form of a non-cash contribution with financial effect from May 1, 2006. A number of different service agreements were concluded with Qimonda in addition to the demerger and contribution agreement of April 25, 2006 as part of the establishment of Qimonda as a separate legal entity. Qimonda filed an application at the Munich Local Court to commence insolvency proceedings on January 23, 2009. On April 1, 2009, the insolvency proceedings formally opened. Qimonda was joined in declaring insolvency by a number of German and international subsidiaries of Qimonda, notably including Qimonda Dresden and Qimonda Flash GmbH ("Qimonda Flash").

The insolvency of Qimonda, Qimonda Dresden and Qimonda Flash has given rise to various disputes between the administrator of these companies and Infineon, some of which are already before the courts. Infineon and the administrator are in talks and are endeavoring to find a mutually acceptable overall solution.

LEGAL DISPUTES

Alleged activation of a shell company and liability for impairment of capital

The administrator filed a request for declatory judgment in an unspecified amount against Infineon Technologies AG and, by way of third party notice, Infineon Technologies Holding B.V., at Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings in respect of the assets of Qimonda began, that is to say to refund to Qimonda the difference between the latter's actual business assets when the insolvency proceedings began and its share capital (in German: "Unterbilanzhaftung"). The administrator contends that the commencement of operating activities by Qimonda amounts to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), that this activation of a shell company was not disclosed in the correct manner and that as a consequence of this failure to provide correct disclosure, the party activating the company – Infineon – is liable for the deficit balance at the time the insolvency proceedings began. The first oral hearing took place on January 19, 2012. A second oral hearing was held on November 15, 2012. On March 6, 2012, the German Federal High Court issued a ruling on principle that any liability resulting from the activation of a shell company only depends on the situation at the date of the activation of a shell company and not – as asserted by the administrator – on the situation at the date on which insolvency proceedings are opened.

In addition to the request for declaratory judgment against Infineon in an unspecified amount, on February 14, 2012 the administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In conjunction with this alternative claim, the administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On June 15, 2012 the insolvency administrator increased his request for payment of February 14, 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, the insolvency administrator continues to base a substantial part of his alleged payment claims on so-called liability for impairment of capital (in German "Differenzhaftung").

The alleged claims in connection with the liability for impairment of capital were asserted against Infineon out of court in August 2011 for an unspecified amount. The administrator asserts that the non-cash contribution provided by Infineon in the context of the capital increase to Qimonda was overvalued and that the equivalent value (lowest issue price) of the subscribed stock was therefore not met.

This argument runs contrary to two valuations prepared as part of the preparatory documentation for the capital increase by independent auditing companies, one of which had been engaged by Infineon and the other of which was acting in the capacity of a court-appointed auditor of non-cash contributions and post-formation acquisitions. The auditing company engaged by Infineon concluded in its valuation that the business area contributed had a value of several times the lowest issue price of the shares issued, while the court-appointed auditor of non-cash contributions and post-formation acquisitions confirmed to the court that the lowest issue price of the shares issued was covered by the value of the non-cash contributions.

Continuation of the rights of use of Infineon and its licensees in respect of the patents transferred to Qimonda

Infineon transferred numerous patents to Qimonda in the course of its contribution of the memory business. It retained rights of use in respect of these patents in the contribution agreement, which also contains provisions concerning cross licensing. The administrator has declared non-performance of this agreement. If the administrator's decision were found to be legal, the Company and its subsidiaries would no longer be licensed to use patents transferred by it to Qimonda in the form of contributions or patents applied for by Qimonda itself subsequent to the carve-out. Moreover, this could leave the Company unable to sublicense such patents in full to third parties. This could also affect contract partners of the Company with which the Company has concluded cross patent license agreements, possibly leading to compensation claims against the Company.

The Company filed an action for declaratory judgment against the administrator regarding this matter with Regional Court Munich I in January 2011. This action was intended to produce a decision by the court confirming that the rights of use of Infineon and its licensees with respect to the aforementioned intellectual property of the Qimonda Group still exist. On February 9, 2012 the Regional Court Munich I upheld Infineon's action almost completely, only dismissing the action with respect to the patents transferred to third parties or expired prior to the opening of insolvency proceedings on the one hand and with respect to rights to receive information on the other. The administrator's counteraction was dismissed. Both parties have appealed against the rulings to the Regional Appeal Court of Munich. An oral hearing has been set for February 28, 2013.

The administrator applied to the US Bankruptcy Court for the Eastern District of Virginia in October 2009 for an order stating that rights of use under US patents of Qimonda do not fall under a protective provision of US insolvency law, according to which such rights of use continue to exist despite the insolvency of the licensor. The administrator bases its argument here on the view that the legal protection afforded to licenses in insolvency pursuant to section 365(n) of the US Bankruptcy Code applies only to US insolvency proceedings and not to insolvency proceedings in other countries (in this case Germany). Infineon and other semiconductor manufacturers have filed objections to this application.

The US Bankruptcy Court upheld the administrator's claim in November 2009, but the US District Court for the Eastern District of Virginia then sent the case back to the US Bankruptcy Court in July 2010 instructing that the legitimate interests of the licensees and the creditors in the insolvency should be carefully weighed up against the background of the purpose of the statutory regulation. In October 2011, the US Bankruptcy Court decided, after having diligently balanced the interests of the parties, that section 365(n) of the US Bankruptcy Code applies with respect to Qimonda's US patents, thus the licenses under these patents remain valid. The administrator appealed against the decision of the U.S. Bankruptcy Court directly to the Court of Appeals for the Fourth Circuit. The Court of Appeals for the Fourth Circuit has accepted the direct appeal on June 28, 2012.

EXTRAJUDICIAL CLAIMS

Inotera

Qimonda sold a stake in the joint venture Inotera Memories, Inc. ("Inotera") to Micron Technology, Inc. ("Micron") for US$400 million in October 2008. The administrator subsequently challenged Micron over the sale under insolvency law and filed suit against Micron with Regional Court Munich I. The administrator suggested in short letters sent in April and August 2010 that it may also pursue corporate liability claims against Infineon in connection with the sale of the Inotera stake. The administrator has yet to substantiate the purported claims against Infineon in these letters.

Other claims made by the administrator

The administrator brought forward further claims against the Company, for the first time in writing in the final quarter of the 2011 fiscal year.

He asserts that certain legal transactions between Qimonda and Infineon would breach provisions under stock corporation law banning the return of contributions on the grounds that the transactions concerned were of an unconventional nature and disadvantageous for Qimonda.

He also asserts that Infineon, in its capacity as the controlling company, caused Qimonda to enter into disadvantageous legal transactions without compensating it accordingly and that the provisions of stock corporation law pertaining to post-formation acquisitions were breached in connection with numerous contracts concluded between Qimonda and Infineon at the same time as the memory business was being contributed to Qimonda.

The administrator is furthermore contesting certain payments from Qimonda to Infineon under insolvency law on the basis that the payments were postponed by Infineon, that Infineon was already aware Qimonda was insolvent at the time of the payment or that there was an imbalance between activity and payment.

Finally, the administrator also asserts that it is entitled to claim against Infineon because the latter did not provide Qimonda with a financing structure and liquidity resources adequate to enable its survival.

Assessment of these claims by Infineon

The administrator's purported claims omit in most cases to mention any specific figures and often amount to no more than general assertions without any supporting detail. Infineon has rejected these claims made to date in writing on the basis of its understanding of the matters involved. The current legal assessment indicates that Infineon has good arguments with which to mount a successful defense should any of the purported claims come before the court. Risks and uncertainties of a not inconsiderable magnitude remain, however, not least because several of the combinations of factors involved are not covered by case law from the highest instance.

Claims asserted orally by the administrator

Infineon and Qimonda concluded contracts concerning the separation of IT systems as part of the carve-out of the memory business. The administrator asserted in a meeting held in the 2011 fiscal year that the provisions of stock corporation law pertaining to post-formation acquisitions were breached in the conclusion of these contracts and that the contracts were of an unconventional nature. The administrator also maintained that it was entitled to claim against Infineon in relation to the (sub)letting agreements concluded between Qimonda and Infineon in connection with the carve-out of the memory business.

Insolvency of Qimonda Dresden

Infineon was a shareholder with personal liability in Qimonda Dresden until the carve-out of the memory business, meaning that certain long-standing creditors have residual liability claims against Infineon. These claims, which include the potential repayment of public subsidies, trade tax demands, receivables of service providers and suppliers and employee-related claims such as salaries and social security contributions, can only be exercised by the administrator acting in the name of the creditors concerned. Infineon and the administrator concluded a framework agreement covering the organized processing of residual liability issues on July 7, 2011. Infineon and the administrator also agreed in this connection that Infineon may recover 70 percent of the residual liability payments from the insolvent assets as an ordinary rather than a secondary creditor. Settlements have subsequently been concluded with some of the residual liability creditors.

Other claims

The Company may still be exposed to other claims arising in connection with contracts, offers, uncompleted transactions, continuing obligations, liabilities, risks and other obligations transferred to Qimonda in connection with the carve-out of the memory business.

PROVISIONS

Infineon recognizes provisions and payables for obligations and risks which it assesses at the end of each reporting period are more likely than not to be incurred (i.e. where, from Infineon's perspective at the end of each reporting period, the probability of having to settle an obligation or risk is greater than the probability that it will not have to) and the obligation or risk can be estimated with reasonable accuracy at this time.

As described above, Infineon faces certain risks in connection with the insolvency proceedings of Qimonda and that entity's subsidiaries. Certain of these matters led Infineon to record provisions of €337 million and €326 million as of December 31, 2012 and September 30, 2012, respectively. Presenting details of further actual amounts included in provisions for specific liabilities and risks associated with the insolvency of Qimonda could seriously prejudice Infineon's legal or negotiating position, so no such disclosures are made.

There can be no certainty that the provisions recorded will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to the insolvency of Qimonda and, in particular, the matters discussed above. In addition, it is possible that liabilities and risks materialize that are currently considered to be unlikely to do so, and accordingly such matters are not included in provisions.

Infineon evaluates the merits of the various claims in each of these matters continuously, defends itself vigorously and seeks to find alternative solutions in the best interest of Infineon as it deems appropriate. Should the alleged claims prove to be valid, substantial financial obligations could arise for Infineon which could have a material adverse effect on its business and its financial condition, liquidity position and results of operations.

OTHER

Infineon is also involved in various other legal disputes and proceedings in connection with its existing or previous business activities. These relate to products, services, patents, environmental protection issues and other matters. Based on its current knowledge, Infineon does not believe that the ultimate resolution of these other pending legal disputes and proceedings will have a material adverse effect on its financial condition, liquidity position and results of operations. It remains entirely possible, however, that this assessment may have to be revised in future and that any re-assessments of the miscellaneous legal disputes and proceedings could have a material adverse effect on financial condition, liquidity position and results of operations, particularly in the period in which a re-assessment is made. In conjunction with its existing or previous business operations, Infineon is also exposed to numerous legal risks which have until now not resulted in legal disputes and proceedings. This includes risks related to product liability, environment, capital market, anti-corruption, competition and antitrust legislation as well as other compliance regulations. Claims could also be made against Infineon in the event of breaches of law committed by individual employees or third parties.

PROVISIONS AND THE POTENTIAL EFFECT OF THESE MATTERS

Provisions relating to legal proceedings and other uncertain legal issues are recorded when it is probable that a liability has been incurred and the associated amount can be reasonably estimated. If the estimated amount of the liabilities is within a range of amounts and all amounts within the range are essentially equally probable, the provision recorded is equal to the mid-point of the range.

Any potential liability is reviewed again as soon as additional information becomes available and the estimates are revised if necessary. Provisions with respect to these matters are subject to future developments or changes in circumstances in each of the matters, which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

An adverse final resolution of any of the matters described above could result in significant financial liabilities for Infineon and other adverse effects and these in turn could have a material adverse effect on its business and financial condition, liquidity position and results of operations. Infineon evaluates the merits of the various claims in each of these matters continuously, defends itself vigorously and seeks to find alternative solutions in the best interest of Infineon as it deems appropriate. Irrespective of the validity of the allegations and the success of the aforementioned claims and other matters described above, Infineon could incur significant costs in defending against or settling such allegations and this too could have a material adverse effect on its financial condition, liquidity position and results of operations.

OTHER CONTINGENCIES

In total, Infineon has guarantees outstanding to external parties as of December 31, 2012 amounting to €129 million.

In conjunction with its investing activities, Infineon receives government grants and subsidies related to the construction and financing of certain of its production facilities. Grants are also received for selected research and development projects. These amounts are recognized upon the achievement of specified criteria. Certain of these grants have been received contingent upon Infineon complying with certain project-related requirements, such as creating a specified number of jobs over a defined period of time. Infineon is committed to maintaining these requirements. Nevertheless, should such requirements not be met, as of December 31, 2012, a maximum of €33 million of these subsidies could be refundable. From today’s perspective, Infineon expects to be able to comply with the conditions attached to the grants. Such amount does not include any potential liabilities for Qimonda-related subsidies.

Infineon, through certain of its sales and other agreements may, in the normal course of business, be obligated to indemnify its counterparties under certain conditions for warranties, patent infringement or other matters. The maximum amount of potential future payments under these types of agreements is not predictable with any degree of certainty, since the potential obligation is contingent on conditions that may or may not occur in future, and depends on specific facts and circumstances related to each agreement. Historically, payments made by Infineon under these types of agreements have not had a material adverse effect on Infineon’s financial condition, liquidity position and results of operations.

17 / SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

Infineon’s business is structured on the basis of its four operating segments, namely Automotive, Industrial Power Control, Power Management & Multimarket and Chip Card & Security.

The remaining activities of operations that have been sold are aggregated with Other Operating Segments. Since the sale of the Wireless mobile phone business, this also includes the supply of products and rendering of services to IMC on a transitional basis.

Corporate and Eliminations comprises the elimination of intragroup revenue and profits/losses as well as specific group functions that are not allocated to the operating segments.

SEGMENT DATA

	Three months ended December 31,	
€ in millions	**2012**	2011
Revenue:		
Automotive	377	391
Industrial Power Control	138	196
Power Management & Multimarket	222	222
Chip Card & Security	108	97
Other Operating Segments	9	43
Corporate and Eliminations	(3)	(3)
Total	**851**	**946**

Revenue for the three-months period ended December 31, 2012 and 2011 does not contain any inter-segmental revenue.

	Three months ended December 31,	
€ in millions	**2012**	2011
Segment Result:		
Automotive	20	55
Industrial Power Control	(5)	39
Power Management & Multimarket	22	40
Chip Card & Security	10	6
Other Operating Segments	(2)	4
Corporate and Eliminations	(1)	(3)
Total	**44**	**141**

The following table provides the reconciliation of Segment Result to Infineon's income from continuing operations before income taxes:

	Three months ended December 31,	
€ in millions	**2012**	2011
Segment Result	44	141
Plus / Minus:		
Impact on earnings of restructuring measures and closures, net	(2)	-
Share-based compensation expense	(1)	(1)
Acquisition-related depreciation/amortization and losses	(1)	(1)
Gains on sales of assets, businesses, or interests in subsidiaries, net	1	-
Other expenses	(6)	(10)
Operating income	**35**	**129**
Financial income	8	12
Financial expense	(12)	(18)
Income from investment accounted for using the equity method, net	-	1
Income from continuing operations before income taxes	**31**	**124**

Neubiberg, February 7, 2013

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Neubiberg, February 7, 2013

Dr. Reinhard Ploss Dominik Asam Arunjai Mittal

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg:

We have reviewed the condensed interim consolidated financial statements of the Infineon Technologies AG, Neubiberg – comprising statement of operations, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and condensed notes to the interim consolidated financial statements - together with the interim group management report of the Infineon Technologies AG, Neubiberg, for the period from October 1, 2012 to December 31, 2012 that are part of the quarterly financial report according to § 37 x Abs. 3 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union (EU), and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, February 7, 2013

KPMG AG

Wirtschaftsprüfungsgesellschaft

Braun Wolper

Wirtschaftsprüfer Wirtschaftsprüfer

SUPPLEMENTARY INFORMATION (UNAUDITED)

This Quarterly Report 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.

FINANCIAL CALENDAR

Annual General Meeting 2013	February 28, 2013	ICM – Internationales Congress Center Munich, Germany

Fiscal Period	**Period end date**	**Results press release (preliminary)**
Second Quarter	March 31, 2013	May 2, 2013
Third Quarter	June 30, 2013	July 30, 2013
Fiscal Year 2013	September 30, 2013	November 12, 2013

Publication date of the first quarterly financial report for the 2013 fiscal year: February 7, 2013

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