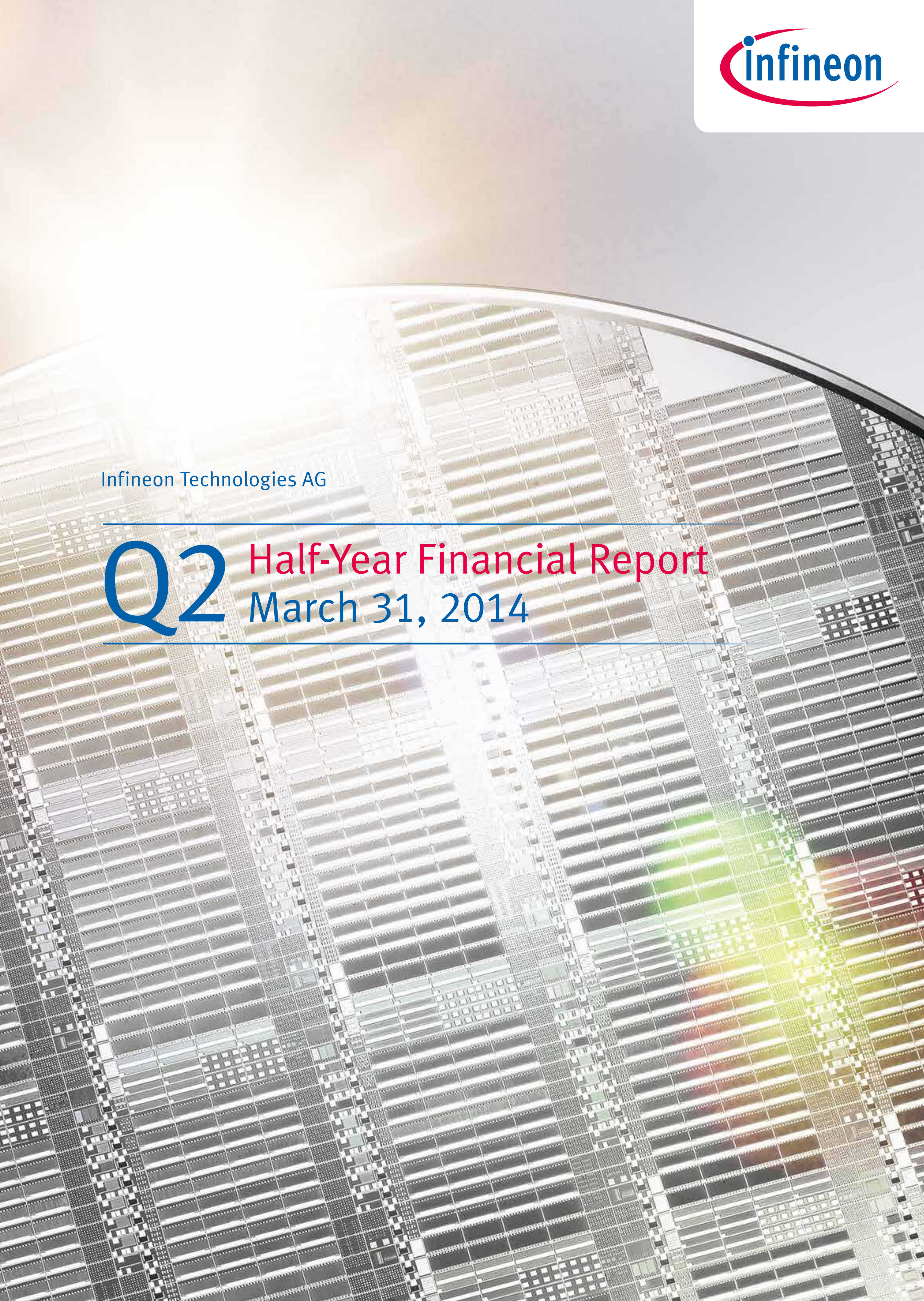

Infineon Technologies AG

Q2 Half-Year Financial Report March 31, 2014

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CONTENT

SELECTED CONSOLIDATED FINANCIAL DATA

	Three months ended March 31,		Six months ended March 31,	
€ in millions; except earnings per share, Segment Result Margin and Gross margin	**2014**	2013	**2014**	2013
Selected Results of Operations Data				
Revenue	1,051	918	2,035	1,769
Gross margin	37.9%	31.4%	37.3%	31.7%
Segment Result	146	68	262	112
Segment Result Margin	13.9%	7.4%	12.9%	6.3%
Research and development expenses	136	122	268	245
Capital expenditure	154	65	282	153
Depreciation and amortization	126	116	246	231
Income from continuing operations	114	36	198	63
Income (loss) from discontinued operations, net of income taxes	10	(3)	13	(10)
Net income	124	33	211	53
Basic earnings per share (in euro) from continuing operations	0.10	0.03	0.18	0.06
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG	0.11	0.03	0.19	0.05
Diluted earnings per share (in euro) from continuing operations	0.10	0.03	0.18	0.06
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG	0.11	0.03	0.19	0.05
Selected Liquidity Data				
Net cash provided by operating activities from continuing operations	203	137	361	96
Net cash provided by (used in) investing activities from continuing operations[1]	(216)	21	(392)	50
Net cash used in financing activities from continuing operations	(126)	(133)	(162)	(154)
Net change in cash and cash equivalents from discontinued operations	(6)	(3)	(5)	(4)
Change in cash and cash equivalents	(145)	23	(200)	(15)
Free Cash Flow from continuing operations[2]	51	73	81	(55)

	As of	
€ in millions; except number of employees	**March 31, 2014**	September 30, 2013
Selected Financial Condition Data		
Total assets	5,899	5,905
Total equity	3,877	3,776
Gross cash position[3]	2,198	2,286
Debt (short-term and long-term)	188	303
Net cash position[3]	2,010	1,983
Employees	28,096	26,725

[1] Thereof €112 million and €64 million net purchases of financial investments in the six and three months ended March 31, 2014 (prior year: €201 million and €85 million net proceeds from sales of financial investments).

[2] Free cash flow is defined as net cash provided by/used in operating activities from continuing operations and net cash provided by/used in in investing activities from continuing operations after adjusting for cash flows related to the purchase and sale of financial investments.

[3] 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)

INFINEON PERFORMS WELL IN FIRST HALF OF FISCAL YEAR:

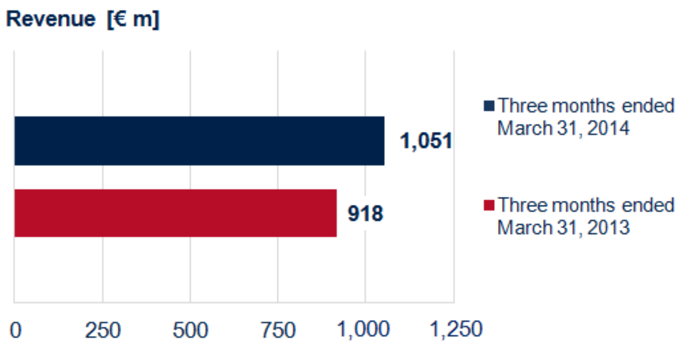
REVENUE SIGNIFICANTLY UP ON CORRESPONDING WEAK FIRST HALF OF PREVIOUS FISCAL YEAR

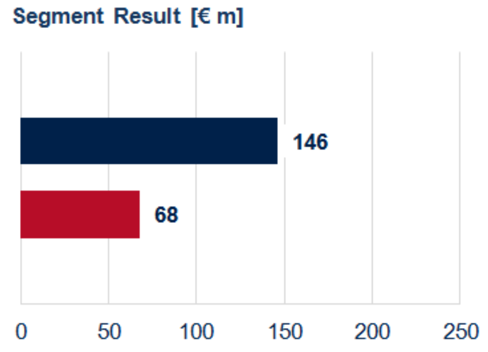
CONSIDERABLE YEAR-ON-YEAR IMPROVEMENT IN SEGMENT RESULT MARGIN AND INCOME FROM CONTINUING OPERATIONS

IMPLEMENTATION OF NEW CAPITAL RETURNS PROGRAM STARTED, DIVIDEND FOR 2013 FISCAL YEAR PAID

SECOND QUARTER OF 2014 FISCAL YEAR (JANUARY 1, 2014 TO MARCH 31, 2014):

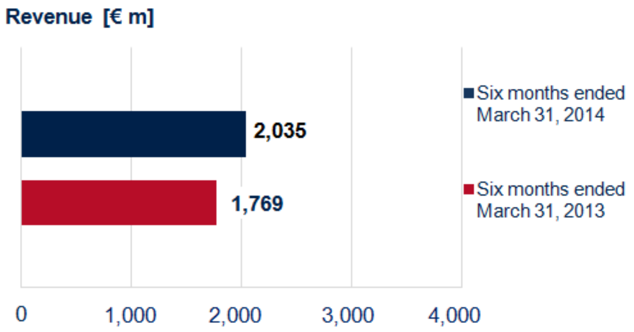
- Revenue up 14 percent to €1,051 million compared to the second quarter of the previous fiscal year and up 7 percent compared to preceding quarter
- Segment Result more than doubled to €146 million year-on-year; 26 percent improvement on preceding quarter
- Segment Result Margin of 13.9 percent (January - March 2013: 7.4 percent; preceding quarter: 11.8 percent)
- Net income of €124 million compared to €33 million one year earlier and €87 million in preceding quarter

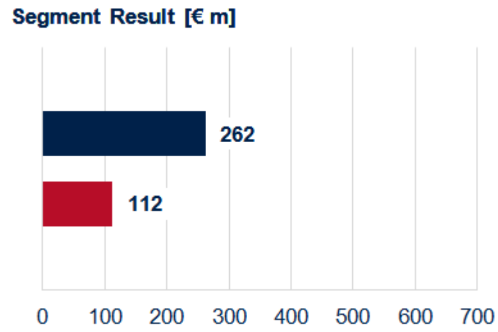




FIRST SIX MONTHS OF 2014 FISCAL YEAR (OCTOBER 1, 2013 TO MARCH 31, 2014):

- Revenue 15 percent higher at €2,035 million (October 2012 - March 2013: €1,769 million)
- Segment Result of €262 million – an increase of 134 percent compared to the €112 million reported for the same six-month period last year
- Segment Result Margin of 12.9 percent compared to 6.3 percent one year earlier
- Net income of €211 million compared to €53 million in the first six months of the previous fiscal year





- Net cash position increased by €27 million to €2,010 million at March 31, 2014 (September 30, 2013: €1,983 million); gross cash position of €2,198 million at March 31, 2014 (September 30, 2013: €2,286 million)
- Equity ratio of 65.7 percent at March 31, 2014 compared to 63.9 percent at September 30, 2013

SIGNIFICANT EVENTS IN THE FIRST HALF OF FISCAL YEAR 2014

eRamp

One of the most important European research projects on energy efficiency was launched at Infineon Technologies Dresden GmbH. The objective of the three-year project "eRamp" is to strengthen and broaden the role of Germany and Europe as competence hubs for the manufacturing of power electronics. 26 research partners from six countries are participating. Infineon, the world market leader in power semiconductors, is leading the €55 million project.

The partners in the eRamp project focus on the entire power electronics value creation chain, from generation and transmission all the way to the consumption of electric power. Research activities will focus on the faster introduction of new production technologies and further exploration of chip packaging technologies for power semiconductors. The objective is to gain new knowledge and thus create new products that will lead to economic and ecological progress for Europe.

The joint task of Infineon and its German project partners is to investigate and develop new methods for speeding up the start of mass production. Furthermore, Infineon, Osram and Siemens will construct and investigate testing equipment and demonstrators for the evaluation of newly developed chip embedding technologies.

Hungarian economics minister presents award to Cegléd plant

In February 2014, Infineon's Hungarian subsidiary Infineon Technologies Cegléd Kft. was awarded the "Investor of the Month" prize for its entrepreneurial activities in promoting economic growth. The award was presented by Hungary's economics minister, who particularly commended the contribution Infineon is making towards strengthening the supplier industry in the region. Moreover, the investments made by Infineon have had a positive impact on the employment situation.

In the 2013 fiscal year, a production line for providing IGBT modules with the new material TIM (Thermal Interface Material) was put into operation at this plant. A highlight of the fully automated line is the optical inspection system, which checks the quality of the TIM film at high speed and with exceptional precision, thereby ensuring the high quality standards of Infineon.

Ten years as world market leader for power semiconductors; Infineon's lead over competitors increased

The market research company IHS published a study in December 2013 showing Infineon as the world's leading supplier of power semiconductors in the 2012 calendar year – a position it has now held for ten years in a row. According to the study, Infineon recorded a market share of 11.8 percent of the world's US$15.0 billion market for discrete power semiconductors and modules. Competitor Toshiba came in second with a market share of 7.0 percent, followed by Mitsubishi with 6.9 percent. Infineon increased its lead over its closest competitor from 3.8 to 4.8 percentage points compared to the previous year.

In the market segment for IGBT modules, with a size of US$3.0 billion, Infineon increased its market share by 1.1 percentage points to 20.3 percent and is now only 8.0 percentage points (prior calendar year: 12.8 percentage points) behind the market leader Mitsubishi with 28.3 percent.

Market share development was also favorable in the US$5.1 billion market segment for standard MOSFET power transistors. Infineon made the most ground among the five largest competitors in this market by adding 0.4 percentage points to its market share, which grew to a new high of 12.7 percent. The gap to the market leader, International Rectifier, was reduced to only 0.1 percentage points (prior calendar year: 0.5 percentage points).

Implementation of new capital returns program started / conversion of convertible bond

On November 19, 2013 the Supervisory Board authorized a new capital returns program for an amount of up to €300 million, which can be used up to September 30, 2015 to repurchase shares and/or parts of the subordinated convertible bond due 2014. In December 2013 Infineon began to repurchase parts of the convertible bond and to write put options on own shares. In total, convertible bonds with a nominal value of €11 million were repurchased for €35 million and put options issued on 10.5 million shares during the first six months of the 2014 fiscal year.

Details of repurchases of the convertible bond and an overview of changes in the number of outstanding put options can be found on Infineon's website at "About Infineon/Investor/Capital Returns/Program 2013".

All remaining parts of the convertible bond still outstanding after the repurchases (with a nominal amount of just under €103 million) were converted in the first half of the 2014 fiscal year into approximately 46.2 million new shares.

Infineon again commended for sustainability

Infineon has been commended again for its commitment to sustainability. Following an analysis and evaluation by oekom research AG, one of the world's leading rating agencies in the sustainable investment sector, Infineon has been awarded “Prime Status”. The Infineon share therefore qualifies as a sustainable investment, putting Infineon amongst the world's most sustainable companies. The total volume of assets influenced by oekom's analyses stands at €520 billion.

Infineon has also been included in the Sustainability Yearbook for the fourth year in succession and thus belongs to the 15 percent of companies worldwide with the best corporate sustainability credentials. Infineon is also one of the Top Ten semiconductor companies in this respect. The Sustainability Yearbook is the most comprehensive compendium on corporate sustainability, involving the annual evaluation of more than 2,000 companies with respect to their sustainability practices. Based on the annual Corporate Sustainability Assessment (Dow Jones Sustainability Index) conducted by RobecoSAM, the Sustainability Yearbook highlights the best sustainability achievements in each relevant sector.

THE INFINEON SHARE

The Infineon share finished the second quarter of the 2014 fiscal year at €8.66, 12 percent up on the closing Xetra price of €7.67 at the end of the previous quarter.

In January 2014 the share initially moved sideways with some slight fluctuations. The low for the quarter, at €7.29, was seen at the end of January. In early February the share price began to rise and continued through to the end of March, finishing the final day of trading for the quarter at €8.66, which was also the high for the three-month period.

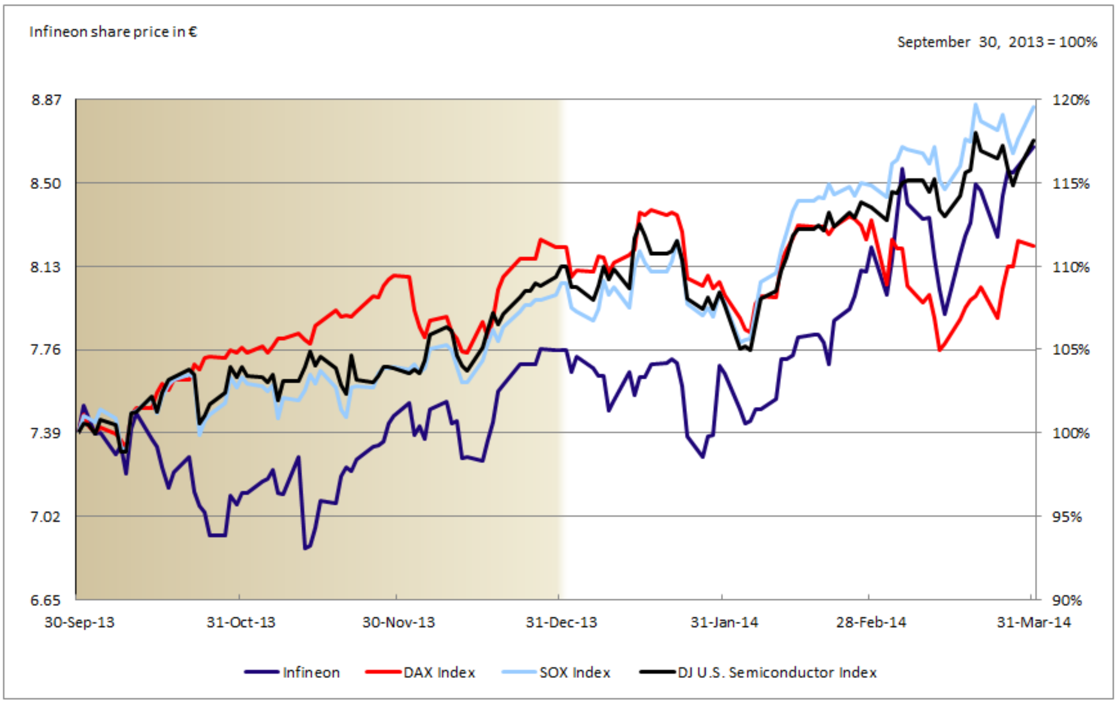
Compared to the relevant indices, the Infineon share initially lost ground against the market in January, caught up in February and outperformed them in March. Over the quarter as a whole, the Infineon share performed better than the relevant indices. The Philadelphia Semiconductor Index (SOX) rose by 10 percent and the Dow Jones US Semiconductor Index by 7 percent. The DAX closed unchanged from its level at the beginning of the quarter, thus performing less well than the Infineon share and the two relevant US indices.

The Infineon share also fared significantly better than the DAX in the first half of the 2014 financial year. While the DAX rose by 11 percent over the six-month period, the Infineon share gained 17 percent, almost on a par with the 18 percent rise of the Dow Jones US Semiconductor Index. The Philadelphia Semiconductor Index (SOX) did even better, moving up by 20 percent over the same period.

At the Annual General Meeting held in Munich on February 13, 2014 the shareholders approved the dividend proposal jointly put forward by Infineon's Management Board and Supervisory Board. As a consequence, a dividend of €0.12 per share – unchanged from the previous year – was paid, resulting in a total disbursement of €129 million to shareholders. Infineon's strategy is to pursue a dividend policy that enables shareholders to participate appropriately in growing earnings or, in times of flat or declining earnings or negative free cash flow, to at least maintain the dividend at a constant level.

During the first six months of the 2014 fiscal year, the number of issued Infineon shares increased by 46,513,223 from 1,081,083,034 to 1,127,596,257 shares, due to the exercise of share options by employees on the one hand and, to a greater extent, to the conversion of the outstanding parts of the convertible bond due 2014 on the other.

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 2014 fiscal year (daily closing prices)



	Three months ended March 31,			Six months ended March 31,		
	2014	2013	+/- in %	**2014**	2013	+/- in %
Infineon closing prices in Euro (Xetra)						
End of the previous period	7.76	6.13	27%	7.40	4.94	50%
High	8.66	6.89	26%	8.66	6.89	26%
Low	7.29	6.16	18%	6.88	4.96	39%
End of the period	8.66	6.16	41%	8.66	6.16	41%
Weighted-average number of shares traded per day	7,752,150	7,159,652	8%	7,249,556	7,658,694	(5%)
Infineon closing prices in U.S. dollars (OTCQX)						
End of the previous period	10.82	8.27	31%	9.98	6.44	55%
High	11.96	9.41	27%	11.96	9.41	27%
Low	9.90	7.94	25%	9.24	6.47	43%
End of the period	11.96	7.96	50%	11.96	7.96	50%
Weighted-average number of ADSs traded per day	75,884	95,804	(21%)	83,223	67,985	22%
Shares issued (as of March 31)	1,127,596,257	1,080,714,134				
Therein: own shares	6,000,000	6,000,000				

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

After gaining pace during the second half of the 2013 calendar year, world economic growth was moderately slower in the first calendar quarter of 2014. The general consensus, however, is that the global economy will continue to gather momentum in both the current and the coming calendar year. The International Monetary Fund (IMF) continues to forecast global economic growth of 3.1 percent for the 2014 calendar year, followed by 3.3 percent in the 2015 calendar year (IMF, April 2014).

The global semiconductor market also continued to recover. Market revenues (excluding microprocessors and memory chips) rose by 3 percent in the first six months of the 2014 fiscal year, compared to the same period last year (World Semiconductor Trade Statistics, February 2014). For the 2014 calendar year, analysts at the market research company IHS forecast a growth rate of 6 percent for the global semiconductor market (excluding microprocessors and memory chips), followed by 5 percent in the 2015 calendar year (IHS, April 2014).

REVIEW OF RESULTS OF OPERATIONS

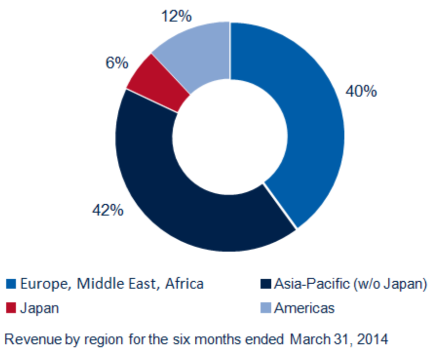
	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Revenue	1,051	918	2,035	1,769
Gross profit	**398**	**288**	**759**	**560**
Research and development expenses	(136)	(122)	(268)	(245)
Selling, general and administrative expenses	(121)	(102)	(236)	(211)
Other operating income and expense, net	(6)	(16)	(12)	(20)
Operating income	**135**	**48**	**243**	**84**
Net financial result (financial income and expense, net)	(2)	(4)	(9)	(8)
Income tax	(19)	(8)	(36)	(13)
Income from continuing operations	**114**	**36**	**198**	**63**
Income (loss) from discontinued operations, net of income taxes	10	(3)	13	(10)
Net income	**124**	**33**	**211**	**53**
Basic earnings per share (in euro)	0.11	0.03	0.19	0.05
Diluted earnings per share (in euro)	0.11	0.03	0.19	0.05

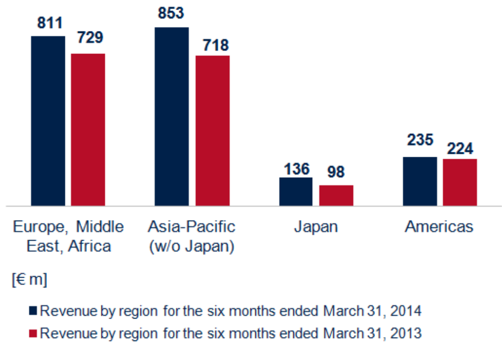
SIGNIFICANT IMPROVEMENT IN NET INCOME DUE TO RISE IN REVENUE

Six-month revenue increased by 15 percent from €1,769 million in the previous fiscal year to €2,035 million in the current fiscal year. Net income improved sharply by €158 million to €211 million, mainly reflecting the higher level of revenue in the six-month period and the ensuing significant improvement in the utilization of manufacturing capacities as well as the implementation of efficiency improvements at the Group's manufacturing facilities. Earnings per share went up accordingly.

FURTHER INCREASING IMPORTANCE OF ASIA-PACIFIC

All regions contributed to the €266 million improvement in revenue for the six-month period. Just over half of the improvement (€135 million) related to the Asia-Pacific region (without Japan), the importance of which continues to grow for Infineon. At 42 percent, revenue generated in this region in the first half of the 2014 fiscal year accounted for the greatest single share of Infineon's revenue (October 2012 - March 2013: 40 percent). Within the Asia-Pacific region (without Japan), the highest share was recorded in China, which, with 20 percent of Infineon's worldwide revenue, accounted for the same proportion of revenue as Germany.





€ in millions, except percentages	Three months ended March 31,				Six months ended March 31,			
	2014		2013		**2014**		2013	
Europe, Middle East, Africa	443	42%	391	43%	811	40%	729	41%
Therein: Germany	220	21%	194	21%	411	20%	360	20%
Asia-Pacific (w/o Japan)	422	40%	359	39%	853	42%	718	40%
Therein: China	197	19%	151	17%	410	20%	317	18%
Japan	67	7%	47	5%	136	6%	98	6%
Americas	119	11%	121	13%	235	12%	224	13%
Total	**1,051**	**100%**	**918**	**100%**	**2,035**	**100%**	**1,769**	**100%**

GROSS MARGIN RISES AT FASTER RATE THAN REVENUE DUE TO IMPROVED CAPACITY UTILIZATION AND EFFICIENCY IMPROVEMENTS

Gross profit (revenue less cost of goods sold) for the six-month period amounted to €759 million, 36 percent up on the €560 million recorded one year earlier. Higher business volumes helped improve capacity utilization at manufacturing facilities. The resulting reduction in idle costs along with production efficiency improvements helped gross profit improve at a faster rate than the 15 percent increase in revenue. Another contributing factor was that, with effect from the second quarter of the 2014 fiscal year, centralized production-related overhead costs are being allocated for inventory valuation purposes on a more refined basis, by reference to front-end and back-end added value. This change to the valuation of work in progress gave rise to a one-time positive impact of €25 million on earnings. A number of other factors, such as increased personnel costs (including higher variable remuneration based on an improved target achievement level) had the opposite effect. The gross margin amounted to 37.3 percent in the first half of the 2014 fiscal year, up from the 31.7 percent recorded in the corresponding period one year earlier.

€ in millions, except percentages	Three months ended March 31,		Six months ended March 31,	
	2014	2013	**2014**	2013
Cost of goods sold	653	630	1,276	1,209
Change year-on-year	4%		6%	
Percentage of revenue	62.1%	68.6%	62.7%	68.3%
Gross profit	398	288	759	560
Percentage of revenue (gross margin)	37.9%	31.4%	37.3%	31.7%

OPERATING EXPENSES RISE AT SLOWER RATE THAN REVENUE

Six-month operating expenses (research and development expenses and selling, general and administrative expenses) increased by €48 million to €504 million (October 2012 - March 2013: €456 million). In percentage terms, operating expenses corresponded to 24.8 percent of six-month revenue, compared to 25.7 percent one year earlier.

Research and development expenses increased by €23 million from €245 million to €268 million for the six-month periods ended March 31, 2013 and 2014. Additional staff were taken on at various locations, including those required for the new development center in Malacca (Malaysia), in order to build the basis for further growth. A total of 4,653 employees worked in research and development (R&D) functions at the end of the reporting period (March 31, 2013: 4,397 employees). Salary increases and higher variable remuneration based on an improved target achievement level also contributed to the increase in R&D expenses.

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Research and development expenses	136	122	268	245
Change year-on-year	11%		9%	
Percentage of revenue	12.9%	13.3%	13.2%	13.8%

Selling, general and administrative expenses corresponded to 11.6 percent of revenue in the first six months of the 2014 fiscal year (October 2012 - March 2013: 11.9 percent) and increased in absolute terms by €25 million due to revenue-related factors and higher personnel expenses.

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Selling, general and administrative expenses	121	102	236	211
Change year-on-year	19%		12%	
Percentage of revenue	11.5%	11.1%	11.6%	11.9%

NET FINANCIAL RESULT PRACTICALLY UNCHANGED

The net financial result (financial income less financial expenses) for the first half of the 2014 fiscal year was a negative €9 million, a deterioration of €1 million compared to the negative €8 million recorded one year earlier. Repurchases of parts of the subordinated convertible bond due 2014 executed in conjunction with the new capital returns program gave rise to losses of €1 million in the first half of the 2014 fiscal year (October 2012 – March 2013: zero).

EFFECTIVE TAX RATE OF 15 PERCENT

Similar to the same period one year earlier, tax expense for the first six months of the 2014 fiscal year was affected by lower foreign tax rates, tax credits and changes in valuation allowances on deferred tax assets.

Based on income from continuing operations of €234 million and tax expense of €36 million, the effective tax rate for the six-month period ended March 31, 2014 was 15 percent. The rate in the corresponding period one year earlier was 17 percent, when a tax expense of €13 million arose on income from continuing operations of €76 million.

POSITIVE RESULT FROM DISCONTINUED OPERATIONS

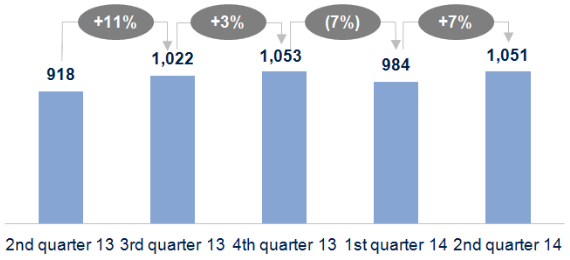
The result from discontinued operations, net of income taxes, for the six-month period improved from negative €10 million in the previous fiscal year to positive €13 million in the current fiscal year. For further information, see note 3 "Divestitures and Discontinued Operations".

SIGNIGICANT IMPROVEMENT IN EARNINGS PER SHARE

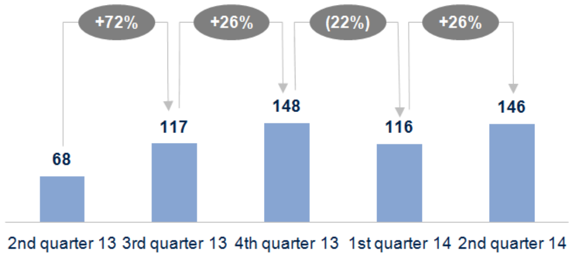
Net income for the first half of the 2014 fiscal year totaled €211 million, well up on the €53 million recorded in the same period one year earlier.

The improvement in net income resulted in a corresponding increase in earnings per share. Compared to earnings per share of €0.05 (basic and diluted) for the first six months of the 2013 fiscal year, the respective figures for the first six months of the 2014 fiscal year both amounted to €0.19.

SEGMENT PERFORMANCE



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



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

Segment Result Margin of 12.9 percent for six-month period

All of Infineon's operating segments benefited from the positive business development during the period under report. Some €135 million or approximately 51 percent of the total increase in Infineon revenue (€266 million) compared to the first half of the previous fiscal year related to the Automotive segment. Industrial Power Control, Power Management & Multimarket and Chip Card & Security also reported significant increases.

Due to higher revenues, Segment Result rose sharply by €150 million to €262 million (October 2012 - March 2013: €112 million). The main reason for this was the reduction in idle costs, a further contributing factor was the one-time impact of a refinement in the valuation of inventories (see "Gross margin rises at faster rate than revenue due to improved capacity utilization and efficiency improvements" in the section "Review of results of operations").

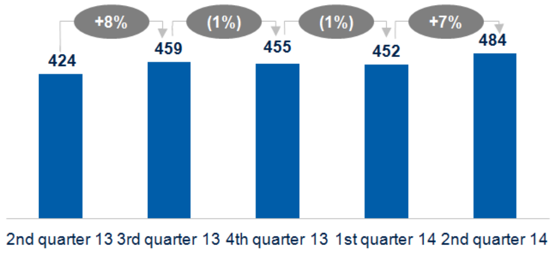
The six-month Segment Result Margin was 12.9 percent, compared to 6.3 percent one year earlier.

AUTOMOTIVE

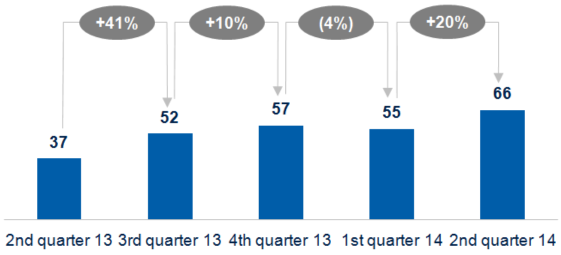
€ in millions, except percentages	Three months ended March 31,		Six months ended March 31,	
	2014	2013	**2014**	2013
Revenue	484	424	936	801
Share of Total Revenue	46%	46%	46%	45%
Segment Result	66	37	121	57
Share of Segment Result of Infineon	45%	54%	46%	51%
Segment Result Margin	13.6%	8.7%	12.9%	7.1%

The Automotive segment recorded second-quarter revenue totaling €484 million, well ahead of the previous year's €424 million. The increase was attributable mainly to continued high demand for cars in China and to an excellent sales performance in North America in March. Demand for products made by German premium manufacturers was particularly high in these two markets. Europe's car markets also continued to recover during the three-month period. Automotive contributed a Segment Result of €66 million, up by €29 million on the €37 million reported in the second quarter of the 2013 fiscal year. The Segment Result Margin increased from 8.7 percent to 13.6 percent, mainly reflecting the market's upward trend.

Six-month revenue totaled €936 million, which was €135 million or 17 percent higher than the previous year's corresponding figure of €801 million. The increase was attributable to demand for cars in China and North America. Demand for products manufactured by German premium manufacturers was particularly high in these two markets. The gradual recovery of Europe's car markets also contributed to higher revenue. Segment Result for the first six months of the fiscal year improved from €57 million in the previous fiscal year to €121 million, while the Segment Result Margin rose from 7.1 percent to 12.9 percent.



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



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

Important business developments in the Automotive segment during the first half of the 2014 fiscal year:

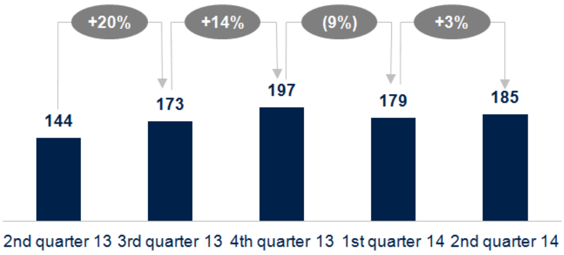
- A leading European automotive supplier selected Infineon's power semiconductor products to control brushless DC motors, which are used, for example, in fans and water pumps. The motor's rotation speed can be controlled electronically and fine-tuned to actual requirements. The reduction in the amount of power required contributes to lower fuel consumption and ultimately to lower carbon dioxide emissions.
- Thanks to the outstanding technical performance data of Infineon's 77-gigahertz radar sensor receiver modules, Infineon was able to convince a leading Japanese automotive supplier to use RASIC family products in its new generation of radar platforms.
- Maximum reliability of all components is absolutely essential for safety-critical applications such as electronic stability control and power steering systems. Infineon's 32-bit multi-core microcontroller AURIX™ family was specifically developed for applications of this kind with the highest possible levels of reliability. A number of leading manufacturers of safety systems and camera-based driver assistance systems in Europe and Asia have therefore opted for these microcontrollers.
- According to the most recent survey undertaken by market research company Strategy Analytics in April 2014, Infineon has further consolidated its position as the second largest supplier of semiconductors in the automotive sector, by raising its market share from 9.1 percent in the calendar year 2012 to 9.6 percent in the 2013 calendar year.

INDUSTRIAL POWER CONTROL

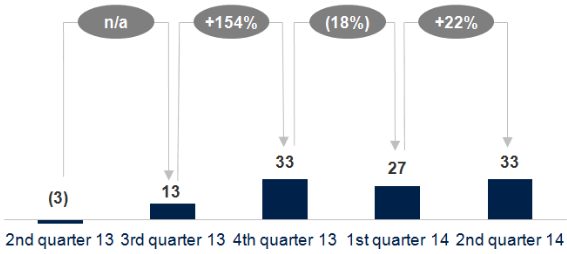
	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Revenue	185	144	364	282
Share of Total Revenue	18%	16%	18%	16%
Segment Result	33	(3)	60	(8)
Share of Segment Result of Infineon	23%	(4%)	23%	(7%)
Segment Result Margin	17.8%	(2.1%)	16.5%	(2.8%)

Second-quarter revenue for the Industrial Power Control segment totaled €185 million, an increase of €41 million or 28 percent compared to the previous year's €144 million. The main reason for the rise was significantly stronger demand for applications relating to industrial drives, renewable energy generation and traction. The Segment Result, which benefitted from the sharp rise in revenue and the ensuing significantly higher utilization of production capacities, improved by €36 million from negative €3 million in the second quarter of the previous fiscal year to positive €33 million in the current fiscal year, while the Segment Result Margin improved from a negative margin of 2.1 percent to a positive margin of 17.8 percent.

Six-month revenue rose steeply by €82 million or 29 percent to €364 million compared to the previous year's €282 million. The first half of the previous fiscal year had seen revenues shrink in the face of difficult market conditions, thus resulting in under-utilization of production capacities. Revenue grew across the board in the first half of the current fiscal year. Thanks mainly to the increase in revenue, which in turn resulted in better utilization of production capacities, the Segment Result for the first half of the 2014 fiscal year improved to €60 million or 16.5 percent. The Segment Result one year earlier was a negative amount of €8 million (negative margin of 2.8 percent).



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



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

Important business developments in the Industrial Power Control segment during the first half of the 2014 fiscal year:

- The global recovery of the power semiconductor market has continued across all applications. Railway transportation and renewable energy contributed particularly to growth. In industrial drives, demand is increasing in particular for drives in the medium performance classes (i.e. from 10 to 100 kilowatt). With its broad product and customer portfolio for discrete IGBTs and IGBT modules, Infineon is extremely well positioned for all industrial applications across the entire power spectrum from several kilowatts through to the megawatt range.
- Demand for high-voltage IGBT modules in the field of railway transportation continued to grow throughout the first half of the 2014 fiscal year. In China, one of the most important markets for these applications, increased investment in transportation infrastructure has led to greater demand for metro trains, trams, intercity and high-speed trains. Infineon supplies the leading train manufacturers in Europe and Asia with 6.5-kilovolt modules for high-speed trains and 3.3-kilovolt modules for intercity trains. Infineon obtained its first high volume orders for the recently introduced 4.5-kilovolt modules for locomotives and thus improved its excellent position in the railway transportation sector.

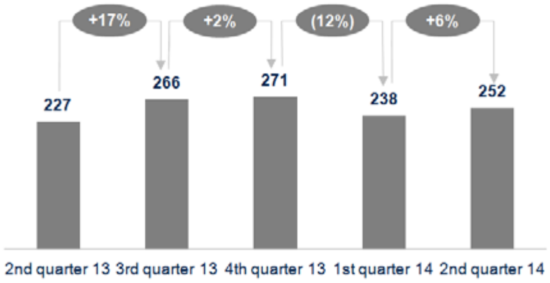
- In March 2014 Infineon received the “2014 Compound Semiconductor Industry Innovation Award”. The award was presented in recognition of Infineon’s work on semiconductor components, which, in simplified terms, are produced on wafers that consist of several base materials rather than just on silicon wafers. Infineon received the award for its CoolSiC™ 1200V SiC JFET 1200-volt silicon carbide power transistors. Silicon carbide-based power transistors are more efficient than those based purely on silicon. The improvement is achieved through higher switching frequencies and lower switching losses. This means that less energy is required for their cooling, and inverters for electric motors or power supplies can now be made smaller.

POWER MANAGEMENT & MULTIMARKET

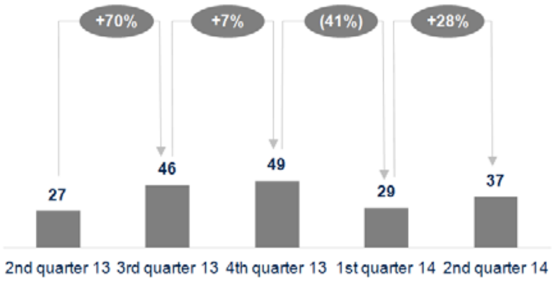
	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Revenue	252	227	490	449
Share of Total Revenue	24%	25%	24%	25%
Segment Result	37	27	66	49
Share of Segment Result of Infineon	25%	40%	25%	44%
Segment Result Margin	14.7%	11.9%	13.5%	10.9%

The Power Management & Multimarket segment recorded revenue of €252 million in the second quarter of the 2014 fiscal year, €25 million up on the same quarter last year. The two main factors driving this growth were higher revenues from power semiconductors and increased demand for high-frequency power transistors related to the introduction of the LTE standard in China. Segment Result for the second quarter increased by €10 million to €37 million, corresponding to a Segment Result Margin of 14.7 percent, an improvement of 2.8 percentage points over the previous year. The increase in gross margin brought about by a combination of higher revenue and lower idle costs (thanks to better utilization of production capacities) was partly offset by higher operating expenses for research and development and selling activities.

The Power Management & Multimarket segment recorded six-month revenue of €490 million, surpassing the previous year's corresponding figure of €449 million by €41 million. The Segment Result increased by €17 million from €49 million to €66 million, pushing up the Segment Result Margin from 10.9 percent in the first six months of the previous fiscal year to 13.5 percent in the current fiscal year. Lower idle costs (thanks to improved utilization of production capacities) had a positive impact, which was partially offset by higher operating expenses for research and development and selling activities.



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



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

Important business developments in the Power Management & Multimarket segment during the first half of the 2014 fiscal year:

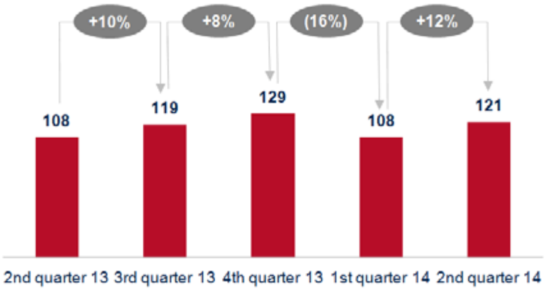
- Infineon introduced a new series of LNAs (Low Noise Amplifiers) and quadruple LNA banks for the LTE standard. The new amplifier ICs make it possible to significantly increase the data rate in smartphones and thereby also augment user satisfaction. The new LNAs and LNA banks increase the reception sensitivity of the system and hence add to customer benefit.
- According to market research company IHS, in the market for silicon microphone chips, 2.6 billion units were sold in the 2013 calendar year, as compared to 1.9 billion in the previous year, a growth rate of 36.7 percent. Infineon succeeded in raising its sales volume at an above-average rate from 510 million units to 785 million units, an increase of 53.9 percent. As a result of this, Infineon's market share increased by a further 3.3 percentage points from 26.5 percent in the 2012 calendar year to 29.8 percent in the 2013 calendar year. Infineon's market share gain was therefore substantially greater than that of any of its competitors. In the 2013 calendar year, around 77 percent of all silicon microphones produced were mounted in mobile telephones and tablet PCs, around 13 percent in headsets and some 7 percent in notebooks.
- Infineon enlarged its portfolio to include new transistors for TV power amplifiers. These new products are designed for use in UHF TV broadcasting stations. The 50-volt LDMOS-RF power transistors provide what is currently the highest output across the entire bandwidth from 470 to 806 megahertz. This means that developers of broadcasting amplifiers require fewer transistors in order to achieve the desired amplifier output, effectively reducing cost and increasing reliability at the same time due to the simplified design. Less waste heat and very little thermal resistance from the packaging are further factors that make for lower costs and even greater reliability.
- Infineon introduced a new generation of its Pico-GNSS (Global Navigation Satellite System) modules for smartphones. The component, which is termed BGM1143N9, is the world's smallest module and supports all navigation standards, including GPS in the USA, Galileo in Europe, GLONASS in Russia and BeiDou in China. When it comes to smartphones, the size of components is of crucial importance, as board space is extremely limited. Infineon's latest component has the smallest dimensions of any produced worldwide (a mere 1.5 by 1.1 millimeters) and therefore requires 60 percent less space than the previous generation. The size reduction results in greater functionality at a better price-performance ratio.

CHIP CARD & SECURITY

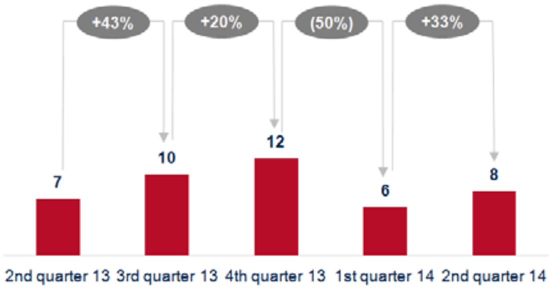
	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Revenue	121	108	229	216
Share of Total Revenue	12%	12%	11%	12%
Segment Result	8	7	14	17
Share of Segment Result of Infineon	5%	10%	5%	15%
Segment Result Margin	6.6%	6.5%	6.1%	7.9%

Second-quarter revenue of the Chip Card & Security segment totaled €121 million compared to €108 million one year earlier. Revenue generated with pay cards and authentication chips increased compared to the previous year, whereas business with security controllers for SIM cards decreased. The second-quarter Segment Result amounted to €8 million, compared to €7 million in the previous year. Overall, Chip Card & Security recorded a Segment Result Margin of 6.6 percent (January - March 2013: 6.5 percent), with the gross margin up due to higher revenue and sales mix factors. Research and development expenses and selling expenses are both up compared to the previous year, whereas administrative expenses remained virtually unchanged.

Six-month revenue totaled €229 million, an increase of €13 million or 6 percent on the previous year's figure of €216 million. Revenue from pay cards, governmental ID applications and authentication chips increased significantly, while business with security controllers for SIM cards decreased. The six-month Segment Result amounted to €14 million, compared to €17 million one year earlier. The Segment Result Margin stood at 6.1 percent, reflecting higher expenses for research and development and selling activities and a slightly improved gross margin.



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



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

Important business developments in the Chip Card & Security segment during the first half of the 2014 fiscal year:

- The market introduction of the 16-bit SLE 77 product family, which began in the 2013 fiscal year, is now bearing fruit. Revenue generated with electronic payment cards grew by some 60 percent in the second quarter of the current fiscal year compared to one year earlier. There were two fundamental reasons for this development: First, the broad customer acceptance of the security controllers based on 90-nanometer manufacturing technology and second, the greater demand due to the introduction of chip-based payment cards in China.
- Unlike most of its competitors, Infineon supports numerous alternative security concepts based on NFC (Near Field Communication) technology. In Asia, Infineon was awarded orders for two NFC security concepts. On the one hand, Infineon offers embedded Secure Element technology in which the Secure Element is located on the printed circuit board of the mobile phone. Various smartphone manufacturers in Asia have opted for this solution. The alternative option implements the Secure Element functionality on the certified SIM card controller. This solution is widely used in SIM cards for the LTE standard. Especially in China, where the expansion of networks based on this standard is gaining importance, Infineon's products are incorporated in the SIM cards of several cellular phone network operators.
- At the CARTES trade fair in November 2013, Infineon was presented with the Sesames Award for the security chip with the fastest data transmission rate in the entire industry. The Integrity Guard security chip makes border control formalities faster and provides electronic identity documents with greater security going into the future. In order to make border controls as quick and smooth as possible for both travelers and airport operators, the security chip communicates the data to the scanner without contact and at a far quicker rate than any technology deployed in the past. In the future, flight passengers, benefiting from this technology, will be able to pass through electronic airport gates at an average speed of less than one second.

OTHER OPERATING SEGMENTS

	Three months ended March 31,		Six months ended March 31,	
€ in millions, except percentages	**2014**	2013	**2014**	2013
Revenue	6	5	11	14
Share of Total Revenue	1%	1%	1%	1%
Segment Result	2	(3)	3	(5)
Share of Segment Result of Infineon	1.4%	(4.4%)	1.1%	(4.5%)

Other Operating Segments mainly comprise activities that remain 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 be ultimately phased out. Product supplies to Lantiq following the sale of the Wireline Communications business fall under this category. Similarly, goods and services sold to Intel Mobile Communications (IMC) during a defined transitional period following the sale of the Wireless mobile phone business are also allocated to Other Operating Segments. The same applies to business with analog and digital TV tuners.

Second-quarter revenue generated with IMC and Lantiq was at a similar level compared to the same period of the last fiscal year, while it continued to decrease in the six month comparison. Positive Segment Results were achieved in each case thanks to the lower level of idle costs across the Group (October 2012 - March 2013 and January - March 2013: negative Segment Results in each case).

CORPORATE AND ELIMINATIONS

The Segment Result from Corporate and Eliminations in the second quarter of the 2014 fiscal year was break-even, compared to €3 million one year earlier. For the first six months of the 2014 fiscal year, the Segment Result was a negative amount of €2 million (October 2012 - March 2013: positive amount of €2 million).

REVIEW OF FINANCIAL CONDITION

	As of		
€ in millions, except percentages	March 31, 2014	September 30, 2013	Change
Current assets	3,592	3,623	(1%)
Non-current assets	2,307	2,282	1%
Total assets	**5,899**	**5,905**	**(0%)**
Current liabilities	1,490	1,594	(7%)
Non-current liabilities	532	535	(1%)
Total liabilities	**2,022**	**2,129**	**(5%)**
Equity	**3,877**	**3,776**	**3%**

CURRENT ASSETS DOWN SLIGHTLY

Current assets were down by 1 percent to €3,592 million as of March 31, 2014 compared to €3,623 million as of September 30, 2013. The main changes were a decrease in the gross cash position (sum of cash and cash equivalents and financial investments) of €88 million (see section "Gross cash position and net cash position" for further details) and a €65 million increase in inventories.

NON-CURRENT ASSETS ALMOST UNCHANGED

At €2,307 million as of March 31, 2014, non-current assets were virtually unchanged from the €2,282 million reported as of September 30, 2013. Investments in property, plant and equipment totaled €239 million, marginally higher than the depreciation expense of €231 million. Capital expenditure related primarily to the production sites in Dresden (Germany) and Villach (Austria) as well as Malacca and Kulim (both Malaysia). Intangible assets were up by €28 million, mainly due to capitalized development costs exceeding the corresponding amortization expense.

CONVERSION AND REPURCHASE OF CONVERTIBLE BOND AS WELL AS BONUS PAYMENTS REDUCE LIABILITIES

Current liabilities stood at €1,490 million as of March 31, 2014, €104 million (7 percent) lower than at September 30, 2013 (€1,594 million). Short-term debt decreased by €113 million, mainly due to the conversion and repurchase of parts of the convertible bond due 2014. In addition, current provisions went down by €31 million, mainly reflecting the disbursement of bonus payments to employees. The issue of put options in conjunction with the new capital returns program resulted in the recognition of other current liabilities amounting to €63 million as of March 31, 2014.

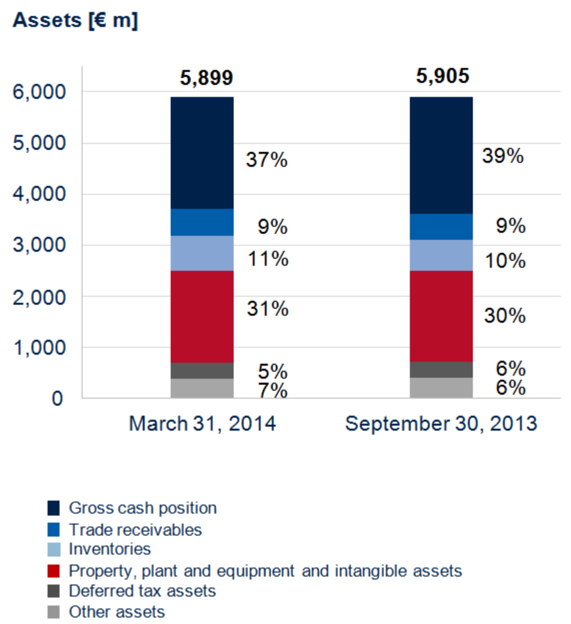
Non-current liabilities stood at €532 million as of March 31, 2014 and were therefore almost unchanged from the level reported as of September 30, 2013 (€535 million).

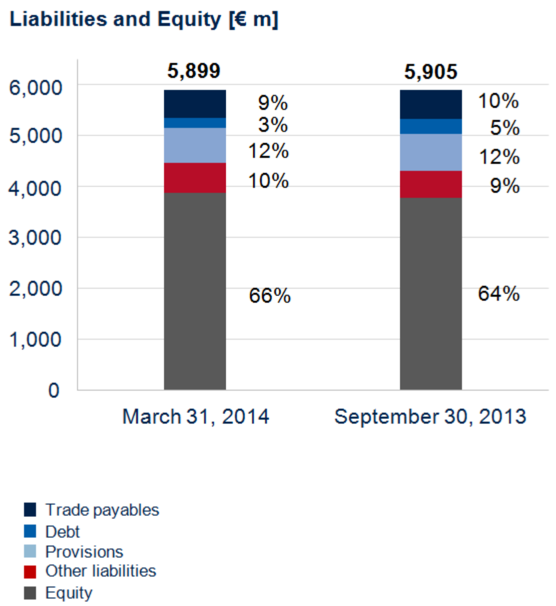
EQUITY SLIGHTLY HIGHER DUE TO NET INCOME

Equity increased by €101 million (3 percent) to stand at €3,877 million at the end of the reporting period (September 30, 2013: €3,776 million). The rise was partly due to the fact that net income of €211 million for the first six months of the 2014 fiscal year exceeded the dividend of €129 million paid for the 2013 fiscal year.

Furthermore, the conversion of parts of the convertible bond increased equity by €99 million. The repurchase of parts of the convertible bond reduced equity by €21 million, net of taxes. Conversion rights attached to more than 4.7 million shares were acquired in conjunction with the repurchase of parts of the bond. The issuance of put options reduced equity by €62 million.

The equity ratio improved to 65.7 percent as of the end of the reporting period (September 30, 2013: 63.9 percent).





REVIEW OF LIQUIDITY

CASH FLOW

€ in millions	Six months ended March 31, 2014	2013
Net cash provided by operating activities from continuing operations	361	96
Net cash provided by (used in) investing activities from continuing operations	(392)	50
Net cash used in financing activities from continuing operations	(162)	(154)
Net change in cash and cash equivalents from discontinued operations	(5)	(4)
Net decrease in cash and cash equivalents	**(198)**	**(12)**
Effect of foreign exchange rate changes on cash and cash equivalents	(2)	(3)
Change in cash and cash equivalents	**(200)**	**(15)**

Net cash provided by operating activities from continuing operations significantly increased

Net cash provided by operating activities from continuing operations in the first half of the 2014 fiscal year totaled €361 million (October 2012 - March 2013: €96 million). Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€488 million), the principal factors negatively impacting cash and cash equivalents during the first half of the 2014 fiscal year were the increase in inventories (€66 million), the reduction in provisions (€25 million) and income tax payments (€23 million).

In the same period one year earlier, taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€315 million), the principal items negatively affecting net cash provided by operating activities from continuing operations were reductions in trade payables and provisions (€221 million in total) and taxes paid (€38 million), offset by changes (€41 million) in other assets and other liabilities.

Net cash used in investing activities from continuing operations driven by investments in property, plant and equipment and by purchase of financial investments

Net cash used in investing activities from continuing operations in the first half of the 2014 fiscal year amounted to €392 million, of which €239 million related to investments in property, plant and equipment and €112 million to the purchase of financial investments. The purchase of financial investments related primarily to money deposits with a term of between three and six months and had no impact on the gross cash position, since the latter includes financial investments as well as cash and cash equivalents. A total of €43 million was invested in intangible assets, mostly for internal development projects.

Net cash provided by investing activities from continuing operations in the first half of the 2013 fiscal year amounted to €50 million, resulting from the sale of financial investments (net amount of €201 million) and investments in property, plant and equipment as well as in intangible assets (€153 million in total).

Dividend payment and repurchases of the convertible bond 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 2014 fiscal year amounted to €162 million, of which €129 million was used to pay the dividend for the 2013 fiscal year and €35 million to repurchase parts of the convertible bond due May 2014.

In the corresponding six-month period of the previous fiscal year, net cash used in financing activities from continuing operations amounted to €154 million, which included the dividend payment of €129 million for the 2012 fiscal year and €38 million for the repurchase of 6 million own shares in conjunction with the exercise of put-options. Other financial liabilities gave rise to a net inflow of €13 million in conjunction with new loans raised.

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:

	Six months ended March 31,	
€ in millions	**2014**	2013
Net cash provided by operating activities from continuing operations	361	96
Net cash provided by (used in) investing activities from continuing operations	(392)	50
Purchase of (proceeds from sale of) financial investments	112	(201)
Free cash flow	**81**	**(55)**

Net cash provided by operating activities exceeds investments

Free cash flow in the first half of the 2014 fiscal year amounted to €81 million. Net cash provided by operating activities exceeded additions to property, plant and equipment and intangible assets totaling €282 million.

Free cash flow in the first six months of the previous fiscal year was a negative €55 million, reflecting the fact that disbursements for investments totaling €153 million exceeded net cash provided by operating activities from continuing operations totaling €96 million.

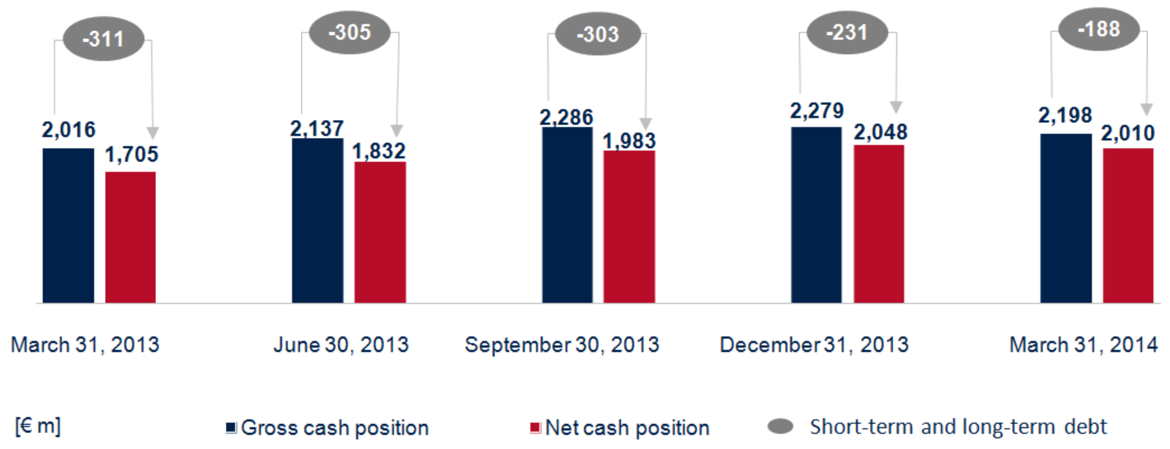
GROSS CASH POSITION AND NET CASH POSITION

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 its overall liquidity. The gross and net cash positions are determined as follows from the Consolidated Statement of Financial Position:

€ in millions	**March 31, 2014**	September 30, 2013
Cash and cash equivalents	327	527
Financial investments	1,871	1,759
Gross cash position	**2,198**	**2,286**
Less:		
Short-term debt and current maturities of long-term debt	21	134
Long-term debt	167	169
Total debt	**188**	**303**
Net cash position	**2,010**	**1,983**

The gross cash position comprising cash and cash equivalents and financial investments amounted to €2,198 million as of March 31, 2014 and was thus €88 million lower than the €2,286 million reported as of September 30, 2013. The positive free cash flow generated in the period did not fully cover outflows for the dividend payment and for the repurchase of parts of the convertible bond in conjunction with the new capital returns program.

The net cash position, which is defined as the gross cash position less short-term and long-term debt, increased by €27 million to €2,010 million as of March 31, 2014 (September 30, 2013: €1,983 million), mainly due to the decreases in debt in conjunction with the conversion of parts of the convertible bond, without any corresponding cash outflows.



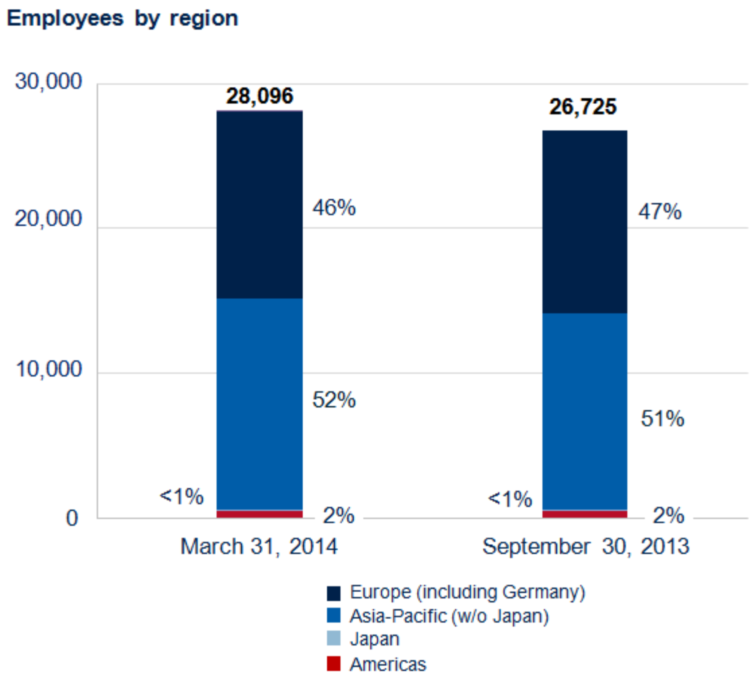
EMPLOYEES

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

	As of		
	March 31, 2014	September 30, 2013	Change
Region:			
Europe	12,876	12,587	2%
Therein: Germany	8,702	8,520	2%
Asia-Pacific (w/o Japan)	14,578	13,517	8%
Therein: China	1,699	1,615	5%
Japan	125	122	2%
Americas	517	499	4%
Total	**28,096**	**26,725**	**5%**

The Infineon workforce grew by 5 percent during the first half of the 2014 fiscal year, with most of the increase taking place in Asia-Pacific (in particular Malaysia) and in manufacturing and R&D functions.

Approximately 31 percent of the Infineon workforce was employed at Infineon sites in Germany at March 31, 2014 (September 30, 2013: 32 percent).



EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred after March 31, 2014 and up to the date on which the Interim Consolidated Financial Statements were approved by the Management Board on May 5, 2014 which are expected to have a material impact on Infineon`s financial condition and/or results of operations.

OUTLOOK

OUTLOOK FOR THE THIRD QUARTER OF THE 2014 FISCAL YEAR

Based on the positive order backlog across all operating segments, Infineon expects continued growth in the third quarter of the 2014 fiscal year with an increase in revenue of between 4 and 8 percent compared to the previous quarter. The third-quarter Segment Result Margin is expected to come in between 14 and 16 percent.

OUTLOOK FOR 2014 FISCAL YEAR

Infineon now expects the increase in revenue and the Segment Result Margin for the 2014 fiscal year to be at least at the upper end of the ranges previously indicated (year-on-year increase in revenue of between 7 and 11 percent, Segment Result Margin of between 11 and 14 percent). The assumed exchange rate of the US dollar against the euro remains unchanged at 1.35.

The expected increase in revenue for the Industrial Power Control segment should be well above the average for the Group. The Automotive segment is expected to grow roughly in line with the Group average. The growth rates forecast for the Power Management & Multimarket and Chip Card & Security segments are slightly lower than the Group average.

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

RISKS AND OPPORTUNITIES

Infineon's international structure and the broad range of its products offer a multitude of opportunities, whilst also exposing it to numerous risks. Coordinated risk management and control systems are in place to identify material opportunities and risks at an early stage and manage them to Infineon's advantage. Risk management at Infineon is embedded in the Group's planning systems, playing an important role in all entrepreneurial decisions and business processes. As such, it is a vital aspect of securing lasting success for the business.

Specific risks which could have a materially adverse effect on Infineon's financial condition, liquidity position and results of operations, specific opportunities and the concept behind Infineon's risk management system are described in the Group Management Report for the 2013 fiscal year (pages 140 to 150).

During the first six months of the 2014 fiscal year, Infineon has not identified any material changes to the opportunities and risks described in the 2013 Annual Report and in note 20 to the Interim Consolidated Financial Statements for the six-month period under report.

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

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2014 AND 2013

		Three months ended March 31,		Six months ended March 31,	
€ in millions	Note	**2014**	2013	**2014**	2013
Revenue		1,051	918	2,035	1,769
Cost of goods sold		(653)	(630)	(1,276)	(1,209)
Gross profit		398	**288**	**759**	**560**
Research and development expenses		(136)	(122)	(268)	(245)
Selling, general and administrative expenses		(121)	(102)	(236)	(211)
Other operating income		6	3	11	8
Other operating expense		(12)	(19)	(23)	(28)
Operating income		**135**	**48**	**243**	**84**
Financial income	4	2	8	4	17
Financial expense	5	(4)	(12)	(13)	(25)
Income from continuing operations before income taxes		**133**	**44**	**234**	**76**
Income tax	6	(19)	(8)	(36)	(13)
Income from continuing operations		**114**	**36**	**198**	**63**
Income (loss) from discontinued operations, net of income taxes		10	(3)	13	(10)
Net income		**124**	**33**	**211**	**53**
Attributable to:					
Non-controlling interests		-	-	-	-
Shareholders of Infineon Technologies AG		124	33	211	53
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:					
Basic earnings per share (in euro) from continuing operations	7	0.10	0.03	0.18	0.06
Basic earnings per share (in euro) from discontinued operations	7	0.01	-	0.01	(0.01)
Basic earnings per share (in euro)	7	**0.11**	**0.03**	**0.19**	**0.05**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:					
Diluted earnings per share (in euro) from continuing operations	7	0.10	0.03	0.18	0.06
Diluted earnings (loss) per share (in euro) from discontinued operations	7	0.01	-	0.01	(0.01)
Diluted earnings per share (in euro)	7	**0.11**	**0.03**	**0.19**	**0.05**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2014 AND 2013

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Net income	**124**	**33**	**211**	**53**
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
Currency translation effects	(3)	5	(5)	-
Net change in fair value of hedging instruments	3	(1)	2	(6)
Total items that may be reclassified subsequently to profit or loss	-	4	(3)	(6)
Other comprehensive income (loss), net of tax	**-**	**4**	**(3)**	**(6)**
Total comprehensive income, net of tax	**124**	**37**	**208**	**47**
Attributable to:				
Non-controlling interests	-	-	-	-
Shareholders of Infineon Technologies AG	124	37	208	47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2014 AND 2013 (UNAUDITED) AND SEPTEMBER 30, 2013

€ in millions	Note:	**March 31, 2014**	March 31, 2013	September 30, 2013
ASSETS:				
Cash and cash equivalents		327	410	527
Financial investments		1,871	1,606	1,759
Trade receivables	8	529	474	518
Inventories	9	674	573	609
Income tax receivable		7	14	12
Other current assets	10	184	199	198
Assets classified as held for sale		-	4	-
Total current assets		**3,592**	**3,280**	**3,623**
Property, plant and equipment		1,605	1,631	1,600
Goodwill and other intangible assets		198	156	170
Investments accounted for using the equity method		34	32	34
Deferred tax assets		322	311	325
Other non-current assets	11	148	161	153
Total non-current assets		**2,307**	**2,291**	**2,282**
Total assets		**5,899**	**5,571**	**5,905**
LIABILITIES AND EQUITY:				
Short-term debt and current maturities of long-term debt	15	21	38	134
Trade payables	12	560	454	569
Current provisions	14	644	621	675
Income tax payable		55	48	62
Other current liabilities	13	210	154	154
Total current liabilities		**1,490**	**1,315**	**1,594**
Long-term debt	15	167	273	169
Pension plans and similar commitments		244	292	246
Deferred tax liabilities		3	4	4
Long-term provisions	14	51	67	46
Other non-current liabilities		67	73	70
Total non-current liabilities		**532**	**709**	**535**
Total liabilities		**2,022**	**2,024**	**2,129**
Shareholders' equity:	16			
Ordinary share capital		2,255	2,161	2,162
Additional paid-in capital		5,411	5,547	5,549
Accumulated deficit		(3,696)	(4,146)	(3,907)
Other reserves		6	22	9
Own shares		(37)	(37)	(37)
Put options on own shares		(62)	-	-
Equity attributable to shareholders of Infineon Technologies AG		**3,877**	**3,547**	**3,776**
Total liabilities and equity		**5,899**	**5,571**	**5,905**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2014 AND 2013

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Net income	**124**	**33**	**211**	**53**
Plus/Minus: loss (income) from discontinued operations, net of income taxes	(10)	3	(13)	10
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	126	116	246	231
Income tax expense	19	8	36	13
Net interest result	2	4	8	8
Gains on disposals of property, plant and equipment	(2)	-	(2)	-
Impairment charges	-	8	-	8
Other non-cash result	2	(6)	3	(8)
Change in trade receivables	(78)	(85)	(13)	2
Change in inventories	(21)	13	(66)	(6)
Change in trade payables	46	21	(8)	(163)
Change in provisions	43	20	(25)	(58)
Change in other assets and liabilities	(39)	(6)	9	41
Interest received	2	4	4	9
Interest paid	(1)	-	(6)	(6)
Income tax received (paid)	(10)	4	(23)	(38)
Net cash provided by operating activities from continuing operations	**203**	**137**	**361**	**96**
Net cash used in operating activities from discontinued operations	**(6)**	**(3)**	**(4)**	**(3)**
Net cash provided by operating activities	**197**	**134**	**357**	**93**

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Purchases of financial investments	(535)	(385)	(808)	(870)
Proceeds from sales of financial investments	471	470	696	1,071
Purchases of intangible assets and other Assets	(24)	(16)	(43)	(29)
Purchases of property, plant and equipment	(130)	(49)	(239)	(124)
Proceeds from sales of property, plant and equipment and other assets	2	1	2	2
Net cash provided by (used in) investing activities from continuing operations	**(216)**	**21**	**(392)**	**50**
Net cash used in investing activities from discontinued operations	**-**	**-**	**(1)**	**(1)**
Net cash provided by (used in) investing activities	**(216)**	**21**	**(393)**	**49**
Net change in related party financial receivables and payables	(1)	-	(1)	(1)
Proceeds from the issuance of long-term debt	1	-	3	43
Repayments of long-term debt	(6)	(5)	(10)	(30)
Repurchase of convertible subordinated bonds	-	-	(35)	-
Change in restricted cash	7	-	7	-
Purchase of own shares	-	-	-	(38)
Proceeds from the issuance of put options on own shares	1	-	2	-
Proceeds from the issuance of ordinary shares	1	1	1	1
Dividend payments	(129)	(129)	(129)	(129)
Net cash used in financing activities from continuing operations	**(126)**	**(133)**	**(162)**	**(154)**
Net cash provided by financing activities from discontinued operations	**-**	**-**	**-**	**-**
Net cash used in financing activities	**(126)**	**(133)**	**(162)**	**(154)**
Net increase (decrease) in cash and cash equivalents	(145)	22	(198)	(12)
Effect of foreign exchange rate changes on cash and cash equivalents	-	1	(2)	(3)
Cash and cash equivalents at beginning of period	472	387	527	425
Cash and cash equivalents at end of period	**327**	**410**	**327**	**410**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED MARCH 31, 2014 AND 2013

€ in millions; except for number of shares	Note	Ordinary shares issued				Other
		Shares	Amount	Additional paid-in capital	Accumulated deficit	Foreign currency translation adjustment
Balance as of October 1, 2012	16	**1,080,306,332**	**2,160**	**5,674**	**(4,199)**	**26**
Net income		-	-	-	53	-
Other comprehensive income (loss) for the period, net of tax		-	-	-	-	-
Total comprehensive income (loss) for the period, net of tax		-	-	-	53	-
Dividends		-	-	(129)	-	-
Issuance of ordinary shares:						
Exersice of stock options		407,802	1	-	-	-
Share based compensation		-	-	2	-	-
Purchase of own shares		-	-	-	-	-
Put options on own shares		-	-	-	-	-
Balance as of March 31, 2013		**1,080,714,134**	**2,161**	**5,547**	**(4,146)**	**26**
Balance as of October 1, 2013		**1,081,083,034**	**2,162**	**5,549**	**(3,907)**	**14**
Net income		-	-	-	211	-
Other comprehensive income (loss) for the period, net of tax		-	-	-	-	(5)
Total comprehensive income (loss) for the period, net of tax		-	-	-	211	(5)
Dividends		-	-	(129)	-	-
Issuance of ordinary shares:						
Exercise of stock options		341,287	1	-	-	-
Exercise of conversion rights		46,171,936	92	7	-	-
Share based compensation		-	-	3	-	-
Put options on own shares		-	-	2	-	-
Other changes in equity		-	-	(21)	-	-
Balance as of March 31, 2014		**1,127,596,257**	**2,255**	**5,411**	**(3,696)**	**9**

reserves						
Unrealized gains (losses) on securities	Unrealized gains (losses) on cash flow hedges	Own shares	Put options on own shares	Total equity attributable to shareholders of Infineon Technologies AG	Non-controlling interests	Total equity
3	**(1)**	**-**	**(88)**	**3,575**	**-**	**3,575**
-	-	-	-	53	-	53
-	(6)	-	-	(6)	-	(6)
-	(6)	-	-	47	-	47
-	-	-	-	(129)	-	(129)
-	-	-	-	1	-	1
-	-	-	-	2	-	2
-	-	(37)	-	(37)	-	(37)
-	-	-	88	88	-	88
3	**(7)**	**(37)**	**-**	**3,547**	**-**	**3,547**
3	**(8)**	**(37)**	**-**	**3,776**	**-**	**3,776**
-	-	-	-	211	-	211
-	2	-	-	(3)	-	(3)
-	2	-	-	208	-	208
-	-	-	-	(129)	-	(129)
-	-	-	-	1	-	1
-	-	-	-	99	-	99
-	-	-	-	3	-	3
-	-	-	(62)	(60)	-	(60)
-	-	-	-	(21)	-	(21)
3	**(6)**	**(37)**	**(62)**	**3,877**	**-**	**3,877**

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1 BASIS OF PRESENTATION

The condensed Interim Consolidated Financial Statements of Infineon for the three and six months ended March 31, 2014 and 2013, have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Interim Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. Although the Consolidated Statement of Financial Position as of September 30, 2013 presented herein was derived from audited financial statements, not all related disclosures required by IFRS for these are included here. The Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with IFRS, as adopted by the EU, for the 2013 fiscal year. With the exception of the changes described in note 2 due to standards adopted for the first time, the accounting policies applied preparing the accompanying Interim Consolidated Financial Statements are consistent with those used for the 2013 fiscal year.

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

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

With effect from October 1, 2013 certain items in the Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows have been reclassified in order to improve clarity and comparability with other companies. The reclassification has also been applied to the comparative periods.

- Other Receivables and Other Payables which were previously disclosed as part of "Trade and other receivables" and "Trade and other payables" are shown as "Other current assets" and "Other current liabilities" respectively.
- Financial assets and financial liabilities previously disclosed separately are included in "Other assets" and "Other liabilities" respectively.
- In the Consolidated Statement of Cash Flows various non-cash components of consolidated net income are summarized in the new position "Non cash result". Additionally "Change in other current assets/liabilities" has been combined with "Change in other assets and liabilities".

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

Deviations in amounts presented may occur due to rounding.

2 ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

The following standards have been applied for the first time in the first six months of the 2014 fiscal year:

- **"Improvements to IFRS (2011)"** (effective date January 1, 2013). The release brings together numerous smaller changes to existing standards resulting from an annual program of improvements to IFRS. The application of this change has no significant impact on the Interim Consolidated Financial Statements.
- **IFRS 13 "Fair Value Measurement"** (effective date: January 1, 2013). The standard sets out in a single IFRS a framework for measuring fair value, including a definition of the term and a description of the methods that can be used to measure it. It also expands the disclosures of fair value measurement. The application of this standard has no significant impact on the Interim Consolidated Financial Statements.
- **Amendment to IAS 19 "Employee Benefits"** (effective date: January 1, 2013). The changes mainly relate to the recognition and measurement of the cost of defined benefit pension plans and termination benefits.

  Among others, the amendment affects the calculation of the expected return on plan assets and its disclosure in the Consolidated Statement of Operations, which in future must be based on the discount rate which underlies the calculation of the pension liabilities. The new net interest approach results in a net interest cost which is disclosed under financial expense in the Consolidated Statement of Operations for the period and which is derived by multiplying the net pension liability (pension liability less plan assets) by the discount rate. Also, the option to defer the recognition of actuarial gains and losses is withdrawn and it is required that actuarial gains and losses are recognized immediately in other comprehensive income.

  As a result of the change of definition of termination benefits, agreed supplemental contributions paid within the framework of the partial retirement program are disclosed as Other Long Term Employee Benefits from now on. As a result, supplemental payments will no longer be recognised in full immediately when the partial retirement agreement is concluded, instead they will be recognised pro-rata over the working phase where the block model is applied.

  Since Infineon had already recognized actuarial gains and losses on defined benefit pension plans immediately in other comprehensive income and had not applied permitted smoothing effects, and the required adjustments to partial retirement liabilities have only a minor effect, after analysis of the last Consolidated Financial Statements it was concluded that these changes have no significant effect on the Interim Consolidated Financial Statements. A retrospective adjustment to previous year comparatives will not be made on the grounds of immateriality.
- **Amendment to IFRS 7 "Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities"** (effective date: January 1, 2013). The amendment requires additional disclosures on offsetting rights. In addition to extended disclosures on offsetting activities actually carried out pursuant to IAS 32, in the future disclosure is required on existing rights to offset, regardless of whether the offsetting is actually carried out. The application of this standard has no 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 were opened. Insolvency proceedings were also opened for further domestic and foreign subsidiaries of Qimonda. Some of these insolvency proceedings have already been completed. The impacts of these proceedings are reported as discontinued operations in Infineon's Consolidated Statement of Operations and Consolidated Statement of Cash Flows, to the extent that the underlying events occurred before the commencement of insolvency proceedings. To the extent that the events occurred after the commencement of insolvency proceedings, their results are reported as part of continuing operations.

A detailed description of the risks relating to the Qimonda insolvency is provided in note 20 ("Commitments and Contingencies – Proceedings in relation to Qimonda").

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

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

Subsequent income after tax totaled €3 million in the six month period ended March 31, 2014. Subsequent expenses in the same period of the 2013 fiscal year amounted to €1 million.

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

SALE OF THE WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

On November 6, 2009, Infineon sold its Wireline Communications business to several affiliated companies of Golden Gate Private Equity Inc. ("Lantiq"). Subsequent income from the release of provisions related to the sale totaled €10 million in the three and six month periods ended March 31, 2014.

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

The results of Qimonda, Wireline Communications business, and the Wireless mobile phone business presented in the Consolidated Statement of Operations as discontinued operations, net of income taxes in the three and six months ended March 31, 2014 and 2013, consist of the following:

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Qimonda's share of discontinued operations, net of income taxes	-	(3)	-	(9)
Wireline Communications business' share of discontinued operations, net of income taxes	10	-	10	-
Wireless mobile phone business' share of discontinued operations, net of income taxes	-	-	3	(1)
Income (loss) from discontinued operations, net of income taxes	**10**	**(3)**	**13**	**(10)**

4 FINANCIAL INCOME

Financial income for the three months ended March 31, 2014 and 2013 relates to interest income of €2 million and €8 million respectively and for the six months ended March 31, 2014 and 2013 to interest income of €4 million and €17 million, respectively.

5 FINANCIAL EXPENSE

Financial expense for the three and six months ended March 31, 2014 and 2013 is as follows:

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Interest expense	4	11	12	24
Other financial expense	-	1	1	1
Total	**4**	**12**	**13**	**25**

Interest expense for the six months ended March 31, 2014 includes losses before tax of €1 million, arising from the repurchase of convertible subordinated bonds due 2014.

6 INCOME TAX

Income from continuing operations before income taxes and income tax expense for the three and six months ended March 31, 2014 and 2013, respectively, are as follows:

€ in millions	Three months ended March 31, 2014	Three months ended March 31, 2013	Six months ended March 31, 2014	Six months ended March 31, 2013
Income from continuing operations before income taxes	133	44	234	76
Income tax expense	(19)	(8)	(36)	(13)
Effective tax rate	14%	18%	15%	17%

In the three and six months ended March 31, 2014 and 2013 Infineon's tax expense is affected by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets.

7 EARNINGS PER SHARE

Basic earnings per share ("EPS") are 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 by shares issued upon the conversion of convertible bonds or the exercise of stock options, and decreased by shares acquired through share repurchases and the exercise of put options on own shares.

Basic earnings per share are calculated as follows:

€ in millions (unless otherwise stated)	Three months ended March 31, 2014	Three months ended March 31, 2013	Six months ended March 31, 2014	Six months ended March 31, 2013
Earnings from continuing operations attributable to share of Infineon Technologies AG	114	36	198	63
Earnings (loss) from discontinued operations, net of income taxes attributable to share of Infineon Technologies AG	10	(3)	13	(10)
Earnings attributable to shareholders of Infineon Technologies AG	**124**	**33**	**211**	**53**
Weighted-average number of shares outstanding (in millions):				
- Ordinary share capital	1,122.7	1,080.5	1,105.7	1,080.4
- Adjustment for own shares	(6.0)	(6.0)	(6.0)	(4.8)
Weighted-average number of shares outstanding – basic	1,116.7	1,074.5	1,099.7	1,075.6
Basic earnings per share[1] (in €):				
Earnings from continuing operations attributable to share of Infineon Technologies AG	0.10	0.03	0.18	0.06
Earnings (loss) from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	0.01	-	0.01	(0.01)
Earnings per share attributable to shareholders of Infineon Technologies AG – basic	**0.11**	**0.03**	**0.19**	**0.05**

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

The calculation of diluted EPS is based on the assumption that all potentially dilutive instruments are converted into shares - resulting in a corresponding increase in the number of shares on the one hand and a corresponding reduction in the charge on earnings for these instruments, such as interest expense, on the other. The convertible bond due 2014 is a potentially dilutive instrument which is only included in the calculation of diluted EPS if the potential conversion into shares has the effect of reducing the earnings per share from continuing operations.

Stock options and outstanding put options issued on own shares are also potentially 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,	
€ in millions (unless otherwise stated)	**2014**	2013	**2014**	2013
Earnings from continuing operations attributable to share of Infineon Technologies AG	114	36	198	63
Adjustment for interest expense on convertible bond	-	-	4	-
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	114	36	202	63
Earnings (loss) from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	10	(3)	13	(10)
Earnings attributable to shareholders of Infineon Technologies AG – diluted	**124**	**33**	**215**	**53**
Weighted-average number of shares outstanding – basic (in millions):	1,116.7	1,074.5	1,099.7	1,075.6
Adjustments for:				
- Effect of potential conversion of convertible bond	4.6	-	23.3	-
- Effect of stock options	1.2	0.9	1.2	0.9
Weighted-average number of shares outstanding – diluted	1,122.5	1,075.4	1,124.2	1,076.5
Diluted earnings per share[1] (in €):				
Earnings from continuing operations attributable to share of Infineon Technologies AG	0.10	0.03	0.18	0.06
Earnings (loss) from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	0.01	-	0.01	(0.01)
Earnings per share attributable to shareholders of Infineon Technologies AG – diluted	**0.11**	**0.03**	**0.19**	**0.05**

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

The weighted average number of potentially dilutive instruments which did not have a dilutive impact was not taken into account in the calculation of diluted earnings per share. This included:

- In the three and six months ended March 31, 2013, 50.3 and 50.2 million shares, respectively, which could have been issuable upon conversion of the outstanding convertible subordinated bond were not taken into account because they would have increased the earnings per share.
- In the three months ended March 31, 2014 and 2013 11.7 million and 12.6 million, respectively, and in the six months ended March 31, 2014 and 2013 11.8 million and 12.5 million, respectively, stock options and performance shares issued to members of the management board and employees were not taken into account since their exercise price was higher than the average share price during the reporting period, or the performance hurdle was not reached.
- In the three months ended March 31, 2014 and 2013 8.7 million and 2.4 million, respectively, and in the six months ended March 31, 2014 and 2013 5.1 million and 5.5 million, respectively, put options written on own shares were not taken into account since their exercise price was lower than the average share price during the reporting period.

8 TRADE RECEIVABLES

Trade receivables consist of the following:

€ in millions	March 31, 2014	September 30, 2013
Third party - trade	532	522
Related parties - trade	4	4
Trade accounts receivable, gross	**536**	**526**
Allowance for doubtful accounts	(7)	(8)
Trade accounts receivable, net	**529**	**518**

9 INVENTORIES

Inventories consist of the following:

€ in millions	March 31, 2014	September 30, 2013
Raw materials and supplies	91	92
Work in progress	402	350
Finished and purchased goods	181	167
Total	**674**	**609**

Inventories at March 31, 2014 and September 30, 2013 are stated net of write-downs of €84 million and €83 million, respectively.

10 OTHER CURRENT ASSETS

Other current assets consist of the following:

€ in millions	March 31, 2014	September 30, 2013
VAT and other receivables from tax authorities	60	66
Grants receivables	40	39
Prepaid expenses	37	33
Third party – financial and other receivables	7	13
Related party – financial and other receivables	1	-
Employee receivables	1	1
Derivative financial instruments	1	2
Restricted cash	-	7
Other	37	37
Total	**184**	**198**

As at September 30, 2013, the item “restricted cash” included €7 million for interest payments in connection with the subordinated convertible bond due 2014 which was repaid to Infineon in the second quarter of the 2014 fiscal year upon conversion of the remaining outstanding bonds (see note 15).

11 OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

€ in millions	**March 31, 2014**	September 30, 2013
Restricted cash	75	75
Prepaid expenses	27	28
Securities	15	15
Investments in other equity investments	6	6
Grants receivables	5	5
Long-term receivables	4	5
Advance payments	3	7
Assets arising from employee benefits	2	2
Other	11	10
Total	**148**	**153**

"Restricted cash" as of March 31, 2014 and September 30, 2013 consists of a rental deposit in connection with the Campeon head office of €75 million.

12 TRADE PAYABLES

Trade payables consist of the following:

€ in millions	**March 31, 2014**	September 30, 2013
Third party - trade	551	557
Related parties - trade	9	12
Trade payables	**560**	**569**

13 OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

€ in million	**March 31, 2014**	September 30, 2013
Obligation to acquire own shares	63	-
Payroll obligations to employees	57	66
Deferred government grants	23	19
Advanced payments	20	24
VAT and other taxes payables	18	8
Deferred income	14	18
Accrued interest	5	8
Derivative financial instruments with negative fair values	3	4
Related parties – other payables	1	1
Other	6	6
Total	**210**	**154**

The obligation to acquire own shares in connection with the new capital returns program (see note 16) is reported within other current liabilities. The obligation amounts to €63 million as of March 31, 2014 and corresponds to the discounted exercise value of outstanding put options on own shares at that date, plus interest up to the end of the reporting period.

14 PROVISIONS

Provisions consist of the following:

€ in millions	**March 31, 2014**	September 30, 2013
Personnel costs	166	176
Warranties	105	114
Provisions related to Qimonda	364	356
Other	60	75
Total	**695**	**721**

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

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

Provisions relating to Qimonda are described in detail in note 20.

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

The total amounts of provisions are reflected in the Consolidated Statement of Financial Position as of March 31, 2014 and September 30, 2013, respectively, as follows:

€ in millions	**March 31, 2014**	September 30, 2013
Current	644	675
Non-current	51	46
Total	**695**	**721**

15 DEBT

Debt consists of the following:

€ in millions	**March 31, 2014**	September 30, 2013
Convertible subordinated notes, 7.5%, due 2014	-	108
Current portion of long-term debt	21	26
Total short-term debt and current portion of long-term debt	**21**	**134**
Loans payable to banks:		
Unsecured loans, weighted average rate 1.25% (prior year: 1.44%), due 2015 – 2022	167	169
Total long-term debt	**167**	**169**
Total	**188**	**303**

In conjunction with the new capital returns program (see note 16), Infineon repurchased and subsequently cancelled subordinated convertible bonds due 2014 with a nominal value of €11 million during the first half of the 2014 fiscal year. In addition, in the first quarter of the 2014 fiscal year bond holders exercised their conversion rights and converted their holdings with a nominal value of €64 million into 28.6 million shares. Infineon announced on December 23, 2013 the early redemption of all the outstanding subordinated convertible bonds, according to §4 (4) of their terms and conditions. By the end of the conversion period on January 31, 2014 all remaining bonds with a nominal value of €39 million were converted into 17.6 million shares. The conversion price stood at €2.22 per share after adjustments in connection with anti-dilution clauses at the time of the Company's share capital increase in August 2009, as well as for the dividend payments for the fiscal years 2010 to 2012.

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

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

16 EQUITY

The ordinary share capital of Infineon Technologies AG stood at € 2,255,192,514 as of March 31, 2014 divided into 1,127,596,257 no par value registered shares, of which 6 million were own shares on hand. As of September 30, 2013 the ordinary share capital stood at €2,162,166,068 divided into 1,081,083,034 no par value registered shares, each representing €2 of the Company's ordinary share capital. 46,513,223 new shares were issued in the first half of the 2014 fiscal year (thereof 17,781,289 in the second quarter) of which 341,287 (thereof 230,558 in the second quarter) resulted from the exercise of employee stock options, and 46,171,936 (thereof 17,550,731 in the second quarter) from conversions of the subordinated convertible bonds due 2014 (see note 15).

The Management Board and Supervisory Board proposed to the Annual General Meeting on February 13, 2014, that a dividend of €0.12 for each share entitled to receive a dividend be paid out of the unappropriated profit reported by Infineon Technologies AG for the 2013 fiscal year. Taking into account the non-entitlement to a dividend of own shares as well as of new shares from the conversion of the subordinated convertible bonds due 2014, and of the exercise of employee stock options, this resulted in a distribution of €129 million.

The Company resolved a new capital returns program in November 2013 and intends to make available up to €300 million until September 30, 2015 for this purpose. The capital returns program makes use of the authorization given at the Annual General Meeting on February 28, 2013, according to which shares may be bought back either through the use of put options, or the direct repurchase of own shares through Xetra trading on the Frankfurt Stock Exchange. Furthermore the Company may repurchase further parts of the outstanding convertible subordinated bond due 2014. Any shares repurchased will either be cancelled, thereby reducing the share capital, used to service convertible bonds, or distributed to employees, board members of affiliated companies, or members of the Management Board. The share buyback will be carried out in accordance with the requirements of sections 14 (2) and 20a (3) of the German Securities Trading Act in connection with the provisions of Commission Regulation (EC) No. 2273/2003 of December 22, 2003.

The capital returns program may be suspended and resumed at any time within the time frame defined in the resolution of the Annual General Meeting and taking into consideration other legal requirements.

As part of the capital returns program, during the first quarter of the 2014 fiscal year the Company repurchased and cancelled subordinated convertible bonds due 2014 with a nominal value of €11 million for approximately €35 million. The resulting loss of €1 million was recorded as interest expense. After allowing for tax, €21 million was recorded directly as a reduction to additional paid-in capital reflecting the repurchase of associated conversion rights over 4.7 million shares, valued based on the conversion ratio at the time of the repurchase (see note 15). As of March 31, 2014, the Company had issued put options for the repurchase of own shares with a value of €63 million. The put options, which have a maximum term of twelve months, correspond to a total of 10.5 million shares. The premium of €2 million received for issued put options led to a corresponding increase in additional paid-in capital.

The following table contains an overview of put options on own shares issued, expired and exercised in the 2014 and 2013 fiscal years:

In each case stated in millions	Exercise value in €	Underlying number of shares
Outstanding put options as of October 1, 2012	**89**	**16**
Put options issued during the 2013 fiscal year	-	-
Less: put options expired in the 2013 fiscal year	(51)	(10)
Less: put options exercised in the 2013 fiscal year	(38)	(6)
Outstanding put options as of September 30, 2013	**-**	**-**
Put options issued during the 2014 fiscal year	63	11
Less: put options expired in the 2014 fiscal year	-	-
Less: put options exercised in the 2014 fiscal year	-	-
Outstanding put options as of March 31, 2014	**63**	**11**

The present value of the amount expected to settle the currently outstanding put options measured at issuance, amounted to €62 million and is shown within the equity line item “Put options on own shares”. The corresponding obligation was recognized within “Other current liabilities”, and 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 which point the amount will be reclassified from “Put options on own shares” to “Own shares”. If the options are not exercised, the relevant liability is derecognized and equity increases accordingly.

17 SHARE-BASED COMPENSATION

A new Long Term Incentive Plan (LTI) consisting of a so called “performance share” plan was developed for the Management Board and selected senior executives as a successor to the Stock Option Plan 2010.

Under this plan, (virtual) performance shares are provisionally allocated on October 1 for the then starting fiscal year according to a pre-determined LTI allocation amount in euro. With the allotment of a virtual performance share, the participant in the plan acquires the right to receive (real) Infineon shares once a personal investment in Infineon shares has reached a four-year holding period. The level of personal investment is dependent on position and LTI allocation.

50 percent of the performance shares are performance-related, 50 percent are not dependent on performance. The performance-related shares are only finally allocated if the Infineon share outperforms the Philadelphia Semiconductor Index (SOX) during the period between the date of the provisional allocation and the end of the holding period. If at the end of the holding period the requirements for an allocation of performance shares – either all or only those that are not performance related – are fulfilled, then the entitlement to the transfer of the corresponding number of (real) Infineon shares is acquired. Members of the Management Board may not receive more than a 250 percent gain on the respective LTI allocation; above this level performance shares are forfeited.

As at October 1, 2013 114,046 and 1,294,484, respectively, (virtual) performance shares were allocated and accepted by the Management Board and employees. The associated cost is deferred over the service period of four years for employees and two years for members of the Management Board.

There are no significant changes to the plans described in the consolidated financial statements as at September 30, 2013. In the three months to March 31, 2013, 1.6 million options expired. A total of 0.1 million and 4.6 million options, respectively, expired during the six months ended March 31, 2014 and 2013. The costs incurred for share-based compensation were not significant for the three and six months ended March 31, 2014 and 2013 (see note 21).

18 RELATED PARTIES

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

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

Related companies receivables and payables consist exclusively of trade and other receivables and payables from and to equity method investees and other related companies.

Related companies receivables and payables as of March 31, 2014 and September 30, 2013 consist of the following:

	March 31, 2014		September 30, 2013	
€ in millions	at-equity companies	other related companies	at-equity companies	other related companies
Trade and other receivables	3	1	3	1
Financial receivables	-	1	-	-
Trade and other payables	7	2	10	2
Financial payables	-	1	-	1

Sales and service charges to and purchases from related companies for the three and six months ended March 31, 2014 and 2013 consist of the following:

	Three months ended March 31,			
	2014		2013	
€ in millions	at-equity companies	other related companies	at-equity companies	other related companies
Sales and service charges	4	-	5	1
Purchases	19	10	18	11

	Six months ended March 31,			
	2014		2013	
€ in millions	at-equity companies	other related companies	at-equity companies	other related companies
Sales and service charges	9	1	9	1
Purchases	39	16	36	17

In the three and six months ended March 31, 2014 and 2013 there were no transactions between Infineon and related persons which fall outside the scope of the existing employment, service or appointment terms, or the contractual arrangements for their remuneration.

CHANGES IN THE SUPERVISORY BOARD

Upon his retirement on March 31, 2014, Mr. Alfred Eibl also retired from his postion as employee representative on the Company's Supervisory Board. Effective from April 1, 2014 Mr. Reinhard Gottinger, who was previously a substitute member, will take over as the new employee representative on the Supervisory Board. The successors to Mr Eibl on the Mediation Committee and the Strategy & Technology Committee will be elected at the next regular meeting of the Supervisory Board on May 6, 2014.

19 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are:

- valued according to quoted prices in an active market for identical financial instruments (Level 1),
- valued according to quoted prices in an active market for comparative financial instruments or using valuation models whose main input factors are based on observable market data (Level 2), or
- valued using input factors that are not based on observable market data (Level 3).

The following table shows the amounts allocated to each measurement level as of March 31, 2014:

€ in millions	Total	Fair value by category		
2014 fiscal year		Level 1	Level 2	Level 3
Financial assets				
Current assets:				
Financial investments	**65**	-	65	-
Other current financial assets[1]	**1**	-	1	-
Assets classified as held for sale	**-**	-	-	-
Non-current assets:	-	-	-	-
Other financial assets[1]	**21**	15	-	6
Total	**87**	**15**	**66**	**6**
Financial liabilities				
Current liabilities:				
Other current financial liabilities[1]	**3**	-	3	**-**
Total	**3**	**-**	**3**	**-**

[1] Included in the position "Other current assets", "Other non-current assets" and "Other current liabilities", respectively of the Consolidated Statement of Financial Position.

The allocation to classes of financial assets and liabilities, the valuation methods, and major assumptions are unchanged compared to September 30, 2013. The valuation is described in detail in the notes to the 2013 consolidated financial statements under note 2. A detailed overview of Infineon's financial instruments, the financial risk factors, and the management of financial risks is included in the notes to the 2013 consolidated financial statements under notes 36 and 37.

20 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 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, to 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 has deposited approximately US$29 million into an escrow account. 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 this settlement. Prior to the time of final court approval of the settlement, there is a risk that class members may decide to opt out.

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.

In October 2008 the European Commission ("EU Commission") initiated an investigation into the Company and other manufacturers of chips for smartcards for alleged violations of antitrust laws. In 2009, 2012 and in the first quarter of the 2013 calendar year, the Company received and responded to written requests for information from the EU Commission. On April 22, 2013 the Company received the Statement of Objections in which it was, for the first time, informed of the basis of the European Commission's antitrust allegations. It is not possible to reliably estimate the future course of the proceedings. The Company will defend itself against all allegations of anticompetitive conduct. For this purpose, the Company submitted its reply to the Statement of Objections to the EU Commission on July 22, 2013.

In June 2010, the Brazilian 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 as parties to the proceedings, and focuses on the period from July 1998 to June 2002. The SDE's Notice of Investigation is based on the antitrust proceedings carried out in the United States and in Europe.

Insofar as there are liabilities and risks associated with the antitrust matters described herein that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at this time, provisions have been recorded, including for legal expenses. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these proceedings.

PATENT LITIGATION

In November 2008, Volterra Semiconductor Corporation ("Volterra") filed suit against the Company, IF North America, and Primarion, Inc., a former affiliate of the Company that is now part of IF North America, (jointly the "Defendants") in the United States District Court for the Northern District of California, alleging infringement of five U.S. patents by certain products that were offered by Primarion, and claimed relief for damages, enhanced damages for willful infringement and injunctive relief. Volterra later withdrew one patent; four patents remain in the case. In May 2011, the court decided that two of the patents were infringed. This decision was anticipated by the Company. It has accordingly made preparations to appeal this outcome and recorded provisions for legal expenses and those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at the present time. The case is now in the damages phase. However, fact discovery showed that the damages theory originally set forth by Volterra of profits lost through price erosion by the U.S. entity and owner of the patents-in-suit turned out to be legally flawed, as the entity that made 99.99 percent of the sales used as a basis for this claim is its Asian subsidiary, and the profits do not "inexorably" flow back to the U.S. entity. Volterra then provided a different damages theory, which alleged loss of value of its subsidiary. However, the court has also rejected this later theory as legally barred and the jury trial to determine damages has been suspended. Instead, briefing with respect to entry of a permanent injunction as well as mediation has been ordered. The parties since agreed on a stipulated injunction with no impact on Infineon's current products. A mediation in January 2014 was unsuccessful but the parties continue to negotiate and a follow-up mediation is expected in the next months. The suit with respect to the two remaining patents will not commence before the case with respect to the former two patents are formally concluded in the first instance. In January 2010, the Company filed suit against Volterra in the United States District Court for the District of Delaware for infringement of four U.S. patents. The case was initially stayed. In December 2011, the stay was lifted and the case transferred to California, where it is in the discovery stage. In August 2013, Infineon Technologies Austria AG, an affiliate of the Company, also filed suit against Volterra as well as its Asian subsidiary in the United States District Court for the Eastern District of Texas for infringement of four U.S. 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.

PROCEEDINGS IN RELATION TO QIMONDA

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

The insolvency of Qimonda, Qimonda Dresden and Qimonda Flash has given rise to various disputes between the administrator of these companies and Infineon, some of which are already before the courts. Infineon is continuing its discussions with the insolvency administrator in a joint effort to find an amicable solution acceptable to both parties.

Legal Disputes

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

The administrator filed a request for declaratory judgment in an unspecified amount against Infineon Technologies AG and, by way of third party notice, Infineon Technologies Holding B.V. and Infineon Technologies Investment B.V., at Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings in respect of the assets of Qimonda began, i.e. 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 contended that the commencement of operating activities by Qimonda amounted to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), and that this activation of a shell company was not disclosed in the correct manner. On March 6, 2012, with respect to another matter, the German Federal High Court issued a ruling on principle that any liability resulting from the activation of a shell company only depends on the situation at the date of the activation of a shell company and not, as asserted by the administrator, on the situation at the date on which insolvency proceedings are opened.

In addition to the request for declaratory judgment against Infineon in an unspecified amount, on February 14, 2012 the administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In conjunction with this alternative claim, the administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On June 15, 2012 the insolvency administrator increased his request for payment of February 14, 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, the insolvency administrator continues to base a substantial part of his alleged payment claims, as already asserted out of court against Infineon in August 2011 for an unspecified amount, on so-called liability for impairment of capital (in German "Differenzhaftung"). This claim is based on the allegation that, from the very beginning, the carved-out memory products business had a negative billion euro value. The administrator therefore asserts that Infineon is obliged to make good the difference between this negative value and the lowest issue price (in German: "geringster Ausgabebetrag") of the subscribed stock.

This allegation 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 – as legally required – by the value of the non-cash contributions.

The parties have exchanged comprehensive written submissions as well as expert reports. A first oral hearing took place on January 19, 2012, a second was held on November 15, 2012. On August 29, 2013 the court nominated an independent expert in order to clarify specifically the valuation issues raised by the administrator.

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

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 lodged appeals with the Munich Regional Appeal Court. Confirming the Company's legal opinion, in its ruling of July 25, 2013, the court upheld the first instance judgment, apart from a small number of restrictions. The administrator and the Company both lodged appeals with the German Federal High Court.

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 Qimonda's US patents 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.

After the US Bankruptcy Court upheld the administrator's claim in November 2009, 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 the legal protection offered by section 365(n) of the US Bankruptcy Code applies with respect to Qimonda's US patents, thus the patents' rights of use remain valid. The administrator appealed against the decision of the U.S. Bankruptcy Court directly to the Court of Appeals for the Fourth Circuit. An oral hearing by the Court of Appeals for the Fourth Circuit took place on September 17, 2013. The Court of Appeals affirmed the decision of the U.S. Bankruptcy Court on December 3, 2013.

Contestation of intercompany payments under insolvency law

On March 22, 2013, the administrator filed suit against Infineon at Regional Court Munich I. In this suit, the administrator asserts insolvency law related claims amounting to €105.9 million and US$28 million plus interest of 5 percentage points over the base rate of the German Federal Bank for the period since the opening of the insolvency proceedings. The appeal relates to intercompany payments from Qimonda to Infineon ("IC-Payments") since April 2008 as well as a payment made directly to the US Department of Justice ("DoJ Payment") in October

2008. Some of these IC-Payments had already been contested in writing by the administrator on September 2, 2011.

The suit is mainly based on insolvency law and partly supplemented by an alleged breach of the prohibition of return of contributions under stock corporation law. The administrator asserts in particular that payments were postponed by Infineon, that Infineon was already aware Qimonda was insolvent at the time of the payment or that there was a disparity between service and payment. Furthermore, the administrator asserts that certain legal transactions between Qimonda and Infineon would have breached 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. The first hearing took place on April 10, 2014 and the court scheduled the next hearing for July 3, 2014.

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 suggested in short letters sent in April and August 2010 that he may also pursue corporate liability claims against Infineon in connection with the sale of the Inotera stake. The administrator has yet to substantiate the claims against Infineon purported in these letters.

Other claims made by the administrator

The administrator brought forward further written claims against the Company in the final quarter of the 2011 fiscal year, some of which he asserts judicially in the suit filed at Regional Court Munich I on March 22, 2013 (see "Contestation of intercompany payments under insolvency law" above).

The other claims brought forward by the administrator have not been asserted judicially so far. He maintains that certain further legal transactions between Qimonda and Infineon would breach provisions under stock corporation law banning the return of contributions on the grounds that the transactions concerned were of an unconventional nature and disadvantageous for Qimonda. He also asserts that Infineon, in its capacity as the controlling company, caused Qimonda to enter into disadvantageous legal transactions without compensating it accordingly.

Further, the administrator asserts 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.

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 claims purported in writing by the administrator in 2011 omit in most cases to mention any specific figures and often amount to no more than general assertions without any supporting detail. The Company has rejected in writing these claims made to date on the basis of its understanding of the matters involved. The Company has good arguments with which to mount a successful defense against a large number of these purported claims should they 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.

Further contestation under insolvency law of payments made by Qimonda Dresden GmbH & Co. OHG

In a letter dated April 17, 2014, the insolvency administrator brought forward further out of court insolvency law related claims relating to payments made by Qimonda Dresden but did not yet substantiate them. He demands repayment of payments to Infineon Technologies Dresden GmbH in the amount of nearly €11 million as well as to the Company in the amount of nearly €1 million since April 2008, plus interest of 5 percentage points over the base rate of the German Federal Bank for the period since the opening of the insolvency proceedings. The Company is examining the asserted claims.

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. Most of these claims have now also been asserted judicially in the suit filed on March 22, 2013.

Residual liability of Infineon as former shareholder of Qimonda Dresden

Infineon was a shareholder with personal liability in Qimonda Dresden until the carve-out of the memory business, as a result 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 orderly resolution of residual liability issues on July 7, 2011. Infineon and the administrator also agreed that Infineon may recover 70 percent of the residual liability payments from the insolvent assets as an ordinary rather than a secondary creditor. Settlements have subsequently been concluded with some of the residual liability creditors.

Other claims

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

Provisions relating to Qimonda

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

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity's subsidiaries. Certain of these matters led Infineon to record provisions of €364 million and €356 million as of March 31, 2014 and September 30, 2013, respectively. Presenting details of the actual amounts included in provisions for specific liabilities and risks associated with the insolvency of Qimonda could seriously prejudice Infineon's legal or negotiating position, so no such disclosures are made.

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

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

OTHER

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

PROVISIONS FOR LEGAL PROCEEDINGS AND OTHER UNCERTAIN LEGAL ISSUES

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 equally probable, the provision recorded is equal to the mid-point of the range.

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

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

OTHER CONTINGENCIES

In total, Infineon has guarantees outstanding to external parties as of March 31, 2014 amounting to €105 million.

In conjunction with its investing activities, Infineon receives government grants and subsidies related to the construction and financing of certain of its production facilities. Grants are also received for selected research and development projects. These amounts are recognized upon the achievement of specified criteria. Certain of these grants have been received contingent upon Infineon achieving or maintaining certain project-related requirements, such as creating a specified number of jobs over a defined period of time. Infineon is committed to fulfilling these requirements. Nevertheless, should such requirements not be met, as of March 31, 2014, a maximum of €76 million of these subsidies could be refundable. From today's perspective, Infineon expects to be able to comply with the conditions attached to the grants. Such amount does not include any potential liabilities for subsidies received by Qimonda.

Through certain of its sales and other agreements Infineon may, in the normal course of business, be obligated to indemnify the 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 events that may or may not occur in future, and depends on specific facts and circumstances related to each agreement. Historically, payments made by Infineon under these types of agreements have not had a material adverse effect on Infineon's financial condition, liquidity position and results of operations.

21 SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

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

Other Operating Segments comprise the remaining activities for product lines that have been disposed of and other business activities. Since the closing of the sale of the Wireline Communications business and the Wireless mobile phone business, product sales to Lantiq and IMC under the corresponding production agreements, other than those assigned to discontinued operations, are included in Other Operating Segments.

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

SEGMENT DATA

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Revenue:				
Automotive	484	424	936	801
Industrial Power Control	185	144	364	282
Power Management & Multimarket	252	227	490	449
Chip Card & Security	121	108	229	216
Other Operating Segments	6	5	11	14
Corporate and Eliminations	3	10	5	7
Total	**1,051**	**918**	**2,035**	**1,769**

Revenue for the three and six month periods ended March 31, 2014 and 2013 does not contain any inter-segmental revenue.

	Three months ended March 31,		Six months ended March 31,	
€ in millions	**2014**	2013	**2014**	2013
Segment Result:				
Automotive	66	37	121	57
Industrial Power Control	33	(3)	60	(8)
Power Management & Multimarket	37	27	66	49
Chip Card & Security	8	7	14	17
Other Operating Segments	2	(3)	3	(5)
Corporate and Eliminations	-	3	(2)	2
Total	**146**	**68**	**262**	**112**

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

€ in millions	Three months ended March 31,		Six months ended March 31,	
	2014	2013	**2014**	2013
Segment Result	146	68	262	112
Plus / Minus:				
Impairments on assets including assets classified as held for sale, net of reversals	-	(8)	-	(8)
Impact on earnings of restructuring measures and closures, net	(3)	(1)	(7)	(3)
Share-based compensation expense	(1)	(1)	(3)	(2)
Acquisition-related depreciation/amortization and losses	-	(1)	-	(1)
Gains on sales of assets, businesses, or interests in subsidiaries, net	2	-	2	-
Other expenses	(9)	(9)	(11)	(14)
Operating income	**135**	**48**	**243**	**84**
Financial income	2	8	4	17
Financial expense	(4)	(12)	(13)	(25)
Income from continuing operations before income taxes	**133**	**44**	**234**	**76**

Neubiberg, May 5, 2014

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 fiscal year.

Neubiberg, May 5, 2014

Dr. Reinhard Ploss   Dominik Asam   Arunjai Mittal

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg:

We have reviewed the condensed interim consolidated financial statements of the Infineon Technologies AG, Neubiberg – comprising statement of operations, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and condensed notes to the interim consolidated financial statements - together with the interim group management report of the Infineon Technologies AG, Neubiberg, for the period from October 1, 2013 to March 31, 2014 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 respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

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

Munich, May 5, 2014

KPMG AG

Wirtschaftsprüfungsgesellschaft

Braun	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 Fiscal Year 2014	June 30, 2014	July 30, 2014
Fourth Quarter and Fiscal Year 2014	September 30, 2014	November 27, 2014
First Quarter Fiscal Year 2015	December 31, 2014	January 29, 2015
Second Quarter Fiscal Year 2015	March 31, 2015	May 5, 2015

Publication of half-year financial report March 31, 2014: May 6, 2014

Due to rounding, numbers presented throughout this and other reports may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

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