HALF-YEAR FINANCIAL REPORT

MARCH 31, 2012

Infineon Technologies AG

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CONTENT

SELECTED CONSOLIDATED FINANCIAL DATA

€ in millions; except earnings per share and Segment Result Margin	Three months ended March 31,		Six months ended March 31,	
	2012	2011	**2012**	2011
Selected Results of Operations Data				
Revenue	986	994	1,932	1,916
Gross margin	37.0%	42.4%	37.6%	42.0%
Segment Result	144	202	285	379
Segment Result Margin	14.6%	20.3%	14.8%	19.8%
Research and development expenses	(110)	(112)	(216)	(220)
Capital expentiture	(192)	(164)	(486)	(295)
Depreciation and amortization	103	89	200	172
Income from continuing operations	109	173	213	322
Income from discontinued operations, net of income taxes	2	399	(6)	482
Net income	111	572	207	804
Basic earnings per share (in Euro) from continuing operations	0.10	0.16	0.20	0.30
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.10	0.53	0.19	0.74
Diluted earnings per share (in Euro) from continuing operations	0.10	0.15	0.20	0.29
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.10	0.5	0.19	0.7
Selected Liquidity Data				
Net cash provided by operating activities from continuing operations	181	177	240	311
Net cash provided by operating activities	181	261	213	471
Net cash used in investing activities from continuing operations[1]	140	(1,632)	(411)	(1,762)
Net cash used in investing activities[1]	138	(555)	(421)	(740)
Net cash used in financing activities from continuing operations	(134)	(152)	(224)	(232)
Net cash used in financing activities	(134)	(151)	(224)	(235)
Change in cash and cash equivalents	184	(448)	(431)	(505)

€ in millions; except number of employees	As of	
	March 31, 2012	September 30, 2011
Selected Financial Condition Data		
Total assets	5,580	5,873
Total equity	3,419	3,355
Gross cash position[2]	2,190	2,692
Debt (short-term and long-term)	263	305
Net cash position	1,927	2,387
Employees	26,227	25,720

[1] Thereof €73 million and €1,468 million net proceeds from financial investments during the six months ended March 31, 2012 and 2011, respectively (three months ended March 31, 2012 and 2011: €331 million and €1,468 million, 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)

SECOND-QUARTER REVENUE UP ON FIRST QUARTER, SEGMENT RESULT STABLE

SLIGHT RISE IN SIX-MONTH REVENUE COMPARED TO PREVIOUS YEAR DESPITE GLOOMIER ECONOMIC CONDITIONS

INCREASED COSTS DUE TO CAPACITY EXPANSION ACTIVITIES IN PREVIOUS QUARTERS WEIGH ON SEGMENT RESULT

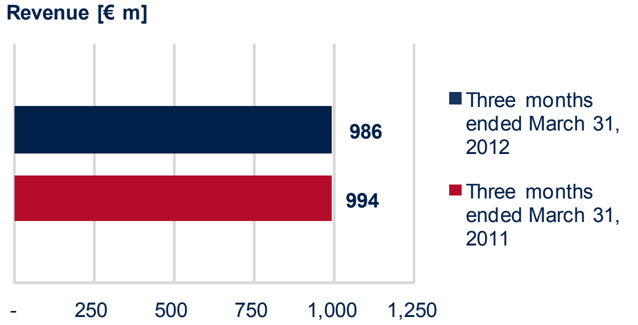
SEGMENT RESULT MARGIN IN LINE WITH AVERAGE MARGIN TARGET OVER ECONOMIC CYCLE, FOR BOTH SECOND QUARTER AND SIX-MONTH PERIOD

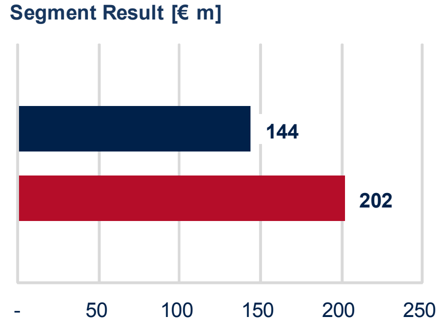
FREE CASH FLOW FOR SIX-MONTH PERIOD INFLUENCED BY HIGH LEVEL OF INVESTMENT IN ORGANIC GROWTH

SHAREHOLDERS PARTICIPATING IN SUCCESS OF COMPANY THROUGH CAPITAL RETURN PROGRAM AND DIVIDENDS

SECOND QUARTER OF 2012 FISCAL YEAR (JANUARY 1, 2012 TO MARCH 31, 2012):

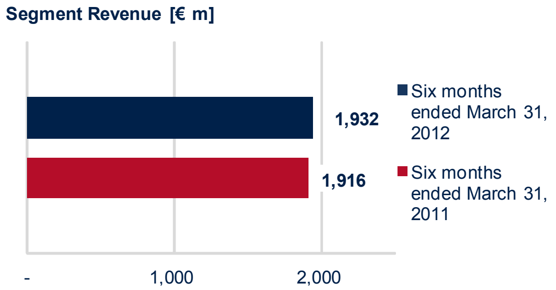
- Revenue down by 1 percent to €986 million on previous fiscal year's quarter, but 4 percent up on first quarter of 2012 fiscal year.
- Segment Result totaled €144 million, 29 percent down on previous fiscal year's quarter figure of €202 million. 2 percent improvement in Segment Result compared to previous quarter.
- Segment Result Margin (defined as Segment Result divided by revenue) of 14.6 percent, compared to 20.3 percent one year earlier and 14.9 percent in previous quarter.
- Net income down to €111 million, compared to €572 million in same quarter last year. Previous year's figure included income of €399 million from discontinued operations, reflecting in particular a post-tax gain of €378 million arising from the sale of the Wireless mobile phone business.

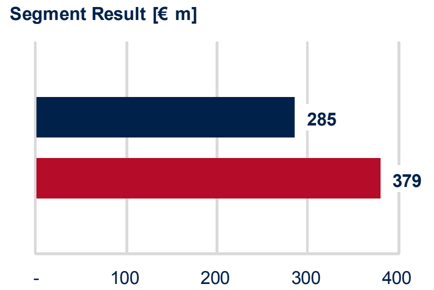




FIRST SIX MONTHS OF 2012 FISCAL YEAR (OCTOBER 1, 2011 TO MARCH 31, 2012):

- Revenue up by 1 percent to €1,932 million, compared to €1,916 million last year.
- Segment Result totaled €285 million, down by €94 million on the €379 million reported one year earlier.
- Segment Result Margin down from 19.8 percent to 14.8 percent for six-month period.
- Net income decreased to €207 million in first half of 2012 fiscal year. Last year's reported figure of €804 million was boosted by income from discontinued operations totaling €482 million.





- Gross cash position totaled €2,190 million at March 31, 2012, down by €502 million from the €2,692 million reported at September 30, 2011. Net cash position at March 31, 2012 stood at €1,927 million.

THE INFINEON SHARE

INFINEON SHARE PERFORMANCE DURING FIRST HALF OF 2012 FISCAL YEAR

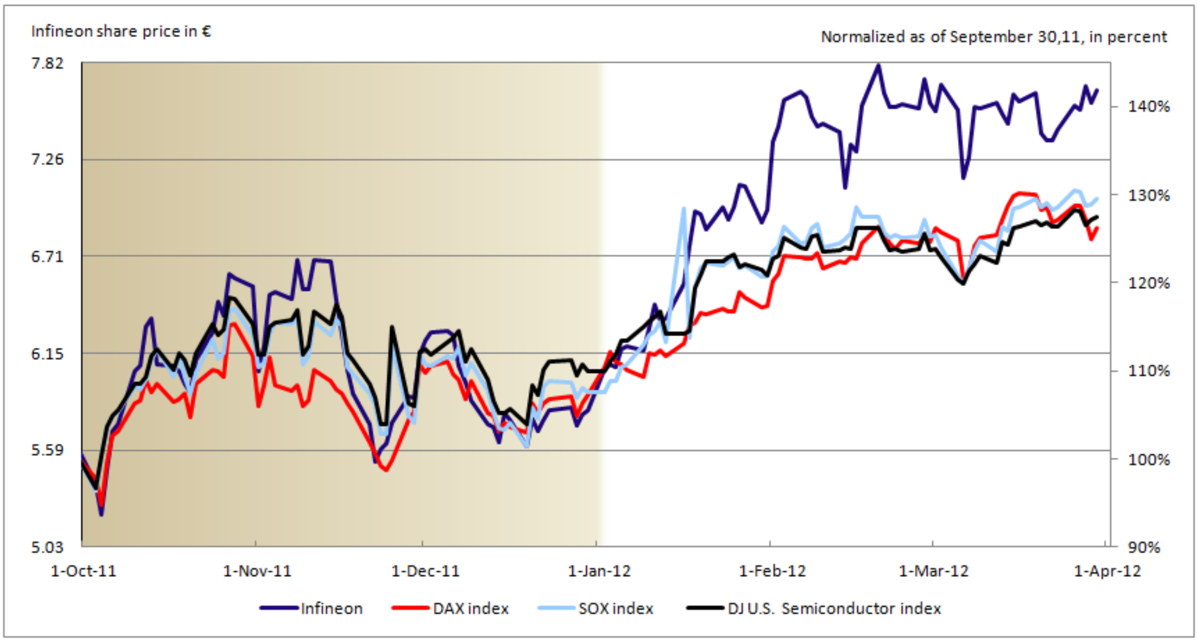
The Infineon share closed at €7.67 at the end of the second quarter of the current fiscal year on March 31, 2012, a gain of 32 percent on the Xetra closing price at the end of the previous quarter (€5.82).

The share recorded its lowest price (€6.06) on the very first day of the quarter under report. It then proceeded to rise continuously, reaching its high for the quarter (€7.81) on February 20, 2012. The Infineon share then remained more or less flat up to the end of the quarter, closing at €7.67 on March 31, 2012.

The relevant comparable indices also performed well during the quarter, albeit with significantly more moderate gains. The Dow Jones US Semiconductor Index rose by 16 percent, the German stock index (the DAX) by 18 percent and the Philadelphia Semiconductor Index (SOX) by 20 percent.

The Infineon share also outperformed the relevant comparable indices over the first half of the 2012 fiscal year. During the six-month period, the Infineon share gained 37 percent in value compared to its price at September 30, 2011 (€5.59). The gains of the relevant comparable indices were less pronounced: the DAX was up by 26 percent, the Dow Jones US Semiconductor Index by 27 percent and the SOX by 29 percent.

Performance of the Infineon share, the DAX Index, the Philadelphia Semiconductor Index (SOX) and the Dow Jones US Semiconductor Index during the first six months of the 2012 fiscal year (daily closing prices)



	Three months ended March 31,			Six months ended March 31,		
	2012	2011	+/- in %	**2012**	2011	+/- in %
IFX closing prices in Euro (Xetra)						
Beginning of the period	5.82	7.22	(19%)	5.59	5.13	9%
High	7.81	8.27	(6%)	7.81	8.27	(6%)
Low	6.06	6.81	(11%)	5.22	5.00	4%
End of the period	7.67	7.24	6%	7.67	7.24	6%
Weighted-average number of shares traded per day	7,963,968	12,872,917	(38%)	9,332,006	13,799,470	(32%)
IFX closing prices in U.S. dollars (OTCQX)						
Beginning of the period	7.51	9.61	(22%)	7.39	7.05	5%
High	10.32	11.35	(9%)	10.32	11.35	(9%)
Low	7.79	8.84	(12%)	6.96	6.81	2%
End of the period	10.22	10.31	(1%)	10.22	10.31	(1%)
Weighted-average number of ADSs traded per day	47,356	113,423	(58%)	126,200	92,405	37%
Shares outstanding (as of March 31)	1,086,745,835	1,086,744,585				
Therein own shares	7,000,000					

DIVIDENDS AND CAPITAL RETURN PROGRAM

Infineon's Annual General Meeting was held in Munich on March 8, 2012. The Management Board and the Supervisory Board proposed to increase the dividend for the 2011 fiscal year by 20 percent from €0.10 to €0.12 per share. The proposal was approved at the Annual General Meeting, resulting in €130 million being paid to shareholders on March 9, 2012.

During the first half of the 2012 fiscal year, Infineon continued to implement the capital return program initiated in the third quarter of the 2011 fiscal year (total volume: €300 million). In addition to repurchases of subordinated convertible bonds due 2014 for €50 million, 3 million shares were repurchased for €20 million via put options. At March 31, 2012, Infineon held 7 million of its own shares. Since the beginning of the capital return program through March 31, 2012, Infineon has acquired subordinated convertible bonds due 2014 and own shares for a total of €162 million. As a result of these various measures, the unused portion of the capital return program as at March 31, 2012 totaled €138 million. The nominal amount of the outstanding put options as at March 31, 2012 was €124 million.

The Company intends to cancel the shares it currently holds at a later point in the current fiscal year, thus reducing the number of outstanding shares and therefore the Company's ordinary share capital.

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

At the end of the first half of the 2012 fiscal year the prospects for the world economy look brighter and experts regard the risk of global recession as far lower than three months earlier. However, the world economy continues to feel the negative impact of the European sovereign debt crisis, high energy prices and slower economic growth in China and other emerging markets, all contributing to a high level of uncertainty on the markets. Overall, the International Monetary Fund (IMF) forecasts global economic growth of 2.7 percent for the calendar 2012 year, followed by 3.3 percent in 2013 calendar year (IMF, April 2012).

The recent economic slowdown has also left its mark on the semiconductor industry, with the situation in the global semiconductor market looking significantly less robust in the first half of the 2012 fiscal year compared to one year earlier. Reflecting the first signs of recovery in the global economy, experts forecast that the semiconductor market should begin to pick up during the second quarter of the 2012 calendar year. IHS iSuppli predicts 4 percent growth for the global semiconductor market in the 2012 calendar year, followed by 9 percent in 2013 (IHS iSuppli, March 2012).

REVIEW OF RESULTS OF OPERATIONS

€ in millions; except earnings per share	Three months ended March 31,		Six months ended March 31,	
	2012	2011	**2012**	2011
Revenue	986	994	1,932	1,916
Gross profit	**365**	**421**	**726**	**805**
Research and development expenses	(110)	(112)	(216)	(220)
Selling, general and administrative expenses	(117)	(113)	(235)	(216)
Other operating income and expense, net	(9)	(9)	(17)	(13)
Operating income	**129**	**187**	**258**	**356**
Financial income and expense, net	(2)	(3)	(8)	(15)
Income from investments accounted for using the equity method	-	2	1	2
Income Tax expense	(18)	(13)	(38)	(21)
Income from continuing operations	**109**	**173**	**213**	**322**
Income from discontinued operations, net of income taxes	2	399	(6)	482
Net income	**111**	**572**	**207**	**804**
Basic earnings per share (in Euro)	0.10	0.53	0.19	0.74
Diluted earnings per share (in Euro)	0.10	0.50	0.19	0.70

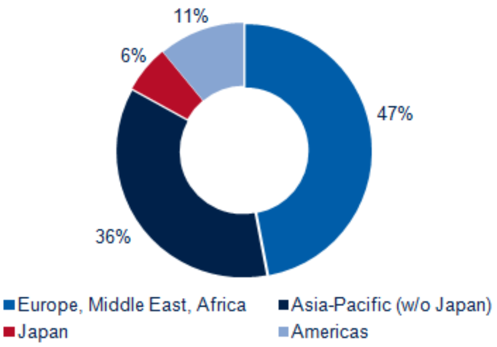
NET INCOME DOWN, OWING TO ECONOMIC SLOWDOWN DURING CAPACITY EXPANSION PHASE AND DUE TO CESSATION OF WIRELESS MOBILE PHONE BUSINESS

Net income for the first six-month period decreased from €804 million in 2011 to €207 million in the current fiscal year, reflecting the impact on continuing operations caused by a general economic slowdown at a time when Infineon continued to expand production capacities. Moreover, income from discontinued operations in the first half of the 2011 fiscal year included a post-tax gain of €344 million on the sale of the Wireless mobile phone business to Intel Corporation ("Intel") and the operating profit from Wireless mobile phone business up to the closing date on January 31, 2011. Earnings per share shrank accordingly.

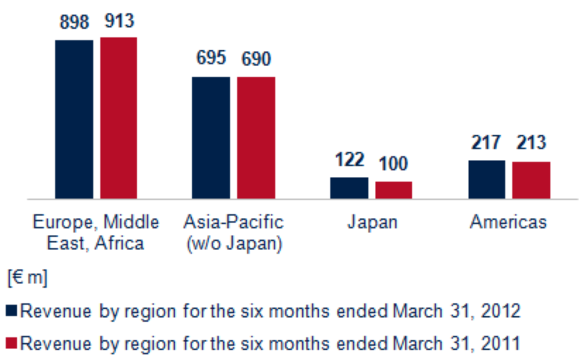
SLIGHT INCREASE IN REVENUE WITH VIRTUALLY UNCHANGED REGIONAL MIX

Six-month revenue edged up by 1 percent to €1,932 million (October 2010 – March 2011: €1,916 million), partially helped by the strength of the US dollar against the euro.

The regional distribution of six-month revenue remained virtually unchanged to that of the previous year. Europe remains the largest sales market for Infineon, despite the growing importance of the Asian region.



Revenue by region for the six months ended March 31, 2012



€ in millions, except percentages	Three months ended March 31, 2012		2011		Six months ended March 31, 2012		2011	
Europe, Middle East, Africa	460	47%	490	49%	898	47%	913	48%
therein: Germany	241	24%	270	27%	485	25%	509	27%
Asia-Pacific (w/o Japan)	346	35%	343	35%	695	36%	690	36%
therein: China	138	14%	166	17%	291	15%	339	18%
Japan	63	6%	50	5%	122	6%	100	5%
Americas	117	12%	111	11%	217	11%	213	11%
Total	**986**	**100%**	**994**	**100%**	**1,932**	**100%**	**1,916**	**100%**

DROP IN GROSS MARGIN OWING TO INCREASE IN COST OF GOODS SOLD

Gross profit (revenue less cost of goods sold) for the six-month period amounted to €726 million and was thus 10 percent down from the €805 million recorded one year earlier. Increased costs arose on the one hand as a result of the measures taken in previous quarters to raise production capacities which were not fully utilized during the six-month period under report, and the increased cost of precious metals on the other hand. These two factors together mainly caused the gross margin to drop from 42.0 percent in the first half of the 2011 fiscal year to 37.6 percent in the first half of the current fiscal year, despite the slight rise in revenue.

€ in millions, except percentages	Three months ended March 31, 2012	2011	Six months ended March 31, 2012	2011
Cost of goods sold	621	573	1,206	1,111
Changes year-on-year	8%		9%	
Percentage of revenue	63.0%	57.6%	62.4%	58.0%
Gross profit	365	421	726	805
Percentage of revenue (gross margin)	37.0%	42.4%	37.6%	42.0%

OPERATING EXPENSES LARGELY UNCHANGED AS PERCENTAGE OF REVENUE

Six-month operating expenses (research and development expenses, selling, general and administrative expenses) climbed by €15 million to €451 million (October 2010 – March 2011: €436 million). In percentage terms, operating expenses corresponded to 23.3 percent of six-month revenue compared to 22.8 percent one year earlier.

Research and development expenses remained virtually unchanged from the previous year and were recorded at €216 million and €220 million respectively for the six-month periods ended March 31, 2012 and 2011.

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Research and development expenses	110	112	216	220
Change year-on-year	(2%)		(2%)	
Percentage of revenue	11.2%	11.3%	11.2%	11.5%

At 12.2 percent of revenue, six-month selling, general and administrative expenses likewise remained within the Infineon target business model (low teen range). Compared to the first half of the 2011 fiscal year, they did, however, climb from €216 million to €235 million, mainly owing to higher personnel expenses.

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Selling, general and administrative expenses	117	113	235	216
Change year-on-year	4%		9%	
Percentage of revenue	11.9%	11.4%	12.2%	11.3%

NET FINANCIAL RESULT IMPROVED DUE TO HIGHER INCOME FROM LIQUIDITY INVESTED

The net financial result (financial income less financial expense) for the six-month period amounted to minus €8 million, an improvement of €7 million compared to the minus €15 million recorded one year earlier. The improvement was mainly attributable to higher interest income and lower losses on the repurchase of subordinated convertible bonds due 2014. Losses on such repurchases during the six-month period under report amounted to €5 million (October 2010 – March 2011: €11 million) (see note 12 Debt).

HIGHER INCOME TAX EXPENSE

As in the same period one year earlier, tax expense for the first six months of the 2012 fiscal year was affected by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets. Based on income from continuing operations of €251 million and tax expense of €38 million, the effective tax rate for the six-month period ended March 31, 2012 was 15 percent. The effective tax rate of 6 percent reported for the previous year's first six-month period – based on tax expense of €21 million and income from continuing operations of €343 million – was favorably influenced by the release of tax provisions relating to prior years.

ADDITIONAL TAX EXPENSE ON SALE OF WIRELESS MOBILE PHONE BUSINESS RESULTS IN LOSS FROM DISCONTINUED OPERATIONS

The result from discontinued operations, net of income taxes, amounted to negative €6 million for the first half of the 2012 fiscal year, compared to positive €482 million one year earlier. 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.

The sharp deterioration in the result from discontinued operations was mainly due to the fact that the previous year's six-month income from discontinued operations included a post-tax gain of €344 million on the Wireless mobile phone business as well as the operating profit of Wireless mobile phone business up to completion of the sale on January 31, 2011.

LOWER EARNINGS PER SHARE

At €207 million, group net income for the first half of the 2012 fiscal year was significantly lower than in the corresponding period last year (October 2010 – March 2011: €804 million).

The lower earnings resulted in a similarly sharp reduction in earnings per share. Compared to basic and diluted earnings per share of €0.74 and €0.70 respectively for the six-month period ended March 31, 2011, the corresponding figure for the six-month period ended March 31, 2012 was €0.19 (basic and diluted).

SEGMENT PERFORMANCE

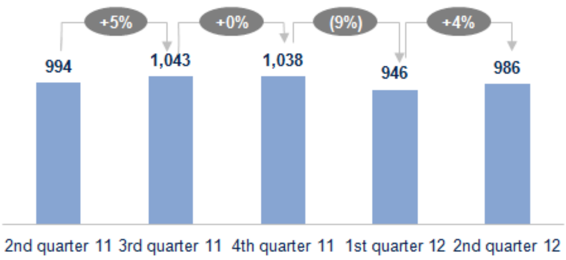
Industrial & Multimarket segment split into two

The Industrial & Multimarket segment was split into two separate segments effective January 1, 2012, namely Industrial Power Control and Power Management & Multimarket. Industrial Power Control now concentrates on the field of drive electronics and renewables, Power Management & Multimarket focuses on chips used for energy-efficient power supplies and high-frequency applications mainly found in consumer goods such as television sets, games consoles, PCs and mobile devices as well as in computer servers.

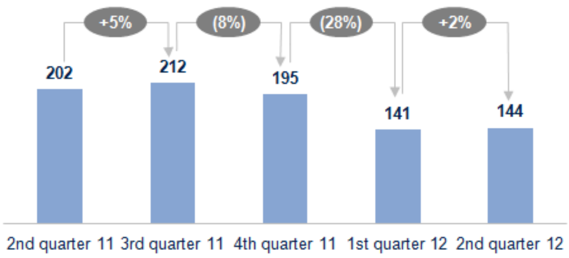
Six-month Segment Result Margin at almost 15 percent

Aggregated revenue of €1,932 million for the six-month period was marginally up on the previous year (€1,916 million). By contrast, the six-month Segment Result fell by €94 million from €379 million in the previous fiscal year to €285 million in the current year, owing to higher fixed costs driven by expanded production capacities – particularly depreciation on property, plant and equipment and personnel costs – during a phase of less-than-full capacity utilization. Further factors were the rising prices of precious metals as well as higher administrative and selling personnel costs.

The six-month Segment Result Margin was 14.8 percent compared to 19.8 percent one year earlier.



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



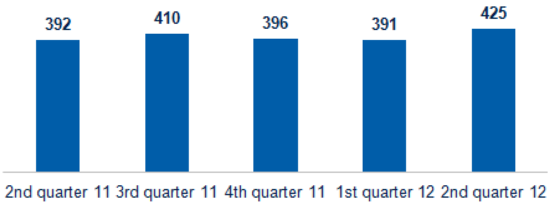
Comparison of the Segment Result of the last 5 quarters [€ m]

AUTOMOTIVE

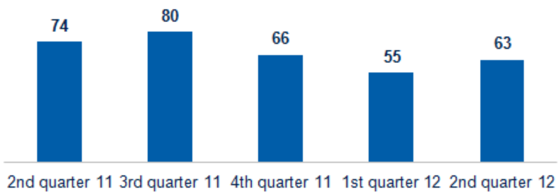
€ in millions, except percentages	Three months ended March 31, 2012	Three months ended March 31, 2011	Six months ended March 31, 2012	Six months ended March 31, 2011
Revenue	425	392	816	746
Share of Total Revenue	43%	39%	42%	39%
Segment Result	63	74	118	133
Share of Total Segment Result	44%	37%	41%	35%
Segment Result Margin	14.8%	18.9%	14.5%	17.8%

Second-quarter revenue rose to a new high of €425 million on the back of the global increase in car production volumes, a growth of €33 million or 8 percent on the €392 million recorded one year earlier. The North American automobile market in particular saw a very positive development. Business with German car manufacturers plays an important role for Infineon's Automotive segment. Precisely these manufacturers are benefiting from strong demand for their products worldwide and have been able to capitalize on the current situation to compensate for sluggish growth in European markets. Automotive contributed a second-quarter Segment Result of €63 million, down by €11 million on the €74 million reported for the previous year. The Segment Result Margin fell from 18.9 percent to 14.8 percent, mainly owing to increased fixed costs resulting from current efforts to develop and expand the company's manufacturing landscape as a whole. In addition, expenses for research and development as well as for application support has also risen.

Six-month revenue totaled €816 million, rising by €70 million or 9 percent on the previous year's figure (€746 million). Growth in the first half of the 2012 fiscal year reflects the strong current performance of the automobile sector. Segment Result amounted to €118 million compared to €133 million one year earlier, dropping by €15 million for the same reasons provided above for the analysis of quarterly developments. The six-month Segment Result Margin decreased from 17.8 percent in the previous year to 14.5 percent in the current fiscal year.



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



Comparison of the Segment Result of Automotive

Major events and developments in the Automotive segment in the first half of the 2012 fiscal year:

- Infineon and Fairchild Semiconductor Corp. ("Fairchild") entered into a licensing agreement covering the use of Infineon's latest generation of TOLL H-PSOF packagings for high-performance transistors (MOSFETs), which are used in numerous applications, including electrical power steering systems (EPS). Fairchild will be utilizing the TO leadless packaging technology for its newly developed MOSFET solutions.
- With its HybridPACK1 based on a new 400V IGBT generation and a wafer thickness of a mere 40µm, Infineon was successful in winning business for the Mild-Hybrid platform of a globally leading automobile manufacturer. These extremely thin high-performance semiconductors minimize performance losses in Mild-Hybrid applications with battery voltages up to 150 volts, in which the combustion engine is supported by an electric motor when starting and accelerating.
- Infineon has supplied over 2 billion magnet field sensors since 2000, underlining its leading position as a premium provider of integrated sensors. Infineon currently supplies an approximate average of 4 sensors for each new car produced worldwide.
- Infineon is market leader for low-resistance high-side switches increasingly being installed to replace relays and fuses in state-of-the-art automobiles. Leading automotive suppliers are already utilizing the PowerProFET and ConnectFET products.

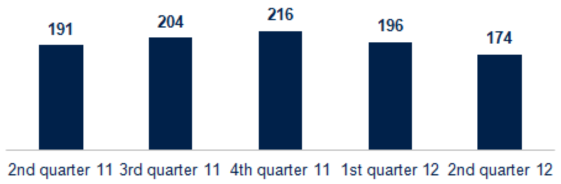
INDUSTRIAL POWER CONTROL

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	174	191	370	377
Share of Total Revenue	18%	19%	19%	20%
Segment Result	27	54	66	106
Share of Total Segment Result	19%	27%	23%	28%
Segment Result Margin	15.5%	28.3%	17.8%	28.1%

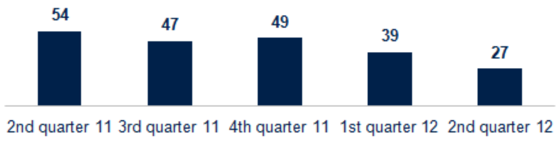
Industrial Power Control reported second-quarter revenue of €174 million, down by €17 million on the previous year (€191 million). This development mainly reflects the predicted return to normal levels of business with electrical drives for railway systems after the previous year's project-related second-quarter peak in demand, particularly in China. Lower demand for products in the renewable energy sector, especially wind power, was a further reason for the decrease.

The Segment Result was €27 million, well short of the previous year's exceptional figure of €54 million. The deterioration was due to under-utilization of production capacities expanded in the preceding quarters on the one hand and increased R&D expenditure for a new generation of power semiconductor products on the other. The second-quarter Segment Result Margin fell by 12.8 percentage points from 28.3 percent to 15.5 percent.

Six-month revenue amounted to €370 million and was thus at a similarly high level as in the previous year (€377 million). Lower sales relating to renewable energy and electrical drives for railway systems were almost entirely compensated by greater demand for products relating to industrial drives. Industrial Power Control recorded a Segment Result of €66 million in the first half of the 2012 fiscal year, down €40 million on the previous year's period (€106 million). The main factors for the shortfall were the current under-utilization of expanded production capacities and higher expenses for research and development. The Segment Result Margin for the six-month period was 17.8 percent compared to 28.1 percent one year earlier.



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



Comparison of the Segment Result of Industrial Power Control

Major events and developments in the Industrial Power Control segment in the first half of the 2012 fiscal year:

- Infineon high-performance semiconductor components are installed in new systems for energy transmission and network quality. Investments are being made globally to expand electricity grids and increase the feed-in capacities of decentralized energy producers. The Industrial Power Control segment supplies high-performance modules to leading European and Asian companies and is currently expanding its range of products to include 4,500V high-performance semiconductor modules specially designed for this application.
- The Infineon production plant for high-performance semiconductor modules in Warstein received an award in the "Quality Management" category of the annual "Factory of the Year" competition, organized by a globally renowned top management consultancy firm and a German industry magazine. The award was presented to honor outstanding achievements in extending the service life of products by means of the zero-defect initiative in production facilities.
- The Chinese market for large-scale solar inverter systems, for example in the below-500kW performance category, continues to grow steadily. These devices are fitted with high-performance semiconductor products manufactured by the Infineon Industrial Power Control segment, which not only feature outstanding power density, but also provide optimized energy efficiency and switching configurations specially designed for this application. Its broad range of products and technologies for solar converters enables Infineon's Industrial Power Control segment to cover all performance categories as a worldwide leading manufacturer.

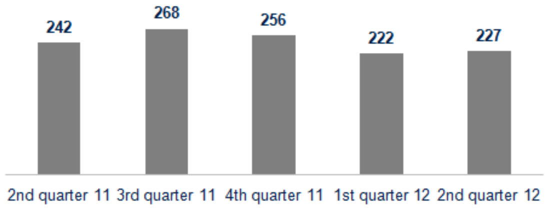
POWER MANAGEMENT & MULTIMARKET

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	227	242	449	479
Share of Total Revenue	23%	24%	23%	25%
Segment Result	32	54	72	109
Share of Total Segment Result	22%	27%	25%	29%
Segment Result Margin	14.1%	22.3%	16.0%	22.8%

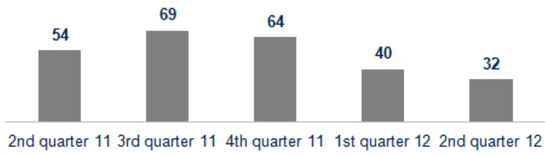
After the decline recorded in preceding quarters, the segment's second-quarter revenue stabilized and edged up by 2 percent on the previous quarter. Compared to the second quarter of the last fiscal year, revenue was down €15 million or 6 percent from €242 million to €227 million. Performance in the 2011 fiscal year as a whole had been impacted by production bottlenecks in numerous industrial fields and by unusually high demand for components used in games consoles as well as for mobile telephone infrastructure. Revenue generated in the 2012 fiscal year with components for high-power transistors is down, reflecting the general slowdown in this market sector. With a second-quarter Segment Result of €32 million, the Power Management & Multimarket contribution to earnings was €22 million lower than the €54 million reported in the previous year. The Segment

Result Margin for the quarter was 14.1 percent, significantly lower than the previous year's 22.3 percent. The Segment Result was negatively impacted by reduced revenue and higher idle cost which contributed to lower gross profit and also by a moderate increase in operating expenses.

The Power Management & Multimarket segment posted six-month revenue of €449 million, down €30 million or 6 percent on the corresponding period last year due to reduced demand. The six-month Segment Result fell by €37 million from €109 million to €72 million. The Segment Result Margin dropped from 22.8 percent to 16.0 percent, reflecting the impact of lower revenue on the one hand and under-utilization of production capacities on the other.



Comparison of the revenue of Power Management & Multimarket



Comparison of the Segment Result of Power Management &

Major events and developments in the Power Management & Multimarket segment in the first half of the 2012 fiscal year:

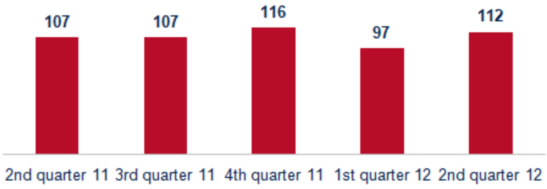
- Infineon presented its new OptiMOS™ 40V and 60V product family at the "Applied Power Electronics Conference & Exposition" (APEC) in February 2012. The new high-performance MOSFETs have been specially optimized for Switch Mode Power Supplies (SMPS) such as those fitted in servers and PCs. Moreover, they are ideally suited for numerous industrial applications such as motor controls, solar micro-inverters and fast-switching direct current transformers.
- The ORIGA™ authentification solution has been further developed and its product family supplemented. The new ORIGA™2 chip features an interface that supports the standard for communication with the battery developed by the MIPI Alliance. MIPI BIF (battery interface) is the first standardized single-wire communications interface for batteries in mobile devices. This technology helps users of mobile devices such as smartphones or tablet computers to protect themselves better from counterfeit and frequently faulty batteries. Furthermore, the standardization makes it a simpler matter to develop intelligent batteries that constantly monitor key parameters of the battery, such as temperature.

CHIP CARD & SECURITY

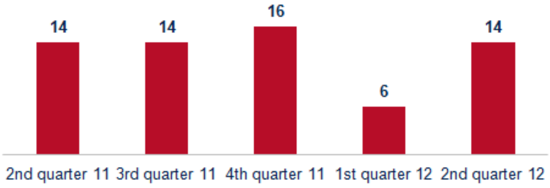
	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	112	107	209	205
Share of Total Revenue	11%	11%	11%	11%
Segment Result	14	14	20	24
Share of Total Segment Result	10%	7%	7%	6%
Segment Result Margin	12.5%	13.1%	9.6%	11.7%

Second-quarter revenue in the current fiscal year totaled €112 million compared to €107 million one year earlier, with revenue up for SIM cards, integrated Near Field Communication ("NFC") solutions and Pay TV, and down for payment cards. The Segment Result for the second quarter of the 2012 fiscal year, at €14 million, was constant to the the same quarter of the previous year. Overall, Chip Card & Security recorded a Segment Result Margin of 12.5 percent, with gross profit, R&D and sales and marketing expenses about stable compared to the previous year.

Six-month revenue totaled €209 million, an increase of €4 million or 2 percent on last year (€205 million). The most significant increase was generated by integrated NFC products, thus those products have considerably raised their proportion of segment revenue. Revenue from sales of security controllers for SIM card applications also rose significantly. These positive developments were offset by weaker sales of security chips for Pay TV and integrated computer security (Trusted Platform Module or TPM). The six-month Segment Result slightly declined from €24 million for the 2011 fiscal year to €20 million for the current fiscal year. The Segment Result Margin is 9.6 percent, mostly due to the slightly lower gross profit resulting from a change in product mix. Operating expenses as a percentage of revenue fell moderately, reflecting slightly higher selling expenses and marginally lower R&D expenses.



Comparison of the revenue of Chip Card & Security



Comparison of the Segment Result of Chip Card & Security

Major events and developments in the Chip Card & Security segment in the first half of the fiscal year 2012:

- Key milestones in the introduction of new generations of technology were reached during the first half of the 2012 fiscal year. Infineon successfully brought the 90-nanometer technology to the market and has meanwhile supplied approximately 400 million 90-nanometer-based security controllers. Furthermore, since the end of 2011 Infineon has made available first samples of the next technology generation, the 65-nanometer embedded Flash (eFlash) microcontrollers for security chip solutions. The first products to be manufactured in high volume are destined for use in security controllers for SIM cards.
- The market research company IMS Research has confirmed Infineon's leading position in the fast-growing NFC security controller market ("secure elements"). According to a study of IMS Research published in January 2012, Infineon has a market share of 51.5 percent for NFC secure elements. According to IMS Research, 46 million secure elements for NFC-enabled mobile phones were delivered in 2011 alone.
- Infineon strengthened its leading position in the field of security chips for payment cards. For example, security chips made by Infineon are being used in the "girogo" project initiated by the German Banking Industry Committee ("Deutsche Kreditwirtschaft"). The project is the largest of its kind in Europe for contactless bank cards. A total of 16 million cards are scheduled to be replaced by German Sparkasse by the end of 2012. The Infineon security chip is the first to be approved by Deutsche Kreditwirtschaft for use in contactless bank cards. The card is fitted with a security controller that uses the "Integrity Guard" security technology, which has already received numerous awards.

OTHER OPERATING SEGMENTS

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	39	61	82	102
Share of Total Revenue	4%	6%	4%	5%
Segment Result	7	7	11	9
Share of Total Segment Result	4.9%	3.5%	3.9%	2.4%

Other Operating Segments mainly comprise activities remaining with Infineon after the sale or exit of a business operation. These include post-sale activities arising from the fact that the businesses sold still rely on goods sold or services rendered by Infineon or remaining activities that cannot be allocated to another segment and which will ultimately be 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, as does the business with analog and digital TV tuners.

Second-quarter revenue totaled €39 million (January – March 2011: €61 million). Revenue with Lantiq decreased compared to the corresponding quarter last year. Cost structure improvements meant that Segment Result remained at €7 million, despite the lower level of revenue.

Six-month revenue in the current year totaled €82 million, compared to €102 million the previous fiscal year. The segment result for the six-month period rose by €2 million to €11 million as a result of business with IMC and cost structure improvements.

CORPORATE AND ELIMINATIONS

The second-quarter result improved from a loss of €1 million (first quarter of the current fiscal year) to a profit of €1 million in the current fiscal year. The Segment Result for the six-month period was almost break-even at negative €2 million in both the current and the previous year.

REVIEW OF FINANCIAL CONDITION

€ in millions, except percentages	As of March 31, 2012	As of September 30, 2010	Change year-on-year
Current assets	3,398	3,971	(14%)
Non-current assets	2,182	1,902	15%
Total assets	**5,580**	**5,873**	**(5%)**
Current liabilities	1,679	2,005	(16%)
Non-current liabilities	482	513	(6%)
Total liabilities	**2,161**	**2,518**	**(14%)**
Total equity	**3,419**	**3,355**	**2%**

DECREASE IN CURRENT ASSETS AS RESULT OF LOWER GROSS CASH POSITION

Current assets decreased by 14 percent to stand at €3,398 million as of March 31, 2012 (September 30, 2011: €3,971 million). The main reason for the drop was the €502 million decrease in the gross cash position (sum of cash and cash equivalents and financial investments) mainly attributable to the ongoing high level of investment in organic growth, the capital return program, the dividend payment for the previous fiscal year and an increase in net current assets.

INVESTMENT IN ORGANIC GROWTH CAUSES NON-CURRENT ASSETS TO INCREASE

Non-current assets rose by €280 million (15 percent) from €1,902 million as of September 30, 2011 to €2,182 million as of March 31, 2012, principally due to capital expenditure on property, plant and equipment. As the amount invested was significantly greater than the depreciation expense, the carrying amount of property, plant and equipment rose by a total of €234 million. Capital expenditure included the further expansion of production sites in Kulim (Malaysia), Villach (Austria) and Dresden (Germany). Intangible assets increased by €23 million during the first six months of the 2012 fiscal year, mainly in conjunction with capitalized development costs, including investment expenditure to develop the 300-millimeter thin wafer technology.

LIABILITIES REDUCED BY SETTLEMENT OF TRADE PAYABLES, DISBURSEMENTS OF EMPLOYEE BONUSES AND EXERCISE OF PUT OPTIONS

Current liabilities stood at €1,679 million as of March 31, 2012, €326 million (16 percent) lower than at September 30, 2011 (€2,005 million). The two main factors for this reduction were the €171 million drop in trade and other payables and the €123 million decrease in current provisions, mainly reflecting the disbursement of bonus payments to employees. In addition, the exercising of put options on own shares amounting to €20 million had the effect of reducing other current financial liabilities. The exercise value of all put options issued during the first half of the 2012 fiscal year corresponded approximately to the value of put options that lapsed during the period.

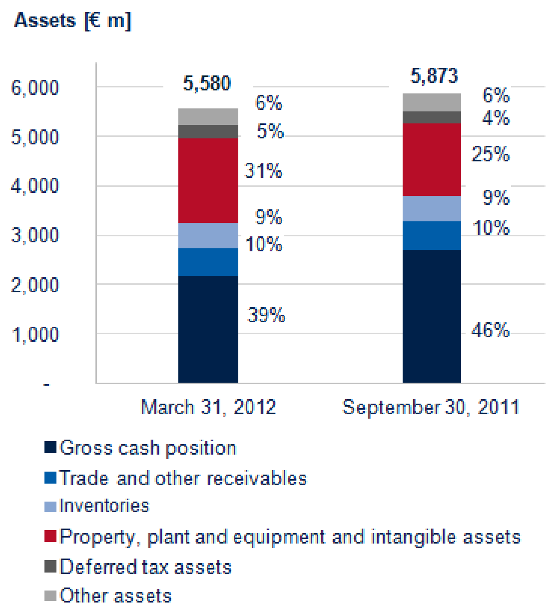
Compared to September 30, 2011 (€513 million), non-current liabilities decreased by €31 million or 6 percent to stand at €482 million as of March 31, 2012, with long-term debt reduced by €32 million during the period. The repurchase of subordinated convertible bonds due 2014 during the six-month period reduced the carrying amount of non-current liabilities by €16 million.

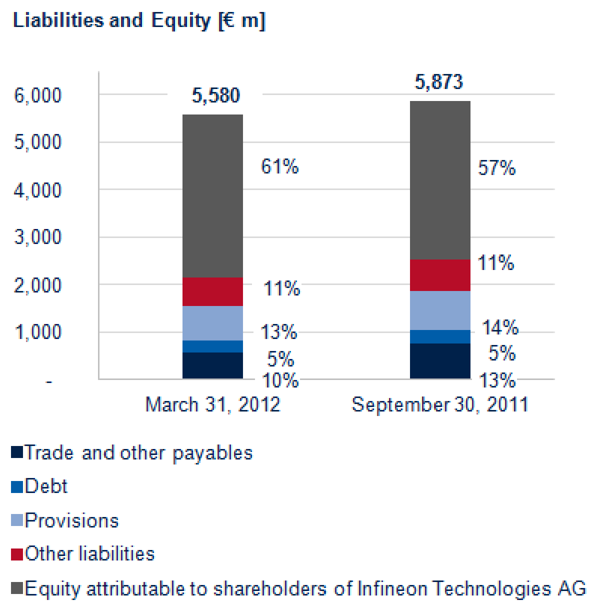
SLIGHT INCREASE IN EQUITY THANKS TO GROUP NET INCOME, DESPITE DIVIDEND PAYMENTS AND CAPITAL RETURN PROGRAM

Equity increased by €64 million (2 percent) to stand at €3,419 million as of March 31, 2012 (September 30, 2011: €3,355 million) primarily due to the net income for the six-month period of €207 million.

Payment of the dividend for the previous fiscal year amounting to €130 million reduced equity. Equity was also reduced by €26 million owing to the repurchase of subordinated convertible bonds due 2014, through which the Company acquired conversion rights attached to more than 8.2 million shares. The expiry and issue of new put options offset each other. Option premiums received increased equity by €6 million.

The equity ratio improved to 61 percent as of March 31, 2012 (September 30, 2011: 57 percent).





REVIEW OF LIQUIDITY

CASH FLOW

	Six months ended March 31,	
€ in millions	**2012**	2011
Net cash provided by operating activities from continuing operations	240	311
Net cash used in investing activities from continuing operations	(411)	(1,762)
Net cash used in financing activities from continuing operations	(224)	(232)
Net increase in cash and cash equivalents from discontinued operations	(37)	1,179
Net decrease in cash and cash equivalents	**(432)**	**(504)**
Effect of foreign exchange rate changes on cash and cash equivalents	1	(1)
Change in cash and cash equivalents	**(431)**	**(505)**

Sharp decrease in net cash provided by operating activities from continuing operations due to reductions in trade payables and provisions

Net cash provided by operating activities from continuing operations in the first half of the 2012 fiscal year totaled €240 million which was €71 million lower than in the same period last year (€311 million). Taking income from continuing operations before depreciation, interest and taxes as the starting point (€459 million), the principal items reducing net cash provided by continuing operations were trade payables, other liabilities and provisions, which accounted for a total net cash outflow of €257 million during the six-month period under report. The reduction in trade and other receivables had a positive impact of €36 million.

Income from continuing operations before depreciation, interest and taxes in the corresponding six-month period of the previous fiscal year amounted to €530 million. Net cash from continuing operations during this period was reduced overall by a net amount of €150 million caused by increases in trade and other receivables and inventories and a decrease in provisions. Net cash provided by continuing operations was also reduced in the previous year by income tax payments totaling €50 million.

Sharp rise in net cash used in investing activities from continuing operations mainly due to substantial investment in property, plant and equipment

Net cash used in investing activities from continuing operations in the first half of the 2012 fiscal year amounted to €411 million. A cash inflow of €73 million (net) related to the purchase and sale of financial investments (primarily bank deposits with a maximum term of three to six months). This did not impact the gross cash position, however, since the latter includes financial investments as well as cash and cash equivalents. Capital expenditures on property, plant and equipment in the first half of the current fiscal year totaled €454 million, with the primary focus on expanding front-end capacities in Kulim (Malaysia), Villach (Austria) and Dresden (Germany). In a similar vein, back-end manufacturing capacities were expanded in Malacca (Malaysia), Warstein (Germany) and Cegléd (Hungary). A total of €32 million was invested in intangible assets during the six-month period, most of which related to internal projects connected to the development of 300-millimeter thin wafer technology for power semiconductors and product development.

Net cash used in investing activities from continuing operations in the corresponding six-month period of the previous year amounted to €1,762 million, of which €1,468 million related to the purchase of financial investments and €277 million to capital expenditure on property, plant and equipment.

Dividend payment and capital return program result in net cash used in financing activities from continuing operations

Net cash used in financing activities from continuing operations in the first half of the 2012 fiscal year amounted to €224 million, of which €130 million was used to pay the dividend for the 2011 fiscal year. In addition, subordinated convertible bonds due 2014 were repurchased for €50 million (nominal amount: €19 million) and 3 million own shares acquired for €20 million via put options. Other financial liabilities were reduced by €30 million (net). Option premiums of €6 million were received for newly issued put options on own shares.

Net cash used in financing activities from continuing operations for the first half of the 2011 fiscal year totaled €232 million, of which €107 million related to the repurchase of subordinated convertible bonds due 2014 with a nominal amount of €36 million. Other long-term debt decreased by €16 million. A dividend of €109 million was paid to shareholders for the 2010 fiscal year.

Change in cash and cash equivalents from discontinued operations

Net cash outflow from discontinued operations in the first half of the 2012 fiscal year amounted to €37 million, of which €32 million related to the scheduled repayment of amounts received from IMC following a transitional phase of a number of months, during which Infineon performed procurement activities on behalf of IMC.

In the corresponding period of the previous fiscal year, net cash provided by discontinued operations amounted to €1,179 million and resulted primarily from cash proceeds of €1,098 million received on the sale of the Wireless mobile phone business. Net cash provided by operating activities from discontinued operations totaled €160 million in the first half of the 2011 fiscal year, mainly relating to net cash provided by the Wireless mobile phone business operations less capital expenditure for this line of business and less disbursements relating to the Qimonda insolvency.

FREE CASH FLOW

Infineon reports the free cash flow figure (defined as net cash provided by/used in operating activities and net cash used in/provided by 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:

€ in millions	Six months ended March 31, 2012	2011
Net cash provided by operating activities from continuing operations	240	311
Net cash used in investing activities from continuing operations	(411)	(1,762)
Purchase of and proceeds from sale of financial investments, net	(73)	1,468
Free cash flow	**(244)**	**17**

Substantial investment in organic growth results in high negative free cash flow figure

Free cash flow for the first half of the 2012 fiscal year amounted to negative €244 million compared to a positive €17 million in the corresponding period last year. Net cash provided by operating activities only covered part of the additions to property, plant and equipment and intangible assets totaling €486 million.

By contrast, free cash flow in the same period one year earlier resulted in a positive €17 million and the higher level of net cash provided from operating activities was sufficient to cover the significantly lower level of disbursements for property, plant and equipment and intangible assets (€295 million).

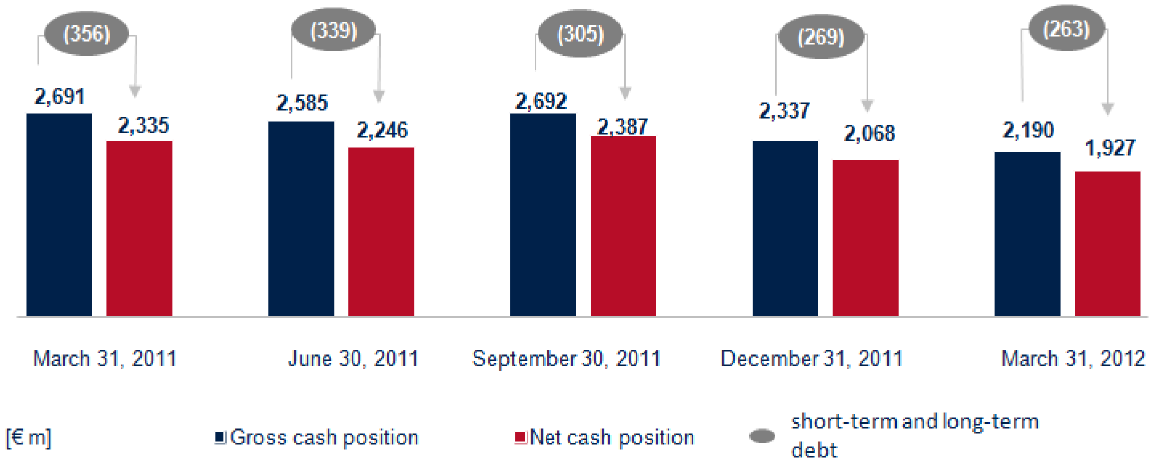
GROSS CASH POSITION AND NET CASH POSITION

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	March 31, 2012	September 30, 2011
Cash and cash equivalents	576	1,007
Financial investments	1,614	1,685
Gross cash position	**2,190**	**2,692**
Less:		
Long-term debt	205	237
Short-term debt and current maturities of long-term debt	58	68
Total financial debt	**263**	**305**
Net cash position	**1,927**	**2,387**

The gross cash position, comprising cash and cash equivalents as well as financial investments, amounted to €2,190 million at March 31, 2012, a decrease of €502 million on the position of €2,692 million recorded at September 30, 2011. The decrease in the gross cash position mainly reflects the negative free cash flow as well as disbursements in conjunction with the capital return program and the dividend payment.

The net cash position, which is defined as the gross cash position less short-term and long-term debt, decreased accordingly by €460 million from €2,387 million at September 30, 2011 to €1,927 million at March 31, 2012.



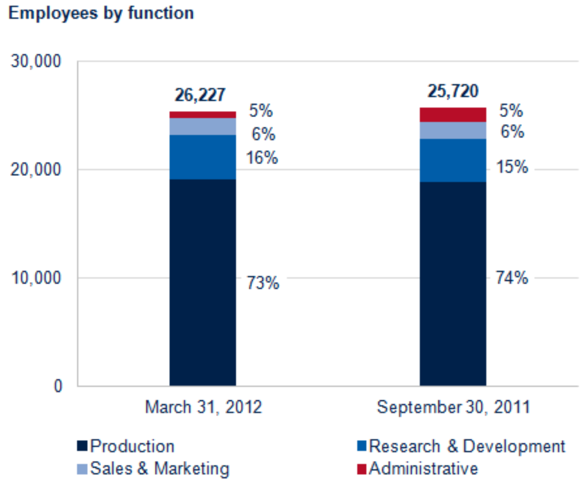
EMPLOYEES

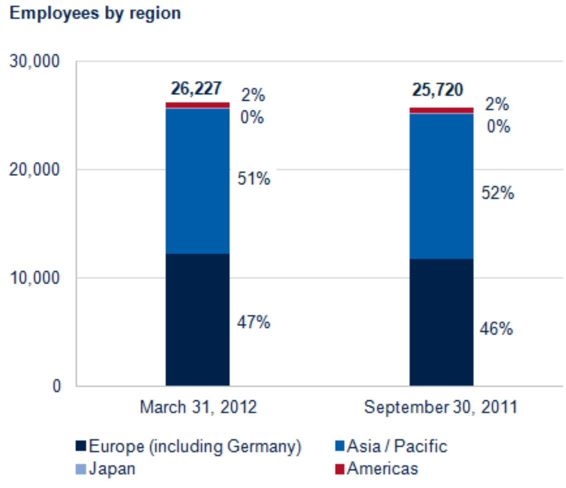
The following table shows the composition of the workforce of fully consolidated companies of the Infineon Group, by function and region, at the relevant reporting dates:

	As of		
	March 31, 2012	September 30, 2011	Change
Function:			
Production	19,110	18,892	1%
Research & Development	4,114	3,900	5%
Sales & Marketing	1,564	1,534	2%
Administration	1,439	1,394	3%
Total	**26,227**	**25,720**	**2%**
Region:			
Europe	12,218	11,681	5%
therein: Germany	8,285	7,926	5%
Americas	481	476	1%
Asia-Pacific (w/o Japan)	13,418	13,450	(0%)
therein: China	1,282	1,278	0%
Japan	110	113	(3%)
Total	**26,227**	**13,548**	**94%**

The number of employees increased marginally (by 2 percent) during the first half of the 2012 fiscal year. Approximately one half of the increase related to the production function following the expansion of manufacturing capacities, in particular within Europe at the sites in Regensburg and Dresden (Germany) and Villach (Austria). The number of employees working on research and development activities was also raised as a foundation for further growth.

The proportion of the Infineon workforce employed at sites in Germany was 32 percent and 31 percent respectively at March 31, 2012 and September 30, 2011.





OUTLOOK

OUTLOOK FOR THE THIRD QUARTER OF THE 2012 FISCAL YEAR

The outlook is based on the assumption that the Euro/US Dollar exchange rate will remain at a similar level to the average of the first half of the current fiscal year. The forecast for the third quarter of the current fiscal year is for broadly flat revenue and a Segment Result Margin similar to the level recorded in the second quarter. The distribution of revenue over the various segments is not expected to change significantly, however, the combined revenue of Other Operating Segments and Corporate and Eliminations is expected to decrease significantly.

OUTLOOK FOR FULL FISCAL YEAR 2012:

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

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

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

RISKS AND OPPORTUNITIES

The high degree of volatility in the semiconductor sector, the international nature of business and the broad range of products expose Infineon to a considerable number of risks, which include but are not restricted to the following: general economic developments; fluctuations in demand for (and selling prices of) semiconductor products in general as well as for its own products and end-user products, such as automobiles and consumer electronics devices that contain Infineon products; the impact of currency fluctuations, primarily between the US dollar and the euro; the potential disintegration of Europe’s common currency, the euro; failure to meet supply commitments to customers due to lack of production capacity (production allocation) in times of unexpectedly high market demand; the impact of natural catastrophes such as earthquakes, floods, reactor catastrophes, political unrest, the threat of nationalization or expropriation of assets and the consequences of any such action on supplies to Infineon, its customers or their customers with respect to materials, production and demand in general; the success of Infineon’s own or joint development activities with partners; the success of efforts to introduce new production processes; compliance with quality requirements for existing and newly developed products; the activities of competitors; the worldwide increase in incidences of computer attacks, which – despite the defense mechanisms employed – could have a detrimental impact on Infineon’s business; the recoverability of resources invested in financial investments; the availability of adequate financial resources at all times; the outcome of anti-trust matters, investigations and legal disputes; infringements of patent rights owned by entities with their own development and production resources on the one hand, but also increasingly of patent rights owned by dedicated patent exploiters (non-practicing entities) on the other; as well as specific risks and liabilities in conjunction with the Qimonda insolvency, as described in greater detail in note 16 (Commitments and contingencies) under the heading “Qimonda matters”.

A variety of risks, particularly those of a financial nature, can also be seen as opportunities if they develop positively.

These and other significant risks to which Infineon is exposed are described in detail under the heading “Report of expected developments, together with associated material risks and opportunities” in the Group Management Report contained in the Annual Report for the 2011 fiscal year. A copy of the most recent Annual Report is available on Infineon’s website, under the heading “Investor Relations”, at http://www.infineon.com/investor. Infineon’s assessment of the risks has not changed materially during the first half of the 2012 fiscal year by comparison to the assessment provided in the Annual Report for the 2011 fiscal year. The Company does, however, draw attention to changes during the first half of the 2012 fiscal year in connection with the legal disputes with Qimonda’s insolvency administrator, a detailed description of which is provided in note 16 (“Commitments and contingencies - Qimonda matters”).

Investors are encouraged to read the detailed description of risks Infineon is exposed to, which are highlighted in the Group Management Report for the 2011 fiscal year. The occurrence of one or more of the risks described could have an adverse impact on Infineon’s business and/or reported net income, which, in turn, might be reflected in a declining share price.

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

	Three months ended March 31,		Six months ended March 31,	
€ in millions; except earnings per share	**2012**	2011	**2012**	2011
Revenue	986	994	1,932	1,916
Cost of goods sold	(621)	(573)	(1,206)	(1,111)
Gross profit	365	**421**	**726**	**805**
Research and development expenses	(110)	(112)	(216)	(220)
Selling, general and administrative expenses	(117)	(113)	(235)	(216)
Other operating income	11	9	15	11
Other operating expense	(20)	(18)	(32)	(24)
Operating income	**129**	**187**	**258**	**356**
Financial income	11	8	23	14
Financial expense	(13)	(11)	(31)	(29)
Income from investments accounted for using the equity method	-	2	1	2
Income from continuing operations before income taxes	**127**	**186**	**251**	**343**
Income tax expense	(18)	(13)	(38)	(21)
Income from continuing operations	**109**	**173**	**213**	**322**
Income from discontinued operations, net of income taxes	2	399	(6)	482
Net income	**111**	**572**	**207**	**804**
Attributable to:				
Non-controlling interests	-	-	-	-
Shareholders of Infineon Technologies AG	111	572	207	804
Basic earnings per share attributable to shareholders of Infineon Technologies AG:				
Basic earnings per share (in Euro) from continuing operations	0.10	0.16	0.20	0.30
Basic earnings per share (in Euro) from discontinued operations	-	0.37	(0.01)	0.44
Basic earnings per share (in Euro)	**0.10**	**0.53**	**0.19**	**0.74**
Diluted earnings per share attributable to shareholders of Infineon Technologies AG:				
Diluted earnings per share (in Euro) from continuing operations	0.10	0.15	0.20	0.29
Diluted earnings per share (in Euro) from discontinued operations	-	0.35	(0.01)	0.41
Diluted earnings per share (in Euro)	**0.10**	**0.50**	**0.19**	**0.70**

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

€ in millions	Three months ended March 31,		Six months ended March 31,	
	2012	2011	**2012**	2011
Net income	**111**	**572**	**207**	**804**
Currency translation effects	(1)	(7)	5	(4)
Net change in fair value of available-for-sale financial assets	-	-	(1)	-
Net change in fair value of cash flow hedges	-	-	1	(8)
Other comprehensive income (loss) for the year, net of tax	**(1)**	**(7)**	**5**	**(12)**
Total comprehensive income for the year, net of tax	**110**	**565**	**212**	**792**
Attributable to:				
Non-controlling interests	-	-	-	-
Shareholders of Infineon Technologies AG	110	565	212	792

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

€ in millions	**March 31, 2012**	September 30, 2011
Assets:		
Current assets:		
Cash and cash equivalents	576	1,007
Financial investments	1,614	1,685
Trade and other receivables	540	593
Inventories	521	507
Income tax receivable	9	30
Other current financial assets	5	2
Other current assets	124	142
Assets classified as held for sale	9	5
Total current assets	**3,398**	**3,971**
Property, plant and equipment	1,577	1,343
Goodwill and other intangible assets	134	111
Investments accounted for using the equity method	35	34
Deferred tax assets	257	262
Other financial assets	133	124
Other assets	46	28
Total non-current assets	**2,182**	**1,902**
Total assets	**5,580**	**5,873**
Liabilities and equity:		
Current liabilities:		
Short-term debt and current maturities of long-term debt	58	68
Trade and other payables	564	735
Current provisions	687	810
Income tax payable	84	59
Other current financial liabilities	137	159
Other current liabilities	149	174
Total current liabilities	**1,679**	**2,005**
Long-term debt	205	237
Pension plans and similar commitments	169	168
Deferred tax liabilities	6	7
Long-term provisions	31	26
Other financial liabilities	7	4
Other liabilities	64	71
Total non-current liabilities	**482**	**513**
Total liabilities	**2,161**	**2,518**
Shareholders' equity:		
Ordinary share capital	2,173	2,173
Additional paid-in capital	5,706	5,854
Accumulated deficit	(4,307)	(4,514)
Other reserves	15	10
Own shares	(46)	(26)
Put options on own shares	(122)	(142)
Total equity attributable to shareholders of Infineon Technologies AG	**3,419**	**3,355**
Total liabilities and equity	**5,580**	**5,873**

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

	Six months ended March 31,	
€ in millions	**2012**	2011
Net income	**207**	**804**
Less: net income from discontinued operations, net of income taxes	6	(482)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	200	172
Income tax expense	38	21
Net interest result	8	15
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)	(2)
Impairment charges	14	(5)
Share-based compensation	1	1
Trade and other receivables	36	(81)
Inventories	(17)	(37)
Other current assets	17	(17)
Trade and other payables	(153)	57
Provisions	(104)	(32)
Other current liabilities	11	(26)
Other assets and liabilities	(39)	(30)
Interest received	17	10
Interest paid	(7)	(10)
Income tax received (paid)	7	(50)
Net cash provided by operating activities from continuing operations	**240**	**311**
Net cash used in (provided by) operating activities from discontinued operations	**(27)**	**160**
Net cash provided by operating activities	**213**	**471**
Purchases of financial investments	(1,019)	(1,468)
Proceeds from sales of financial investments	1,092	-
Purchases of intangible assets and other assets	(32)	(18)
Purchases of property, plant and equipment	(454)	(277)
Proceeds from sales of property, plant and equipment and other assets	2	1
Net cash used in investing activities from continuing operations	**(411)**	**(1,762)**
Net cash used in (provided by) investing activities from discontinued operations	**(10)**	**1,022**
Net cash used in investing activities	**(421)**	**(740)**
Net change in short-term debt	-	-
Proceeds from issuance of long-term debt	10	27
Repayments of long-term debt	(40)	(43)
Repurchase of convertible subordinated bonds	(50)	(107)
Purchase of own shares	(20)	-
Proceeds from issuance of put options on own shares	6	-
Dividend payments	(130)	(109)
Net cash used in financing activities from continuing operations	**(224)**	**(232)**
Net cash used in financing activities from discontinued operations	**-**	**(3)**
Net cash used in financing activities	**(224)**	**(235)**
Net increase (decrease) in cash and cash equivalents	(432)	(504)
Effect of foreign exchange rate changes on cash and cash equivalents	1	(1)
Cash and cash equivalents at beginning of period	1,007	1,667
Cash and cash equivalents at end of period	**576**	**1,162**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED MARCH 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, 2010	**1,086,742,085**	**2,173**	**6,048**	**(5,613)**	**16**
Net income	-	-	-	804	-
Other comprehensive income for the period, net of tax	-	-	-	-	(4)
Total comprehensive income for the period, net of tax	-	-	-	804	(4)
Dividends	-	-	(109)	-	-
Issuance of ordinary shares:					
Exersice of stock options	2,500	-	-	-	-
Share based compensation	-	-	1	-	-
Other changes in equity	-	-	(60)	-	-
Balance as of March 31, 2011	**1,086,744,585**	**2,173**	**5,880**	**(4,809)**	**12**
Balance as of October 1, 2011	**1,086,745,835**	**2,173**	**5,854**	**(4,514)**	**16**
Net income	-	-	-	207	-
Other comprehensive income for the period, net of tax	-	-	-	-	5
Total comprehensive income for the period, net of tax	-	-	-	207	5
Dividends	-	-	(130)	-	-
Share based compensation	-	-	1	-	-
Purchase of own shares	-	-	-	-	-
Put options on own shares	-	-	7	-	-
Other changes in equity	-	-	(26)	-	-
Balance as of March 31, 2012	**1,086,745,835**	**2,173**	**5,706**	**(4,307)**	**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	**(2)**	**-**	**-**	**2,625**	**-**	**2,625**
-	-			804	-	804
-	(8)	-	-	(12)	-	-12
-	(8)	-	-	792	-	792
-	-	-	-	(109)	-	(109)
-	-	-	-	-	-	-
-	-	-	-	1	-	1
-	-	-	-	(60)	-	(60)
3	**(10)**	**-**	**-**	**3,249**	**-**	**3,249**
3	**(9)**	**(26)**	**(142)**	**3,355**	**-**	**3,355**
-	-	-	-	207	-	207
(1)	1	-	-	5	-	5
(1)	1	-	-	212	-	212
-	-	-	-	(130)	-	(130)
-	-	-	-	1	-	1
-	-	(20)	-	(20)	-	(20)
-	-	-	20	27	-	27
-	-	-	-	(26)	-	(26)
2	**(8)**	**(46)**	**(122)**	**3,419**	**-**	**3,419**

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Infineon Technologies AG and its subsidiaries (collectively, "Infineon" or the "Company") design, develop, manufacture and market a broad range of semiconductors and systems solutions. The focus of activities is on automotive electronics, industrial electronics and chip-card based security. The Company's products are also used in a wide variety of microelectronic applications, for example in computer systems, telecommunications systems and consumer goods. The Company's product range comprises standard commodity 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 the Company's revenue is generated with semiconductors, the remainder with embedded control products (microcontroller designs adapted to the specific requirements of the application) and other product categories. The Company'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 the ultimate parent company of the Infineon Group. The principal office of the Company is Am Campeon 1 – 12, 85579 Neubiberg, Federal Republic of 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 for the three and six months ended March 31, 2012 and 2011 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), to the extent that those Standards have been endorsed by the European Union ("EU"). The accompanying condensed 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, 2011 was derived from audited financial statements, it does not include all disclosures required by IFRS. The accompanying condensed Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements for the 2011 fiscal year, which were prepared in accordance with IFRS, as endorsed by the EU. The accounting policies applied preparing the accompanying Interim Consolidated Financial Statements are consistent with those used for the 2011 fiscal year.

In the opinion of management, the accompanying 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 accompanying 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 amounts and 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 herein are shown in Euro (€) except where otherwise stated. Negative amounts are presented in parentheses.

Certain amounts in the prior period consolidated financial statements and condensed notes have been reclassified to conform to the current period presentation.

Deviations in amounts presented in the Interim Consolidated Financial Statements may occur due to rounding.

2 / SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

The following Standards were applied for the first time in the first half of the 2012 fiscal year:

- **Amendment to IAS 24 – "Related Party Disclosures"** The amendment clarifies the definition of related parties and does not have any significant impact on the Interim Consolidated Financial Statements.
- **Improvements to IFRS (2010).** The Standard brings together numerous smaller changes to existing standards in conjunction with an annual program of improvements to IFRS. The changes do not have any significant impact on the Interim 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 the Company's Consolidated Statement of Operations and Consolidated Statement of Cash Flows, to the extent that the underlying events have occurred before the commence of the insolvency proceedings. To the extent that these events have occurred after the commence of the insolvency proceedings, their results are reported as part of continuing operations.

Provisions relating to Qimonda's insolvency were required to be adjusted in the Interim Consolidated Financial Statements for the first quarters and first six-month periods of the 2012 and 2011 fiscal years 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 WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

On November 6, 2009, the Wireline Communications business was sold to various companies ("Lantiq") which are affiliates of Golden Gate Private Equity Inc. All results relating to the Wireline Communications business arising subsequent to the transaction are reported as "Income (loss) from discontinued operations, net of income taxes" for all periods presented in the Consolidated Statements of Operations.

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

On August 30, 2010, the Company 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 basestations are the only areas of the Wireless Solutions segment that remained with the Company. 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. The business is being continued by the purchaser under the name "Intel Mobile Communications" (IMC).

The pre-tax gain recorded in the full 2011 fiscal year on the sale of the Wireless mobile phone business amounted to €507 million. The pre-tax gain on the sale was adjusted upwards by €1 million during the first half of the 2012 fiscal year. In total – taking account of all items with a profit or loss impact that have arisen since the contract was concluded in August 2010, including transaction costs and the US dollar hedge of the purchase price – the pre-tax gain amounted to €527 million.

The tax expense recorded in the 2011 fiscal year on the sale of the Wireless mobile phone business amounted to €155 million. 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 recognition of an expense of €8 million in the first half of the 2012 fiscal year in conjunction with an adjustment to tax provisions.

The results of the Wireless mobile phone business up to completion of the sale were recognized in the Consolidated Statement of Operations as part of “Income (loss) from discontinued operations, net of income taxes”. Expenses that were previously allocated to the Wireless mobile phone business, and which continue to be incurred after the sale, are not affected by this classification and continue to be reported under “Income (loss) from continuing operations” in the Consolidated Statement of Operations.

Following the sale, the Company continues to sell products and render services to IMC. The results from these activities are reported in income (loss) from discontinued operations to the extent that these activities are being performed for a limited time period of a few months and serve to ensure the transfer of the Wireless mobile phone business to IMC. These activities included the performance of procurement-related services on behalf of IMC, for which the company received upfront payments in the 2011 fiscal year amounting to €32 million which were repaid in the first quarter of the 2012 fiscal year. By contrast, sales or products and services to IMC which are not covered by the activities described above are reported as continuing operations in the Consolidated Statement of 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 March 31, 2012 and September 30, 2011 amounting to €9 million and €5 million respectively relate to items of property, plant and equipment acquired from Qimonda Dresden GmbH & Co. OHG which the Company intends to sell.

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

The results of Qimonda, the Wireline Communication business, and the Wireless mobile phone business presented in the Consolidated Statements of Operations as discontinued operations for the three and six months ended March 31, 2012 and 2011, consist of the following components:

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2012**	2011	**2012**	2011
Qimonda				
Expenses resulting from Qimonda's insolvency	-	(34)	(2)	(35)
Loss before tax	**-**	**(34)**	**(2)**	**(35)**
Income tax benefit	-	4	-	4
Qimonda's share of discontinued operations, net of income taxes	**-**	**(30)**	**(2)**	**(31)**
Wireline Communications business				
Revenue	-	-	-	-
Costs and expenses	-	-	-	(1)
Profit (loss) before tax	**-**	**-**	**-**	**(1)**
Income tax benefit	-	1	-	1
Wireline Communication's share of discontinued operations, net of income taxes	**-**	**1**	**-**	**-**
Wireless mobile phone business				
Revenue	2	220	3	677
Costs and expenses	-	(156)	(1)	(483)
Profit before tax	**2**	**64**	**2**	**194**
Income tax expense	-	(14)	-	(25)
Profit after tax	**2**	**50**	**2**	**169**
Pre-tax gain (loss) on the sale of the Wireless mobile phone business	(1)	535	1	501
Income tax benefit (expense) on gain	1	(157)	(7)	(157)
Post-tax gain (loss) on the sale of the Wireless mobile phone business	-	378	(6)	344
Wireless mobile phone business' share of discontinued operations, net of income taxes	**2**	**428**	**(4)**	**513**
Income (loss) from discontinued operations, net of income taxes	**2**	**399**	**(6)**	**482**

4 / FINANCIAL INCOME

Financial income for the three and six months ended March 31, 2012 and 2011 relates entirely to interest income.

5 / FINANCIAL EXPENSE

Financial expense for the three and six months ended March 31, 2012 and 2011 relates entirely to interest expense. Interest expense for the three and six months ended March 31, 2012 include a pre-tax loss of €0 million and €5 million respectively arising of repurchases of convertible bonds due 2014 (see note 12).

6 / INCOME TAX

Income from continuing operations before income taxes and income tax expense thereon for the three and six months ended March 31, 2012 and 2011 were as follows:

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2012**	2011	**2012**	2011
Income from continuing operations before income taxes	127	186	251	343
Income tax expense	(18)	(13)	(38)	(21)
Effective tax rate	14%	7%	15%	6%

The tax expense for the three and six months ended March 31, 2012 and 2011 was influenced by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets. In addition, the tax expense for the three and six months ended March 31, 2011 was reduced by the reversal of tax provisions for prior years.

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 March 31,		Six months ended March 31,	
	2012	2011	**2012**	2011
Earnings per share — basic:				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	109	173	213	322
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	2	399	(6)	482
Earnings attributable to shareholders of Infineon Technologies AG	**111**	**572**	**207**	**804**
Weighted-average number of shares outstanding (in millions):				
- Ordinary share capital	1,086.7	1,086.7	1,086.7	1,086.7
- Adjustment for own shares	(7.0)	-	(6.1)	-
Weighted-average number of shares outstanding — basic	1,079.7	1,086.7	1,080.6	1,086.7
Basic earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.10	0.16	0.20	0.30
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	0.37	(0.01)	0.44
Earnings per share attributable to shareholders of Infineon Technologies AG — basic	**0.10**	**0.53**	**0.19**	**0.74**

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 potential 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 March 31,		Six months ended March 31,	
	2012	2011	**2012**	2011
Earnings per share — diluted:				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	109	173	213	322
Adjustment for interest expense on convertible bond	3	4	7	10
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG — diluted	112	177	220	332
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	2	399	(6)	482
Earnings attributable to shareholders of Infineon Technologies AG — diluted	**114**	**576**	**214**	**814**
Weighted-average number of shares outstanding — basic (in millions):	1,079.7	1,086.7	1,080.6	1,086.7
Adjustments for:				
- Effect of potential conversion of convertible bond	51.6	72.0	54.3	75.4
- Effect of stock options	1.4	1.4	1.3	1.3
- Effect of put options on own shares	-	-	-	-
Weighted-average number of shares outstanding — diluted	1,132.7	1,160.1	1,136.2	1,163.4
Diluted earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.10	0.15	0.20	0.29
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	0.35	(0.01)	0.41
Earnings per share attributable to shareholders of Infineon Technologies AG — diluted	**0.10**	**0.50**	**0.19**	**0.70**

The weighted-average number of potentially dilutive instruments which did not have a dilutive impact were not taken into account in the calculation of diluted earnings per share. For the three months ended March 31, 2012 and 2011 this included 12.4 million and 11.5 million stock options issued to employees, respectively, where the exercise price was higher than the average share price during the relevant periods. For the six months ended March 31, 2012 and 2011 the equivalent figures were 12.1 million and 13.3 million stock options, respectively. Similarly 17.4 million and 13.5 million of the put options written on own shares in May 2011 were not taken into account in the computation during the three and six month ended March 31, 2012 since their exercise price was lower than the average share price during the reporting period.

8 / TRADE AND OTHER RECEIVABLES

Trade and other receivables comprised the following:

€ in millions	March 31, 2012	September 30, 2011
Third party - trade	511	527
Related parties - trade	4	5
Trade accounts receivable, gross	**515**	**532**
Allowance for doubtful accounts	(22)	(22)
Trade accounts receivable, net	**493**	**510**
Grants receivable	32	57
Third party - financial and other receivables	13	22
Employee receivables	1	3
Other receivables	1	1
Total	**540**	**593**

9 / INVENTORIES

Inventories consist of the following:

€ in millions	March 31, 2012	September 30, 2011
Raw materials and supplies	71	70
Work-in-process	273	262
Finished goods	177	175
Total Inventories	**521**	**507**

Inventories at March 31, 2012 and September 30, 2011 are stated net of write-downs of €73 million and €68 million, respectively.

10 / TRADE AND OTHER PAYABLES

Trade and other payables comprised the following:

€ in millions	March 31, 2012	September 30, 2011
Third party - trade	546	705
Related parties - trade	11	15
Trade payables	**557**	**720**
Related parties - other payables	2	11
Other	5	4
Total	**564**	**735**

11 / PROVISIONS

Provisions consist of the following:

€ in millions	March 31, 2012	September 30, 2011
Personnel-related obligations	174	278
Warranties and licenses	118	119
Provisions related to Qimonda	308	300
Other	118	139
Total	**718**	**836**

Provisions for personnel costs relate to employee-related obligations and include, among others, costs of incentive and bonus payments, holiday and vacation payments, termination benefits, early retirement, service anniversary awards, other personnel costs and related social security payments.

Provisions for warranties and licenses 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 outstanding expenses, penalties for default or delay on contracts, asset retirement obligations and miscellaneous other liabilities.

The total amounts of provisions are presented in the Consolidated Statement of Financial Position as of March 31, 2012 and September 30, 2011 respectively, as follows:

€ in millions	March 31, 2012	September 30, 2011
Current	687	810
Non-current	31	26
Total	**718**	**836**

12 / DEBT

Debt consists of the following:

€ in millions	March 31, 2012	September 30, 2011
Current portion of long-term debt	58	68
Total short-term debt and current maturities of long-term debt	**58**	**68**
Convertible subordinated bonds, 7.5%, due 2014	101	114
Loans payable to banks:		
Unsecured term loans, weighted average rate 1.99% (prior year 2.27%), due 2013 – 2021	104	123
Total long-term debt	**205**	**237**
Total	**263**	**305**

In conjunction with its capital return program (see note 13), the Company repurchased subordinated convertible bonds due 2014 with a nominal amount of €19 million for approximately €50 million during the six-month period ended March 31, 2012. The repurchases resulted in a pre-tax accounting loss of €5 million which is reported as interest expense within financial expense. Additional paid-in capital was reduced by €26 million (net of tax), reflecting the repurchase of conversion rights to shares attached to the repurchased bonds. During the 2011 fiscal year, the Company had already repurchased convertible bonds with a nominal amount of €59 million for €173 million, partly in conjunction with the capital return program. The remainder of the bonds outstanding with a nominal value of €118 million can be converted into up to 52 million shares.

Loans payable to banks, including the current portion thereof, relate primarily to project financings at the level of Infineon Technologies Austria AG and Infineon Technologies (Kulim) Sdn. Bhd. In June 2009 and September 2010, local financial institutions granted working capital and project loan facilities to Infineon Technologies (Wuxi) Co. Ltd. amounting to a total of US$176 million (€129 million). These multi-year facilities are available for general corporate purposes and the expansion of manufacturing facilities in Wuxi, China, including intra-group asset transfers. As of March 31, 2012, they remained unutilized. The credit lines are secured in the event of utilization by an asset pledge and a corporate guarantee.

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

€ in millions			As of March 31, 2012		
Term	Nature of financial institution commitment	Purpose/ intended use	Aggregate facility	Drawn	Available
Short-term	firm commitment	general corporate purposes, working capital, guarantees	62	-	62
Short-term	no firm commitment	working capital, cash management	115	-	115
Long-term[1]	firm commitment	project finance	231	162	69
Total			**408**	**162**	**246**

[1] Including current maturities.

13 / EQUITY

The ordinary share capital of Infineon Technologies AG amounted to €2,173,491,670 as of March 31, 2012 and September 30, 2011. It was sub-divided into 1,086,745,835 non par registered shares, each representing €2.00 of the Company's ordinary share capital. No new shares have been issued so far during the 2012 fiscal year. There have been no changes to the Company's Conditional Capital or Authorized Capital compared to September 30, 2011.

It was resolved at the Annual General Meeting of Infineon Technologies AG held on March 8, 2012 to use €130 million of the unappropriated profit reported by Infineon Technologies AG at the end of the 2011 fiscal year amounting to €378 million to pay a dividend of €0.12 for each share entitled to receive a dividend. The dividend was paid via custodian banks on March 9, 2012.

In the period through March 2013, the Company intends to use up to €300 million for measures aimed at returning capital to shareholders; of this amount, €138 million remains available at March 31, 2012. Capital may be returned via put options on Infineon shares, outright buybacks of Infineon shares using the Frankfurt Stock Exchange's Xetra trading system or through further repurchases of Infineon's outstanding convertible bonds (see note 12). It is envisaged that any repurchased shares will be cancelled and the Company's ordinary share capital reduced accordingly. The capital return program may be suspended and resumed at any time within the time limits assigned by the Annual General Meeting and in compliance with other statutory provisions.

Convertible bonds have been repurchased for €116 million through March 31, 2012 in conjunction with the capital return program.

Since May 10, 2011 Infineon Technologies AG has been using the authorization given by shareholders at the Annual General Meeting on February 17, 2011 to repurchase own shares under the terms of the capital return program. Up to March 31, 2012 Infineon had issued put options on Infineon shares with a maximum term of nine months and with a total volume of €268 million. Put options for an amount of €124 million remain outstanding at March 31, 2012. These put options correspond to a total of 24 million shares with various fixed exercise prices and require physical delivery of the shares. No put options for shares were exercised during the three-month period to March 31, 2012. During the six-month period then ended, put options for 3 million shares were exercised, requiring Infineon to pay €20 million to the option holders to acquire the shares. As of March 31, 2012, the Company holds a total of 7 million own shares (purchase price: €46 million).

The following table reconciles put options on own shares issued in the 2012 and 2011 fiscal years to outstanding put options at March 31, 2012:

in each case stated in millions	in €	Underlying number of shares
Put options issued during the 2011 fiscal year	182	32
Less: put options expired in the 2011 fiscal year	(12)	(2)
Less: put options exercised in the 2011 fiscal year	(26)	(4)
Outstanding put options as of September 30, 2011	**144**	**26**
Put options issued during the 2012 fiscal year	86	16
Less: put options expired in the 2012 fiscal year	(86)	(15)
Less: put options exercised in the 2012 fiscal year	(20)	(3)
Outstanding put options as of March 31, 2012	**124**	**24**

Premiums received for the put options issued in first and second quarters of the 2012 fiscal year amounted to €3 million in each quarter and resulted in a corresponding increase of additional paid-in capital.

The obligation to acquire own shares recognized as of March 31, 2012 measured at the present value of the amount expected to settle the outstanding put options amounting to €122 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 on the line “Other current financial liabilities”, measured on an accrual basis with interest unwound 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 15, 2011, the Company issued 3,120,000 stock options to selected employees and 555,429 stock options to members of the Management Board in conjunction with the Stock Option Plan 2010 (“SOP 2010”). The expected vesting period of the options is approximately 5 years and their contractual term is 7 years. The expense for granting stock options on December 15, 2011 is being recognized over the expected vesting term 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 share of the target annual income relevant for the tranche; any remaining options above this cap are forfeited.

There have otherwise been no significant changes compared to the descriptions provided in the Consolidated Financial Statements for the year ended September 30, 2011. 0.3 million and 2.8 million options respectively lapsed during the three-month and six-month periods ended March 31, 2012. Expenses for share-based compensation were not significant for the three and six months ended March 31, 2012 and 2011.

15 / RELATED PARTIES

The Company also has transactions 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.

The Company purchases certain of its raw materials from, and sells certain of its products to Related Parties. Purchases from and sales to Related Parties are generally executed 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 March 31, 2012 and September 30, 2011, respectively.

Related Party payables consist primarily of trade, financial, and other payables to equity method investees and related companies, and totaled €13 million and €26 million as of March 31, 2012 and September 30, 2011, respectively.

Sales to Related Parties totaled €3 million and €5 million in the three-month periods ended March 31, 2012 and 2011, respectively, while purchases from Related Parties totaled €34 million and €39 million in the three-month periods ended March 31, 2012 and 2011, respectively. Sales to Related Parties totaled €11 million in each of the six-month periods ended March 31, 2012 and 2011, respectively, while purchases from Related Parties totaled €62 million and €79 million in the six-month periods ended March 31, 2012 and 2011, 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 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 litigations encompass 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 this time. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits.

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 September and October 2009, the Company and its French subsidiary received written requests for information from the European Commission. The Company is cooperating with the Commission in answering the requests. No reasonable estimated amount can be attributed at this time to the potential outcome of this investigation.

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 DRAM manufacturers and certain executives, and focuses on the period from July 1998 to June 2002. The SDE's Notice of Investigation is based on the investigations carried out in the United States and in Europe. The provisions recorded encompass 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 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 affiliated 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 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. Trial on the topics of damages and willfulness is currently scheduled for November 2012. 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.

In April 2011, the Company sued Atmel Corporation for infringement of eleven of its patents in 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. 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 AG ("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 GmbH & Co. OHG ("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

The administrator filed suit against Infineon at Regional Court Munich I in November 2010, requesting 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 has been set for 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 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, of which at least €1.67 billion plus interest is based on the argument of so-called “differential liability”, whereby any payments made in connection with the differential liability would be credited against any claim relating to the activation of a shell company.

The alleged claims in connection with the differential liability 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.

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. On November 11, 2011, the administrator appealed against the decision of the U.S. Bankruptcy Court.

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 has also aired further claims against the Company, for the first time in writing in the final quarter of the 2011 fiscal year.

It 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.

It 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 assessment of the situation and legal position is highly complex and has yet to be completed, but findings to date indicate 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 GmbH & Co. oHG

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.

Third party claims in connection with the Qimonda insolvency

The Company is the named defendant in several antitrust-related proceedings. Qimonda is required to indemnify Infineon, for claims (including any related expenses) associated with these antitrust claims. Owing to Qimonda's insolvency, it is assumed that Qimonda will not be able to indemnify the Company as stipulated. For further information on these claims and their potential impact on the Company see above "Antitrust Litigation".

Claims have been filed against the Company and its subsidiary Infineon Technologies Dresden GmbH (Infineon Dresden) by former Infineon employees, who were transferred to Qimonda or Qimonda Dresden as part of the carve-out of Qimonda and who seek to be re-employed by Infineon. All court decisions so far have found in favor of the Company or Infineon Dresden. The most recent claims were resolved in January 2012 by way of settlement in conjunction with appeal proceedings before the German Federal Labor Court.

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. The Company expects that Qimonda will not be able to fulfill its obligation to indemnify Infineon against any such liabilities.

PROVISIONS

The Company recognizes provisions and payables for obligations and risks which the Company assesses at the end of each reporting period are more likely than not to be incurred (i.e. where, from the Company'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, the Company faces certain risks in connection with the insolvency proceedings of Qimonda and that entity's subsidiaries. Certain of these matters led the Company to record provisions of €308 million and €300 million as of March 31, 2012 and September 30, 2011, respectively. Presenting details of further actual amounts included in provisions for specific liabilities and risks associated with the insolvency of Qimonda could seriously prejudice the Company'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 not possible at this time to estimate amounts for or present comments on liabilities and risks that could materialize but are currently considered to be unlikely to do so, and accordingly such matters are not included in provisions.

The Company 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 the Company as it deems appropriate. Should the alleged claims prove to be valid, substantial financial obligations could arise for the Company which could have a material adverse effect on its business and its financial condition, liquidity position and results of operations.

OTHER

The Company is also involved in various other legal disputes and proceedings in connection with its business activities. These relate to products, services, patents, environmental protection issues and other matters. Based on its current knowledge, the Company 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 material adverse effect on financial condition, liquidity position and results of operations, particularly in the period of when a re-assessment is made. In conjunction with its business operations, the Company is also exposed to numerous legal risks which have 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 the Company 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 the Company'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 the Company 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. The Company 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 the Company as it deems appropriate. Irrespective of the validity of the allegations and the success of the aforementioned claims and other matters described above, the Company 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, the Company has guarantees outstanding to external parties as of March 31, 2012 amounting to €109 million.

In conjunction with its investing activities, the Company 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 attainment of specified criteria. Certain of these grants have been received contingent upon the Company complying with certain project-related requirements, such as creating a specified number of jobs over a defined period of time. The Company is committed to maintaining these requirements. Nevertheless, should such requirements not be met, as of March 31, 2012, a maximum of €28 million of these subsidies could be refundable. From today's perspective, the Company 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.

The Company 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 the Company under these types of agreements have not had a material adverse effect on the Company's business, results of operations or financial condition.

17 / SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

The Industrial & Multimarket segment was split into two separate segments effective January 1, 2012, namely the Industrial Power Control segment and Power Management & Multimarket segment. Industrial Power Control now concentrates on the field of drive electronics and renewables, Power Management & Multimarket focuses on chips used for energy-efficient power supplies and high-frequency applications mainly found in consumer goods such as television sets, games consoles, PCs and mobile devices as well as in computer servers. This move reflects Infineon's aim of making better use of market opportunities by taking a more application-oriented approach. Prior year figures have been adjusted accordingly.

The Company 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. Product supplies to Lantiq following the sale of the Wireline Communication business also fall under this category.

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

SEGMENT DATA

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2012**	2011	**2012**	2011
Revenue:				
Automotive	425	392	816	746
Industrial Power Control	174	191	370	377
Power Management & Multimarket	227	242	449	479
Chip Card & Security	112	107	209	205
Other Operating Segments	39	61	82	102
Corporate and Eliminations	9	1	6	7
Total	**986**	**994**	**1,932**	**1,916**

Segment revenue for the three and six-month periods ended March 31, 2012 and 2011 does not contain any inter-segmental revenues.

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2012**	2011	**2012**	2011
Segment Result:				
Automotive	63	74	118	133
Industrial Power Control	27	54	66	106
Power Management & Multimarket	32	54	72	109
Chip Card & Security	14	14	20	24
Other Operating Segments	7	7	11	9
Corporate and Eliminations	1	(1)	(2)	(2)
Total	**144**	**202**	**285**	**379**

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

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2012**	2011	**2012**	2011
Segment Result	144	202	285	379
plus / minus:				
Asset impairment reversals / asset impairments, net	(14)	3	(14)	5
Impact on earnings of restructuring measures and closures, net	-	-	-	-
Share-based compensation expense	-	(1)	(1)	(1)
Acquisition-related depreciation/amortization and losses	(1)	(1)	(2)	(2)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries	-	-	-	-
Other expenses	-	(16)	(10)	(25)
Operating income	**129**	**187**	**258**	**356**
Financial income	11	8	23	14
Financial expense	(13)	(11)	(31)	(29)
Income from investments accounted for using the equity method	-	2	1	2
Income from continuing operations before income tax	**127**	**186**	**251**	**343**

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 management report of the group 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, May 10, 2012

Peter Bauer   Dominik Asam   Arunjai Mittal   Dr. Reinhard Ploss

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg:

We have reviewed the condensed interim consolidated financial statements - comprising the statement of financial position, the statement of operations, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and selected explanatory notes - together with the interim group management report of Infineon Technologies AG, for the period from October 1, 2011 to March 31, 2012 that are part of the semi annual financial report according to § 37 w 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 aspects, 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 aspects, 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, May 10, 2012

KPMG AG

Wirtschaftsprüfungsgesellschaft

Kozikowski	Wolper
Wirtschaftsprüfer	Wirtschaftsprüfer

SUPPLEMENTARY INFORMATION (UNAUDITED)

OUTLOOK

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

Fiscal Period	Period end date	Results press release (preliminary)
Third Quarter	June 30, 2012	July 31, 2012
Fiscal Year 2012	September 30, 2012	November 14, 2012

Publication of report for the second quarter of the 2012 fiscal year: **May 11, 2012**

CONTACT INFORMATION

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