QUARTERLY FINANCIAL REPORT

JUNE 30, 2012

Infineon Technologies AG

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CONTENT

SELECTED CONSOLIDATED FINANCIAL DATA

€ in millions; except earnings per share, Segment Result Margin and Gross margin	Three months ended June 30, 2012	Three months ended June 30, 2011	Nine months ended June 30, 2012	Nine months ended June 30, 2011
Selected Results of Operations Data				
Revenue	990	1,043	2,922	2,959
Gross margin	36.1%	41.2%	37.1%	41.7%
Segment Result	126	212	411	591
Segment Result Margin	12.7%	20.3%	14.1%	20.0%
Research and development expenses	116	109	332	329
Capital expenditure	158	319	644	614
Depreciation and amortization	113	94	313	266
Income from continuing operations	90	175	303	497
Income from discontinued operations, net of income taxes	(8)	15	(14)	497
Net income	82	190	289	994
Basic earnings per share (in Euro) from continuing operations	0.08	0.16	0.28	0.46
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.08	0.17	0.27	0.91
Diluted earnings per share (in Euro) from continuing operations	0.08	0.16	0.27	0.44
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.08	0.17	0.26	0.87
Selected Liquidity Data				
Net cash provided by operating activities from continuing operations	136	311	376	622
Net cash provided by operating activities	136	279	349	750
Net cash used in investing activities from continuing operations[1]	(258)	(548)	(669)	(2,310)
Net cash used in investing activities[1]	(258)	(591)	(679)	(1,331)
Net cash used in financing activities from continuing operations	(18)	(28)	(242)	(260)
Net cash used in financing activities	(18)	(28)	(242)	(263)
Decrease in cash and cash equivalents	(136)	(340)	(567)	(845)

€ in millions, except number of employees	As of June 30, 2012	As of September 30, 2011
Selected Financial Condition Data		
Total assets	5,644	5,873
Total equity	3,527	3,355
Gross cash position[2]	2,150	2,692
Debt (short-term and long-term)	243	305
Net cash position[2]	1,907	2,387
Employees	26,454	25,720

[1] Thereof €27 million and €1,697 million net purchases of financial investments in the nine months ended June 30, 2012 and 2011, respectively (three months ended June 30, 2012 and 2011: net purchases €100 million and net proceeds €229 million, respectively).
[2] Gross cash position is defined as cash and cash equivalents and financial investments. Net cash position is defined as gross cash position less short-term and long-term debt.

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

THIRD-QUARTER REVENUE AT SIMILAR LEVEL COMPARED TO PREVIOUS QUARTER, LOWER SEGMENT RESULT

THIRD-QUARTER AND NINE-MONTH REVENUE DOWN ON PREVIOUS YEAR DUE TO ECONOMIC SLOWDOWN AND DESPITE POSITIVE CURRENCY IMPACT

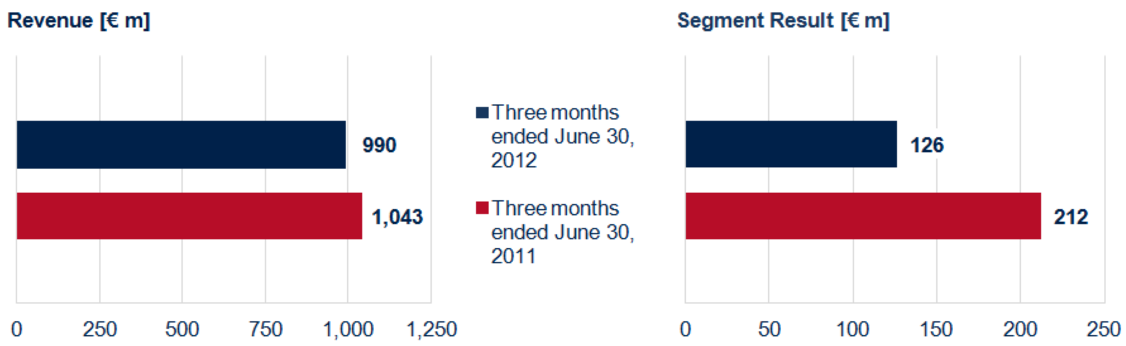
HIGHER EXPENSES, MAINLY IN CONNECTION WITH CAPACITY EXPANSION IN PREVIOUS QUARTERS, NEGATIVELY IMPACT SEGMENT RESULT

THIRD-QUARTER AND NINE-MONTH SEGMENT RESULT MARGIN BOTH DOWN SHARPLY ON PREVIOUS YEAR

FREE CASH FLOW AFFECTED BY HIGHER LEVELS OF INVESTMENT IN ORGANIC GROWTH

THIRD QUARTER OF 2012 FISCAL YEAR (APRIL 1, 2012 TO JUNE 30, 2012):

- Revenue down by 5 percent on previous fiscal year's third-quarter to €990 million. Revenue at similar level to previous quarter.
- Segment Result of €126 million, significantly down on previous fiscal year's third-quarter figure of €212 million. Segment Result 13 percent lower than in previous quarter.
- Segment Result Margin (defined as Segment Result divided by revenue) of 12.7 percent, compared to 20.3 percent one year earlier and 14.6 percent in previous quarter.
- Net income down to €82 million, compared to €190 million in same quarter last year.



FIRST NINE MONTHS OF 2012 FISCAL YEAR (OCTOBER 1, 2011 TO JUNE 30, 2012):

- Nine-month revenue marginally down on the previous year (€2,959 million) to €2,922 million.
- Segment Result amounts to €411 million, down by €180 million on the €591 million reported one year earlier.
- Segment Result Margin down from 20.0 percent to 14.1 percent for the nine-month period.
- Net income decreased to €289 million for the nine-month period. Last year's reported figure of €994 million was boosted by income from discontinued operations totaling €497 million. The principal item included within that figure was the post-tax gain of €347 million arising from the sale of the Wireless mobile phone business.

- Gross cash position of €2,150 million as of June 30, 2012, down by €542 million on the €2,692 million reported as of September 30, 2011. Net cash position of €1,907 million as of June 30, 2012.
- Equity ratio increased to 62 percent as of June 30, 2012 compared to 57 percent as of September 30, 2011.

THE INFINEON SHARE

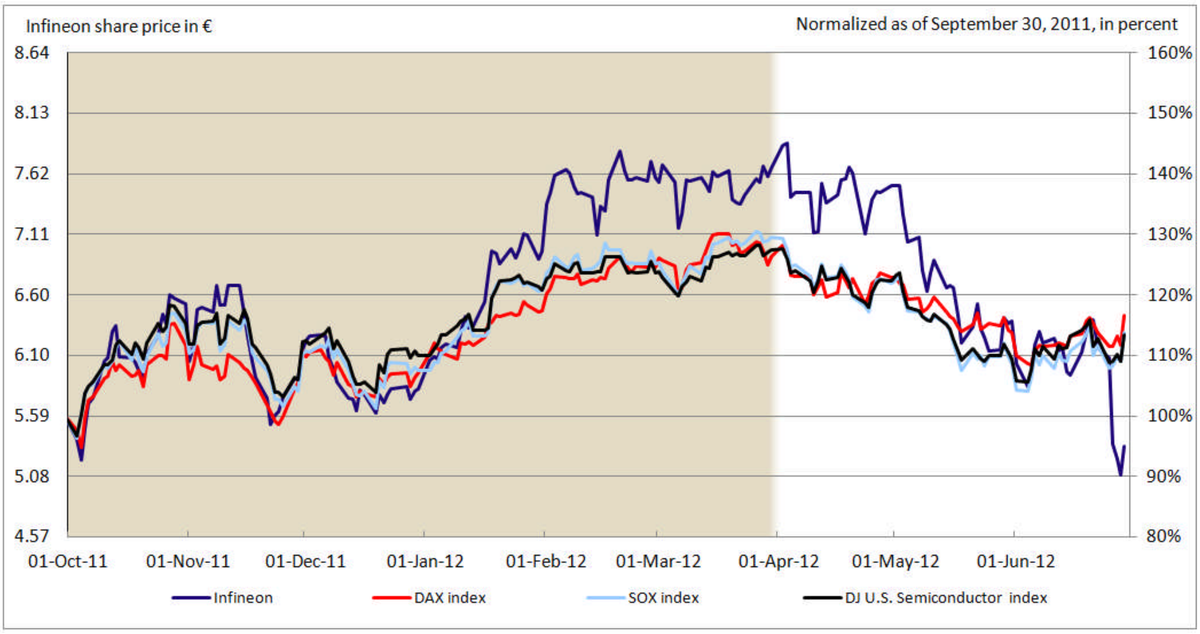
The Infineon share closed at €5.33 at the end of the third quarter of the 2012 fiscal year (June 29, 2012), 31 percent down on the closing Xetra price of €7.67 at the end of the previous quarter.

Both, the Infineon share and the relevant comparable indices, reached their highs for the quarter at the beginning of the three-month period. The highest price of the Infineon share during the third quarter was €7.88. It then proceeded to fall continuously from that point onwards. Following the update of the outlook for the third and fourth quarters of the 2012 fiscal year on June 26, 2012, the Infineon share dropped to its lowest level during the quarter (€5.10), after which date a moderate recovery began. The relevant comparable indices also declined during the third quarter. The Philadelphia Semiconductor Index (SOX) was down by 12 percent, the Dow Jones US Semiconductor Index by 11 percent and the German stock exchange index (DAX) by 8 percent.

The price of the Infineon share also fell during the first nine months of the 2012 fiscal year, losing 5 percent compared to its closing price of €5.59 at September 30, 2011. The share gained significantly in value up to the beginning of April 2012, recording its high for the nine-month period (€7.88) on April 3, 2012. The downward trend thereafter brought the share price back roughly to the levels seen at the beginning of the fiscal year. The relevant comparable indices all performed positively over the course of the nine-month period, with the Dow Jones US Semiconductor Index up by 13 percent, the SOX by 14 percent and the DAX by 17 percent.

Due to the exercise of employee stock options, the number of outstanding shares increased in June 2012 by 310,497 shares from 1,086,745,835 to 1,087,056,332 shares. Infineon hold 7 million of its own shares.

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



	Three months ended June 30,			Nine months ended June 30,		
	2012	2011	+/- in %	**2012**	2011	+/- in %
IFX closing prices in Euro (Xetra)						
Beginning of the period	7.67	7.24	6%	5.59	5.08	10%
High	7.88	8.28	(5%)	7.88	8.28	(5%)
Low	5.10	6.91	(26%)	5.10	5.00	2%
End of the period	5.33	7.75	(31%)	5.33	7.75	(31%)
Weighted-average number of shares traded per day	9,719,090	10,722,397	(9%)	9,457,656	12,784,519	(26%)
IFX closing prices in U.S. dollars (OTCQX)						
Beginning of the period	10.22	10.31	(1%)	7.39	6.93	7%
High	10.49	11.87	(12%)	10.49	11.87	(12%)
Low	6.34	10.03	(37%)	6.34	6.81	(7%)
End of the period	6.71	11.25	(40%)	6.71	11.25	(40%)
Weighted-average number of ADSs traded per day	63,895	49,541	29%	105,321	78,117	35%
Shares outstanding (as of June 30)	1,087,056,332	1,086,745,835	0%			
therein: own shares	7,000,000					

DIVIDENDS AND CAPITAL RETURN PROGRAM

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

During the first nine months of the 2012 fiscal year, Infineon continued to implement the capital return program initiated in the third quarter of the 2011 fiscal year (total volume: €300 million). In addition to the repurchase of subordinated convertible bonds due 2014 for €50 million, 3 million shares were repurchased for €20 million via put options. As of June 30, 2012, Infineon held 7 million of its own shares. The nominal amount of outstanding put options as June 30, 2012 was €113 million. Since the beginning of the capital return program through June 30, 2012, Infineon has acquired subordinated convertible bonds due 2014 as well as own shares for a total of €162 million.

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

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

After exceeding general expectations in the second quarter, the global economy was less robust than expected in the third quarter of the 2012 fiscal year, mainly due to the renewed flare-up of the European sovereign debt and financial market crisis. Another factor was an increasing sluggishness seen in a number of major emerging markets, including China. The International Monetary Fund (IMF) now predicts growth of 2.7 percent for the global economy, followed by further growth of 3.2 percent in the 2013 calendar year (IMF, July 2012).

In the quarter under report the global semiconductor market again performed more weakly than one year earlier, even though the decrease was significantly lower than in the previous three-month period. In June 2012 IHS iSuppli predicted 3 percent growth for the global semiconductor market in the 2012 calendar year, followed by 10 percent in the 2013 calendar year.

REVIEW OF RESULTS OF OPERATIONS

€ in millions, except earnings per share	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	**2012**	2011
Revenue	990	1,043	2,922	2,959
Gross profit	**357**	**430**	**1,083**	**1,235**
Research and development expenses	(116)	(109)	(332)	(329)
Selling, general and administrative expenses	(119)	(114)	(354)	(330)
Other operating income and expense, net	(12)	(6)	(29)	(19)
Operating income	**110**	**201**	**368**	**557**
Financial income and expense, net	(6)	(1)	(14)	(16)
Income (expense) from investments accounted for using the equity method	(1)	(1)	-	1
Income tax expense	(13)	(24)	(51)	(45)
Income from continuing operations	**90**	**175**	**303**	**497**
Income (loss) from discontinued operations, net of income taxes	(8)	15	(14)	497
Net income	**82**	**190**	**289**	**994**
Basic earnings per share (in Euro)	0.08	0.17	0.27	0.91
Diluted earnings per share (in Euro)	0.08	0.17	0.26	0.87

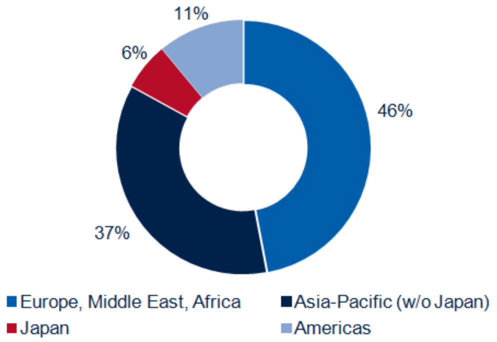
NET INCOME DOWN, OWING TO ECONOMIC SLOWDOWN DURING CAPACITY EXPANSION PHASE AND DUE TO DISCONTINUATION OF WIRELESS MOBILE PHONE BUSINESS

Net income for the first nine-month period fell from €994 million in the 2011 fiscal year to €289 million in the current fiscal year, mainly reflecting the impact on continuing operations caused by a general economic slowdown at a time when Infineon continued to expand production capacities. Moreover, income from discontinued operations for the first nine months of the 2011 fiscal year included a post-tax gain of €347 million on the sale of the Wireless mobile phone business to Intel Corporation ("Intel") and the operating profit from Wireless mobile phone business operations up to the closing date on January 31, 2011. Earnings per share shrank accordingly.

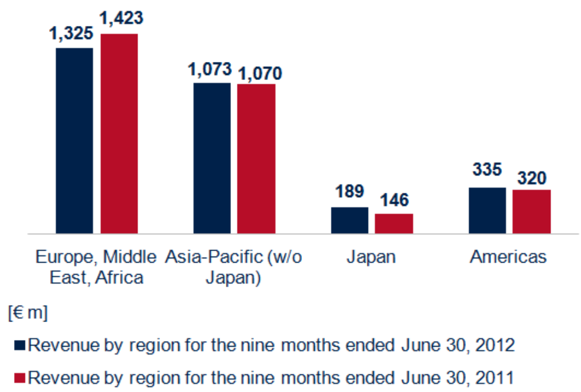
SLIGHT DECREASE IN REVENUE

Revenue for the nine-month period slipped by 1 percent to €2,922 million, compared to €2,959 million in the prior year, despite the strength of the US dollar against the Euro.

The regional distribution of nine-month revenue was largely unchanged to that of the previous year. Europe remains the largest sales market for Infineon, even though the Asian region continues to grow in importance. In this context, the proportion of revenue accounted for by Europe dropped by 2 percentage points, whereas the Asia-Pacific and Japan regions increased their proportions by 1 percentage point each. The share of Americas remained stable, mostly thanks to the stronger US dollar. In Japan, business was primarily influenced by the strong Yen and recovery of demand following the natural catastrophe and reactor accident.



Revenue by region for the nine months ended June 30, 2012



€ in millions, except percentages	Three months ended June 30, 2012		2011		Nine months ended June 30, 2012		2011	
Europe, Middle East, Africa	427	43%	510	49%	1,325	46%	1,423	48%
therein: Germany	217	22%	293	28%	702	24%	802	27%
Asia-Pacific (w/o Japan)	378	38%	380	36%	1,073	37%	1,070	36%
therein: China	162	16%	157	15%	453	16%	496	17%
Japan	67	7%	46	5%	189	6%	146	5%
Americas	118	12%	107	10%	335	11%	320	11%
Total	**990**	**100%**	**1,043**	**100%**	**2,922**	**100%**	**2,959**	**100%**

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

Gross profit (revenue less cost of goods sold) for the nine-month period totaled €1,083 million, 12 percent down on the €1,235 million recorded one year earlier. Increased costs relating to measures taken in previous quarters to raise capacities, which were not fully utilized during the reporting period, combined with the higher cost of precious metals as well as lower revenue, contributed to a drop in gross margin for the nine-month period from 41.7 percent in the previous fiscal year to 37.1 percent in the 2012 fiscal year.

€ in millions, except percentages	Three months ended June 30, 2012	2011	Nine months ended June 30, 2012	2011
Cost of goods sold	633	613	1,839	1,724
Changes year-on-year	3%		7%	
Percentage of revenue	64%	59%	63%	58%
Gross profit	357	430	1,083	1,235
Percentage of revenue (gross margin)	36.1%	41.2%	37.1%	41.7%

INCREASE IN OPERATING EXPENSES

Nine-month operating expenses (research and development, selling, general and administrative expenses) increased by €27 million to €686 million (nine months ended June 30, 2011: €659 million). In percentage terms, operating expenses constituted 23.5 percent of nine-month revenue compared to 22.3 percent one year earlier.

Research and development expenses amounted to €332 million and are thus roughly in line with the €329 million reported for the first nine months of the previous fiscal year.

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Research and development expenses	116	109	332	329
Change year-on-year	6%		1%	
Percentage of revenue	11.7%	10.5%	11.4%	11.1%

Selling and general administrative expenses for the nine-month period went up by 7 percent from €330 million to €354 million, primarily due to an increased headcount.

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Selling, general and administrative expenses	119	114	354	330
Change year-on-year	4%		7%	
Percentage of revenue	12.0%	10.9%	12.1%	11.2%

NET EXPENSE FROM OTHER OPERATING INCOME AND EXPENSES OF €29 MILLION

Net other operating income and expenses resulted in a net expense of €29 million for the nine-month period, compared to a net expense of €19 million in the previous year. Impairment losses on property, plant and equipment and intangible assets were the main reasons for the deterioration.

FINANCIAL RESULT IMPROVED SLIGHTLY THANKS TO HIGHER INTEREST INCOME FROM CASH DEPOSITS AND UNCHANGED INTEREST EXPENSES

Net financial income and expenses for the nine-month period improved by €2 million to a net expense of €14 million: included in this figure is a loss of €5 million arising in conjunction with repurchase of subordinated bonds due 2014 during the period under report (see note 12 “Debt”).

HIGHER INCOME TAX EXPENSE

As in the same period one year earlier, income tax expense for the first nine months of the 2012 fiscal year was impacted by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets. Based on income from continuing operations before income taxes of €354 million and tax expense of €51 million, the effective tax rate for the nine-month period was 14 percent. The effective tax rate of 8 percent reported for the previous year’s first nine-month period – based on income from continuing operations before income taxes of €542 million and tax expense of €45 million – was favorably influenced by the release of tax provisions relating to prior years.

EXPENSES IN CONNECTION WITH QIMONDA’S INSOLVENCY GIVE RISE TO LOSS FROM DISCONTINUED OPERATIONS

The income (loss) from discontinued operations, net of income taxes, amounted to a negative €14 million for the nine-month period, compared to a positive €497 million one year earlier. The loss in the current fiscal year includes expenses of €10 million incurred in conjunction with the Qimonda insolvency (see note 16 “Commitments and contingencies - Qimonda matters”). In addition, a change in the administrative guidelines of the German tax authorities which is generally relevant to a transaction in connection with the sale of the Wireless mobile phone business resulted in an expense for an adjustment to tax provisions in the first nine months of the 2012 fiscal year.

The sharp deterioration in the result from discontinued operations was mainly due to the fact that the previous year's nine-month income from discontinued operations included a post-tax gain of €347 million on the sale of the Wireless mobile phone business as well as the operating profit of Wireless mobile phone business up to the completion of the sale on January 31, 2011.

LOWER EARNINGS PER SHARE

At €289 million, net income for the nine-month period was significantly down on the previous fiscal year (October 2010 – June 2011: €994 million).

The lower earnings resulted in a similarly sharp reduction in earnings per share. Compared to basic and diluted earnings per share of €0.91 and €0.87 respectively for the nine months to June 30, 2011, the corresponding figures for the current fiscal year are €0.27 and €0.26 respectively.

SEGMENT PERFORMANCE

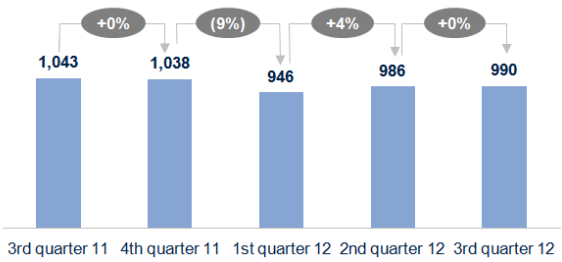
Industrial & Multimarket segment split into two

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

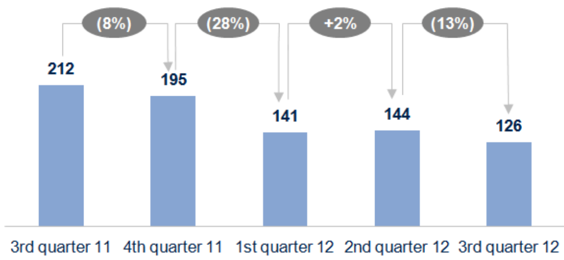
Segment Result Margin of 14.1 percent for nine-month period

Segment Result for the nine-month period fell by €180 million to €411 million on slightly lower revenue (October 2010 – June 2011: €591 million). This deterioration was attributable to higher fixed costs driven by expanded production capacities – particularly depreciation on property, plant and equipment and personnel expenses – during a phase of less-than-full capacity utilization. Further factors were the rising prices of precious metals and higher administrative and selling expenses, in particular personnel expenses.

The Segment Result Margin for the nine-month period was 14.1 percent, compared to 20.0 percent one year earlier.



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



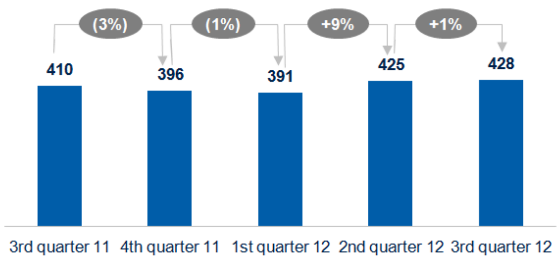
Comparison of the Segment Result of the last 5 quarters [€ m]

AUTOMOTIVE

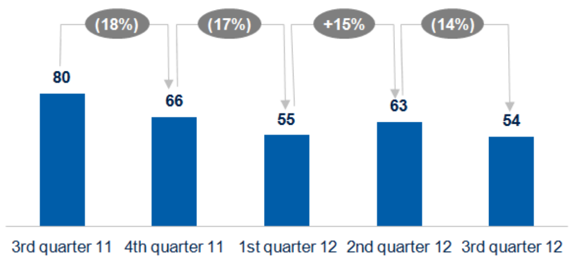
	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	428	410	1,244	1,156
Share of Total Revenue	43%	40%	43%	39%
Segment Result	54	80	172	213
Share of Total Segment Result	43%	38%	42%	36%
Segment Result Margin	12.6%	19.5%	13.8%	18.4%

The Automotive segment recorded third-quarter revenue totaling €428 million, an increase of €18 million or 4 percent on the €410 million recorded in the same quarter last year. The North American automobile market performed particularly well. Business with German car manufacturers plays an important role for Infineon's Automotive segment. These manufacturers are currently benefiting from strong demand for their products worldwide, enabling them to compensate volume decreases on European markets. Automotive contributed a third-quarter Segment Result of €54 million, down by €26 million on the €80 million reported for the previous year. The Segment Result Margin fell from 19.5 percent to 12.6 percent, mainly owing to increased fixed costs resulting from current efforts to develop and expand the company's manufacturing landscape as a whole. Moreover, expenses for research and development as well as for application support have also risen.

Nine-month revenue totaled €1,244 million, growing by €88 million or 8 percent on the previous year's figure (€1,156 million). The increase reported for the 2012 fiscal year to date reflects the developments in the automotive market described above. Segment Result amounted to €172 million (October 2010 – June 2011: €213 million), dropping by €41 million for the same reasons provided above for the analysis of quarterly developments. The Segment Result Margin for the nine-month period was 13.8 percent, compared to 18.4 percent in the previous fiscal year.



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



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

Major events and developments in the Automotive segment during the first nine months of the 2012 fiscal year:

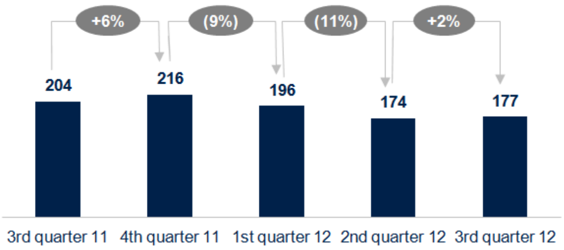
- The Automotive industry supplier, Continental AG ("Continental"), and its Automotive Group, awarded Infineon Technologies as "Supplier of the Year 2011" in the "Electronics" category for product quality and technology, customer focus and logistics performance. This is the third time in a row that Infineon has been awarded Continental's prize for supplier performance. Infineon delivers Continental Automotive with more than 800 different products.
- Infineon and Fairchild Semiconductor Corp. ("Fairchild") entered into a licensing agreement covering the use of Infineon's latest generation of TOLL H-PSOF packagings for high-performance transistors (MOSFETs), which are used in numerous applications, including electrical power steering systems (EPS). Fairchild will be utilizing the TO leadless packaging technology for its newly developed MOSFET solutions.
- With its HybridPACK1 based on a new 400V IGBT generation and a wafer thickness of a mere 40µm, Infineon was successful in winning business for the Mild-Hybrid platform of a globally leading automobile manufacturer. These extremely thin high-performance semiconductors minimize performance losses in Mild-Hybrid applications with battery voltages of up to 150 volts, in which the combustion engine is supported by an electric motor when starting and accelerating.
- Infineon has supplied over 2 billion magnet field sensors since the year 2000, underlining its leading position as a premium provider of integrated sensors. Infineon currently supplies an approximate average of 4 sensors for each new car produced worldwide.

INDUSTRIAL POWER CONTROL

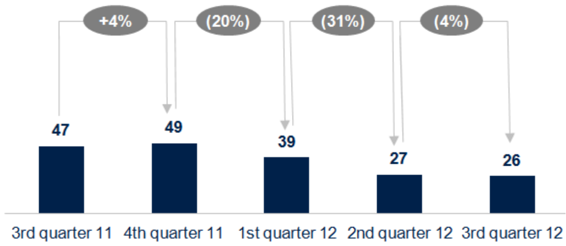
€ in millions, except percentages	Three months ended June 30, 2012	Three months ended June 30, 2011	Nine months ended June 30, 2012	Nine months ended June 30, 2011
Revenue	177	204	547	581
Share of Total Revenue	18%	20%	19%	20%
Segment Result	26	47	92	153
Share of Total Segment Result	21%	22%	22%	26%
Segment Result Margin	14.7%	23.0%	16.8%	26.3%

Third-quarter revenue of the Industrial Power Control segment totaled €177 million, down by €27 million on the previous fiscal year's figure (€204 million). This decrease partly reflects a project-related reduction in power component volumes for electrical motors for rail transport in China and is partly due to slightly lower demand for wind power products. Segment Result amounted to €26 million, down by €21 million compared to the exceptionally good result of €47 million achieved in the previous year's third quarter. The drop in earnings was attributable in part to lower volumes and the resulting under-utilization of production capacities. At the same time, research and development expenses increased as development work on higher power density and improved architecture/connectivity for power semiconductor products was intensified and a new voltage class of high-voltage products was introduced for products used in the fields of energy transmission and network quality. The third-quarter Segment Result Margin fell by 8.3 percentage points from 23.0 percent to 14.7 percent.

Nine-month revenue totaled €547 million, down on the exceptionally high level (€581 million) recorded for the corresponding period one year earlier. The lower revenue recorded for electrical motors for rail transport and wind power products could not be fully compensated by increased demand for industrial drives and a good performance with new applications designed for use in commercial vehicles and construction/agricultural equipment. Industrial Power Control contributed a Segment Result of €92 million for the nine-month period, down €61 million on the previous year's result (€153 million). The decrease was primarily attributable to lower revenue, the current under-utilization of production capacities and higher research and development expenses. The Segment Result Margin for the nine-month period was 16.8 percent, compared to 26.3 percent one year earlier.



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



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

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

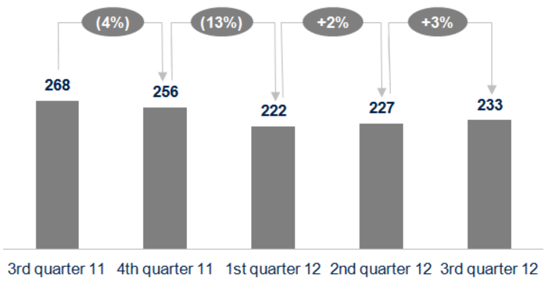
- Infineon power semiconductor components are used in commercial vehicles, such as hybrid-drive buses. Order volumes for buses of this type, which are used mainly in inner cities and particularly valued for their fuel efficiency and low emissions, are increasing worldwide. Industrial Power Control supplies companies throughout the world with IGBT modules specifically optimized for such applications.
- The expansion of electricity networks both within Germany and throughout Europe, aimed at linking decentralized power producers (such as wind turbines and solar farms) to the grid and connecting the various electricity networks, is generating greater demand for network-stabilizing equipment and for components that improve network quality. In this context, Industrial Power Control now supplies not only IGBT modules but also power semiconductor stacks, including power semiconductor modules, control electronics and cooling systems to leading European manufactures amongst others.
- The Chinese market for large-scale electrical drives with performance classes of several hundred kilowatts continues to grow. Among other applications, drives of this kind are employed in the extraction of raw materials from mines. The high-performance IGBT modules used in this equipment have cut-off voltages from 1,700 volts upwards and are characterized by energy-efficiency, quality and reliability. Infineon IGBT modules are used not only by global providers but also by a large number of local Chinese customers, thus securing a leading position in this market for the Industrial Power Control segment.

POWER MANAGEMENT & MULTIMARKET

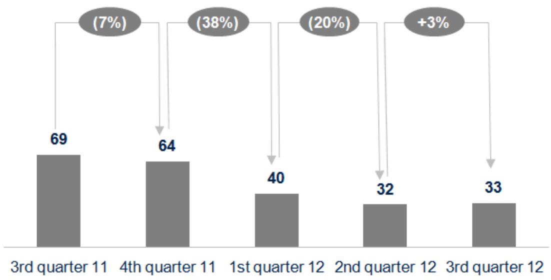
	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2012**	2011	**2012**	2011
Revenue	233	268	682	747
Share of Total Revenue	24%	26%	23%	25%
Segment Result	33	69	105	178
Share of Total Segment Result	26%	33%	26%	30%
Segment Result Margin	14.2%	25.7%	15.4%	23.8%

Third-quarter revenue totaled €233 million, down by €35 million or 13 percent on the previous year (€268 million). Performance in the 2011 fiscal year as a whole was impacted by production bottlenecks in numerous industrial fields and by unusually brisk demand for components used in games consoles as well as for mobile phone network infrastructure. The segment recorded its highest revenue and earnings figures in the third quarter of the 2011 fiscal year. Especially revenue generated with components for high-power transistors is down in the 2012 fiscal year, reflecting the general slowdown in this market sector. With a third-quarter Segment Result of €33 million, the Power Management & Multimarket segment's contribution to earnings was €36 million lower than the €69 million reported one year earlier. The Segment Result Margin for the quarter was 14.2 percent, significantly lower than the previous year's 25.7 percent. Segment Result was negatively impacted by reduced gross profit (lower revenue and higher idle costs) and increased personnel-related operating expenses.

The Power Management & Multimarket segment posted nine-month revenue of €682 million, down €65 million or 9 percent on the corresponding period last year, due to reduced demand. The nine-month Segment Result fell by €73 million from €178 million to €105 million. The Segment Result Margin for the period dropped from 23.8 percent to 15.4 percent, reflecting the effect of decreased revenue and increased operating expenses, as well as production capacities not being fully utilized.



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



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

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

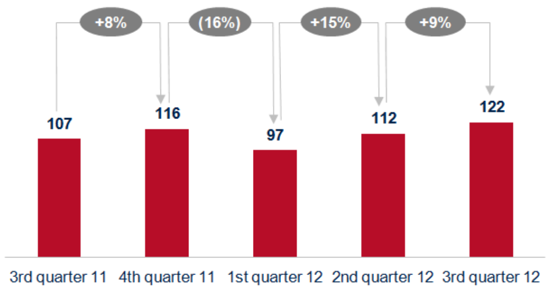
- The market research company IMS Research confirmed Infineon as the world's leading supplier in the global market for power semiconductors in the 2011 calendar year. Market share grew, particularly due to robust growth in the field of discrete power semiconductors.
- Infineon's digital power management controllers are enjoying strong demand from leading computer server manufacturers whose products are based on Intel's new power supply architecture for computer servers. In addition to the controllers, Infineon also supplies power MOSFETs and low-voltage driver-ICs for these projects.
- Infineon has gained numerous design wins for high-frequency power semiconductors with Asian and European providers of mobile phone network infrastructure and will thus be able to participate in future infrastructure expansion for the latest mobile telephone transmission standard, LTE (Long-Term-Evolution).

CHIP CARD & SECURITY

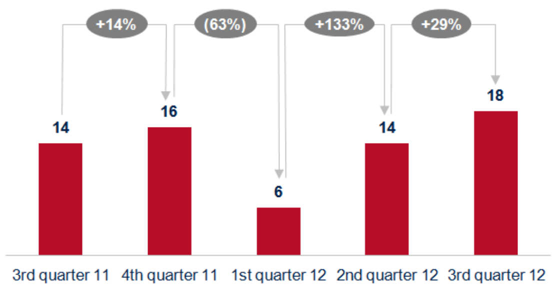
€ in millions, except percentages	Three months ended June 30, 2012	Three months ended June 30, 2011	Nine months ended June 30, 2012	Nine months ended June 30, 2011
Revenue	122	107	331	312
Share of Total Revenue	12%	10%	11%	11%
Segment Result	18	14	38	38
Share of Total Segment Result	14%	7%	9%	6%
Segment Result Margin	14.8%	13.1%	11.5%	12.2%

Third-quarter revenue in the current year totaled €122 million compared to €107 million one year earlier, with revenue up for SIM cards and pay TV, and down for payment cards. The Segment Result for the third quarter climbed by €4 million to €18 million, producing a Segment Result Margin of 14.8 percent. Gross profit increased by €5 million to €46 million compared to the same quarter last year. Expenses recorded for research and development on the one hand and for selling and marketing on the other were only marginally higher than in the previous year.

Nine-month revenue totaled €331 million, an increase of €19 million or 6 percent on last year (€312 million). The most pronounced growth was generated with security controllers for SIM cards and integrated Near Field Communications (NFC) products, significantly raising the proportion of segment revenue coming from these applications. Revenue from sales of security chips for pay TV also rose significantly, whereas business with payment cards was down. Segment Result for the nine-month period amounted to €38 million and was therefore at a similar level to the previous year. Segment Result Margin stood at 11.5 percent, slightly down on the previous year due primarily to a lower gross margin reflecting higher costs of materials and capital on the one hand and a change in product mix on the other. Operating expenses also decreased overall in line with revenue, with research and development as well as administrative expenses down and selling expenses up moderately compared to the previous year's nine-month period.



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



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

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

- Further progress has been made in endeavors to launch new technology generations. Almost one billion security controllers have been supplied to customers on the basis of mass production 90-nanometer technology. An alternative production site was established with the subcontractor Taiwan Semiconductor Manufacturing Company Limited (TSMC) and deliveries of 90-nanometer products to customers from these commenced in the third quarter of the 2012 fiscal year.

- Infineon strengthened its leading position in the field of security chips for payment cards. For example, security chips made by Infineon are being used in the "girogo" project initiated by the German Banking Industry Committee ("Deutsche Kreditwirtschaft"). The project is the largest of its kind in Europe for contactless bank cards. A total of 16 million cards are scheduled to be replaced by German Sparkasse by the end of 2012. The Infineon security chip is the first to be approved by Deutsche Kreditwirtschaft for use in contactless bank cards. The card is fitted with a security controller that uses the "Integrity Guard" security technology, which has already received numerous awards.

- Infineon won two new major projects relating to security chips for government documents. The first of these involves what is currently the largest state-run project for the supply of smart cards in South Africa. Under this project, the payment service provider, Net1 UEPS Technologies, will supply biometrically secure debit chip cards in all nine South African provinces, which will enable more than ten million South African citizens to draw social welfare without needing a bank account. Infineon is also a supplier to the Malaysian "MyKad" project, one of the world's first electronic identity document projects to use a multi-application smart card. Approximately two million new identity cards are expected to be issued each year. Here too, the card is fitted with a security controller that uses the "Integrity Guard" security technology.

OTHER OPERATING SEGMENTS

€ in millions, except percentages	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	**2012**	2011
Revenue	29	54	111	156
Share of Total Revenue	3%	5%	4%	5%
Segment Result	-	3	11	12
Share of Total Segment Result	0%	1%	3%	2%

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

Third-quarter revenue decreased to €29 million (April 2011 – June 2011: € 54 million), mainly due to lower revenue recorded for business with Lantiq and IMC. Segment Result dropped accordingly.

Nine-month revenue amounted to €111 million compared with €156 million in the previous year, while Segment Result remained almost stable at €11 million (October 2010 - June 2011: €12 million).

CORPORATE AND ELIMINATIONS

Segment Result for the third quarter deteriorated from negative €1 million in the 2011 fiscal year to negative €5 million in the current fiscal year due to ramp-up costs for 300-millimeter production in Dresden. For the same reason, Segment Result for the nine-month period deteriorated from negative €3 million to negative €7 million.

REVIEW OF FINANCIAL CONDITION

€ in millions, except percentages	As of		Change year-on-year
	June 30, 2012	September 30, 2011	
Current assets	3,423	3,971	(14%)
Non-current assets	2,221	1,902	17%
Total assets	**5,644**	**5,873**	**(4%)**
Current liabilities	1,648	2,005	(18%)
Non-current liabilities	469	513	(9%)
Total liabilities	**2,117**	**2,518**	**(16%)**
Total equity	**3,527**	**3,355**	**5%**

DECREASE IN CURRENT ASSETS AS A RESULT OF LOWER GROSS CASH POSITION

Current assets went down by 14 percent to €3,423 million as of June 30, 2012, compared to €3,971 million as of September 30, 2011. The main reason for the drop was the €542 million decrease in gross cash position (sum total of cash and cash equivalents and financial investments) mainly attributable to the ongoing high level of investment in organic growth, the capital return program and the dividend payment for the previous fiscal year.

INVESTMENT IN ORGANIC GROWTH CAUSES NON-CURRENT ASSETS TO INCREASE

Non-current assets rose by €319 million (17 percent) from €1,902 million as of September 30, 2011 to €2,221 million as of March 31, 2012, principally due to capital expenditure on property, plant and equipment. As the amount invested was significantly greater than the depreciation expense, the carrying amount of property, plant and equipment rose by a total of €272 million. Capital expenditure included the further expansion of production sites in Kulim (Malaysia), Villach (Austria) and Dresden (Germany). Intangible assets increased by €27 million during the first nine months of the 2012 fiscal year, mainly in conjunction with capitalized development expenses (including investment expenditure to develop the 300-millimeter thin wafer technology).

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

Current liabilities stood at €1,648 million as of June 30, 2012, €357 million (18 percent) lower than as of September 30, 2011 (€2,005 million). The two main factors for this reduced figure were the € 212 million drop in trade and other payables and the €114 million decrease in current provisions, mainly reflecting the disbursement of bonus payments to employees. In addition, the exercising of put options on the Company's own shares by financial institutions amounting to €20 million had the effect of reducing other current financial liabilities.

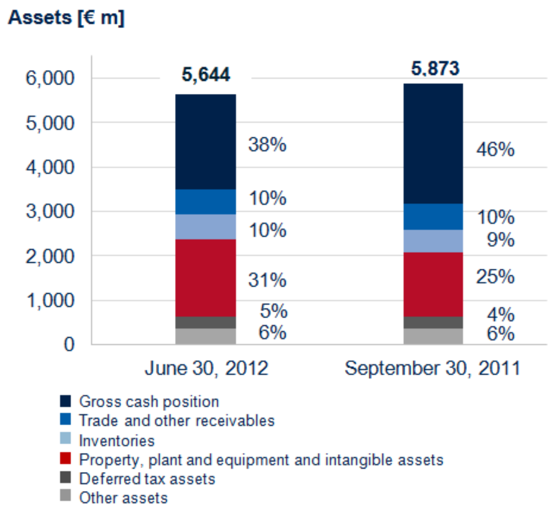
Compared to September 30, 2011 (€513 million), non-current liabilities decreased by €44 million or 9 percent to stand at €469 million as of June 30, 2012, with long-term debt reduced by €45 million during the period. The repurchase of subordinated convertible bonds due 2014 during the nine-month period reduced the carrying amount of non-current liabilities by €16 million.

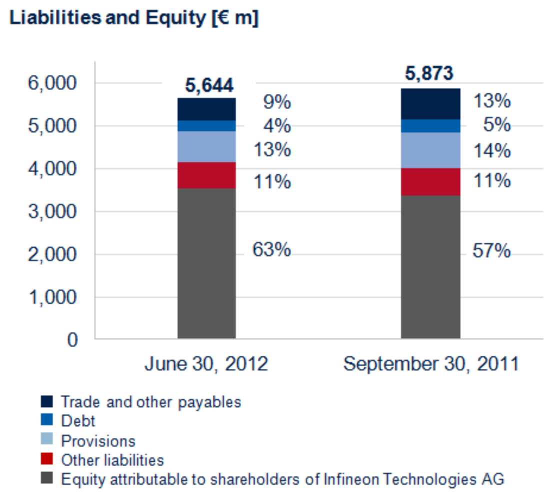
SLIGHT INCREASE IN EQUITY THANKS TO GROUP NET INCOME, DESPITE DIVIDEND PAYMENTS AND CAPITAL RETURN PROGRAM

Equity increased by €172 million (5 percent) to stand at €3,527 million as of June 30, 2012 (September 30, 2011: €3,355 million), primarily due to net income of €289 million for the nine-month period under report.

Payment of the dividend for the previous fiscal year amounted to €130 million and reduced equity accordingly. Equity was also reduced by €26 million owing to the repurchase of subordinated convertible bonds due 2014, through which the Company acquired conversion rights attached to more than 8.2 million shares. The decrease in outstanding put options as of June 30, 2012 and option premiums received had the effect of increasing equity.

The equity ratio improved to 62 percent as of June 30, 2012 (September 30, 2011: 57 percent).





REVIEW OF LIQUIDITY

CASH FLOW

	Nine months ended June 30,	
€ in millions	**2012**	2011
Net cash provided by operating activities from continuing operations	376	622
Net cash used in investing activities from continuing operations	(669)	(2,310)
Net cash used in financing activities from continuing operations	(242)	(260)
Net increase (decrease) in cash and cash equivalents from discontinued operations	(37)	1,104
Net decrease in cash and cash equivalents	**(572)**	**(844)**
Effect of foreign exchange rate changes on cash and cash equivalents	5	(1)
Change in cash and cash equivalents	**(567)**	**(845)**

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

Net cash provided by operating activities from continuing operations in the first nine months of the 2012 fiscal year totaled €376 million, which was €246 million lower than in the same period last year (€622 million). Taking income from continuing operations before depreciation, interest and taxes as the starting point (€679 million), the principal items reducing net cash provided by continuing operations were trade payables, other liabilities and provisions, which accounted for a total net cash outflow of €298 million during the nine-month period under report.

Income from continuing operations before depreciation, interest and taxes in the corresponding nine-month period of the previous fiscal year amounted to €827 million. Net cash from continuing operations during this period was reduced overall by a net amount of €143 million caused by increases in trade receivables and other receivables and inventories. Net cash provided by operating activities from continuing operations was also reduced in the previous year by income tax payments totaling €66 million.

Substantial investment in property, plant and equipment results in corresponding cash outflows

Net cash used in investing activities from continuing operations in the first nine months of the 2012 fiscal year totaled €669 million. Of this amount, €598 million related to capital expenditure on property, plant and equipment, with the primary focus on expanding front-end capacities in Kulim (Malaysia), Villach (Austria) and Dresden (Germany). In a similar vein, back-end manufacturing capacities were expanded in Malacca (Malaysia), Warstein (Germany) and Cegléd (Hungary). A total of €46 million was invested in intangible assets during the nine-month period, most of which related to internal projects concerning the development of 300-millimeter thin wafer technology for power semiconductors and product development. Disbursements for financial investments (primarily term deposits with a maximum tenor of three to six months) amounted to €27 million, net.

In the corresponding nine-month period of the previous fiscal year, net cash used in investing activities from continuing operations amounted to €2,310 million, of which €1,697 million related to the purchase and sale of financial investments and €585 million to capital expenditure on property, plant and equipment.

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

Net cash used in financing activities from continuing operations in the first nine months of the 2012 fiscal year amounted to €242 million, of which €130 million was used to pay the dividend for the 2011 fiscal year. In addition, subordinated convertible bonds due 2014 were repurchased for €50 million (nominal amount: €19 million) and 3 million of the Company's own shares were acquired for €20 million via put options. Other financial liabilities were reduced by €51 million, net. Option premiums of €8 million were received for newly issued put options on own shares.

Net cash used in financing activities from continuing operations for the first nine months of the 2011 fiscal year totaled €260 million, of which €123 million related to the repurchase of subordinated convertible bonds due 2014 with a nominal amount of €40 million. Other long-term debt was reduced by €31 million. A dividend of €109 million was paid to shareholders for the 2010 fiscal year.

Change in cash and cash equivalents from discontinued operations

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

In the corresponding period of the previous fiscal year, net cash provided by discontinued operations totaled €1,104 million and resulted primarily from cash proceeds of €1,053 million received upon the sale of the Wireless mobile phone business.

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:

	Nine months ended June 30,	
€ in millions	**2012**	2011
Net cash provided by operating activities from continuing operations	376	622
Net cash used in investing activities from continuing operations	(669)	(2,310)
Purchase of and proceeds from sale of financial investments, net	27	1,697
Free cash flow	**(266)**	**9**

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

Free cash flow for the first nine months of the 2012 fiscal year amounted to negative €266 million, compared to positive €9 million in the same period last year. Net cash provided by operating activities during this period covered only just over one half of the additions to property, plant and equipment and intangible assets totaling €644 million.

By contrast, free cash flow in the same period one year earlier was a slightly positive at €9 million and net cash provided by operating activities was sufficient to cover investments in property, plant and equipment and intangible assets amounting to €614 million.

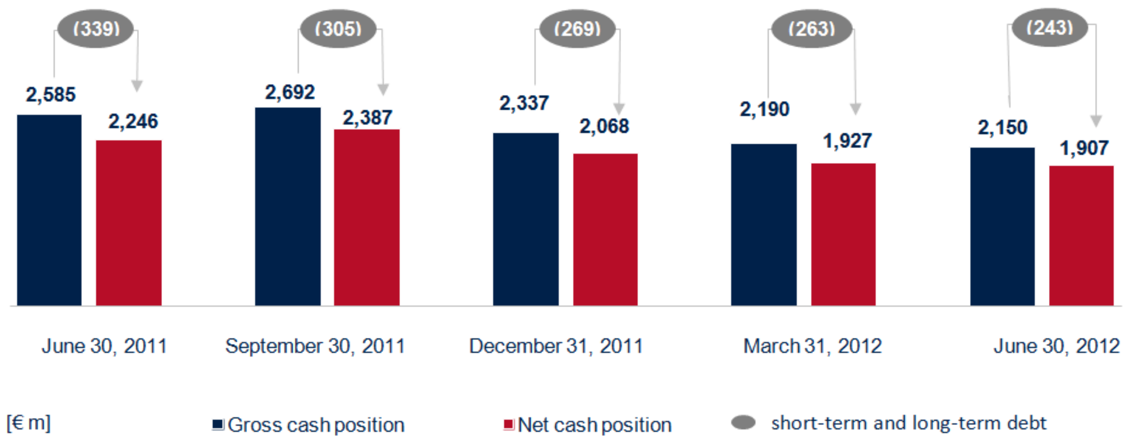
GROSS CASH POSITION AND NET CASH POSITION

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

€ in millions	**June 30, 2012**	September 30, 2011
Cash and cash equivalents	440	1,007
Financial investments	1,710	1,685
Gross cash position	**2,150**	**2,692**
Less:		
Long-term debt	192	237
Short-term debt and current maturities of long-term debt	51	68
Total financial debt	**243**	**305**
Net cash position	**1,907**	**2,387**

The gross cash position as of June 30, 2012 amounted to €2,150 million, down by €542 million on the €2,692 million reported as of September 30, 2011. The decrease in the gross cash position mainly reflects the negative free cash flow as well as disbursements in conjunction with the capital return program and the dividend payment.

The net cash position, which is defined as the gross cash position less short-term and long-term debt, decreased accordingly by €480 million from €2,387 million as of September 30, 2011 to € 1,907 million as of June 30, 2012.



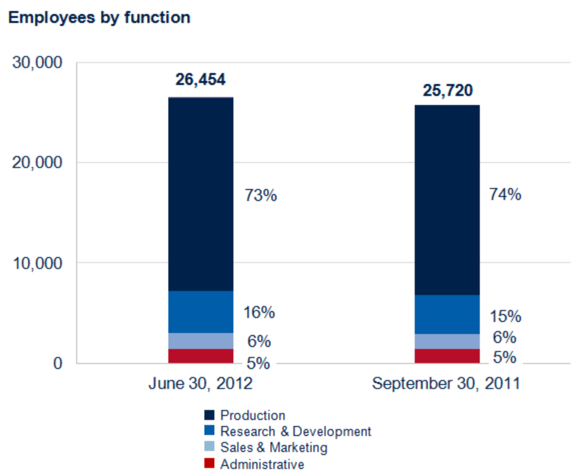
EMPLOYEES

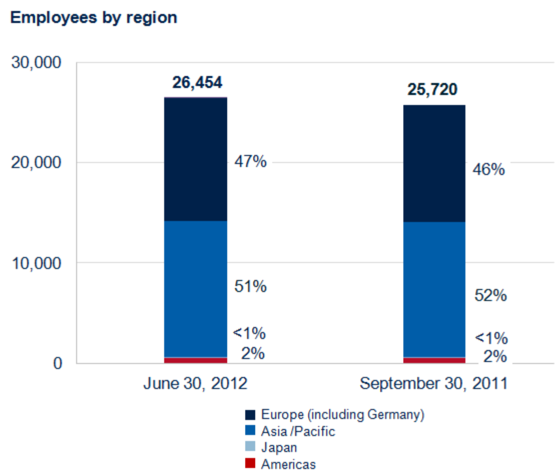
The following table shows the composition of the workforce of fully consolidated companies of the Infineon Group, by function and region, at the relevant reporting dates:

	As of		
	June 30, 2012	September 30, 2011	Change
Function:			
Production	19,231	18,892	2%
Research & Development	4,183	3,900	7%
Sales & Marketing	1,594	1,534	4%
Administration	1,446	1,394	4%
Total	**26,454**	**25,720**	**3%**
Region:			
Europe	12,306	11,681	5%
therein: Germany	8,320	7,926	5%
Asia-Pacific (w/o Japan)	13,551	13,450	1%
therein: China	1,309	1,278	2%
Japan	111	113	(2%)
Americas	486	476	2%
Total	**26,454**	**25,720**	**3%**

The total number of employees increased by 3 percent during the first nine months of the 2012 fiscal year. Almost one half of the increase related to the production function following the expansion of manufacturing capacities, particularly within Europe at the sites in Regensburg and Dresden (Germany) as well as Villach (Austria). The workforce was also expanded in other areas. In particular, the number of employees working on research and development activities was raised as a foundation for further growth.

31 percent of the Infineon workforce was employed at Infineon sites in Germany at both June 30, 2012 and September 30, 2011.





SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Infineon repurchased a further nominal amount of €5 million of subordinated convertible bonds due 2014 for approximately €12 million in conjunction with the capital return program initiated in the third quarter of the 2011 fiscal year. The unused portion of the capital return program amounted to €126 million thereafter. The repurchase made after the end of the reporting period resulted in a pre-tax loss of €1 million.

OUTLOOK

OUTLOOK FOR FOURTH QUARTER OF 2012 FISCAL YEAR CONFIRMED

Infineon forecasts that fourth-quarter revenue will be flat or down slightly compared with third quarter revenue and that the Segment Result Margin will be approximately 12 percent. Due to seasonal factors, Power Management & Multimarket revenue is expected to rise whereas Automotive revenue is expected to fall. Chip Card & Security revenue is likely to be slightly lower than in the third quarter, while Industrial Power Control revenue should remain at a similar level. The decrease in revenue is also being driven by a lower level of product and service sales related to the previously sold Wireline Communications and Wireless mobile phone businesses.

OUTLOOK FOR 2012 FISCAL YEAR

Based on the latest outlook for the fourth quarter, full-year revenue will be approximately 3 percent down from the previous year, reflecting lower revenue in the Industrial Power Control and Power Management & Multimarket segments and decreasing product and service sales in connection with the previously sold Wireline Communications and Wireless mobile phone businesses. The Segment Result Margin is forecast at between 13 and 14 percent of revenue. Investments will be at a similar level to the 2011 fiscal year and the depreciation and amortization expense will be in the region of €430 million.

CHANGE OF CEO

As announced on May 13, 2012, Peter Bauer will stand down from his position as Chief Executive Officer at the end of the current fiscal year for health reasons and at his own request. His successor will be his current board colleague, Dr. Reinhard Ploss.

RISKS AND OPPORTUNITIES

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

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

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

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

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2012 AND 2011

€ in millions; except earnings per share	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	**2012**	2011
Revenue	990	1,043	2,922	2,959
Cost of goods sold	(633)	(613)	(1,839)	(1,724)
Gross profit	357	**430**	**1,083**	**1,235**
Research and development expenses	(116)	(109)	(332)	(329)
Selling, general and administrative expenses	(119)	(114)	(354)	(330)
Other operating income	5	2	20	13
Other operating expense	(17)	(8)	(49)	(32)
Operating income	**110**	**201**	**368**	**557**
Financial income	8	13	31	27
Financial expense	(14)	(14)	(45)	(43)
Income (expense) from investments accounted for using the equity method	(1)	(1)	-	1
Income from continuing operations before income taxes	**103**	**199**	**354**	**542**
Income tax expense	(13)	(24)	(51)	(45)
Income from continuing operations	**90**	**175**	**303**	**497**
Income (loss) from discontinued operations, net of income taxes	(8)	15	(14)	497
Net income	**82**	**190**	**289**	**994**
Attributable to:				
Non-controlling interests	-	-	-	-
Shareholders of Infineon Technologies AG	82	190	289	994
Basic earnings per share attributable to shareholders of Infineon Technologies AG:				
Basic earnings per share (in Euro) from continuing operations	0.08	0.16	0.28	0.46
Basic earnings per share (in Euro) from discontinued operations	-	0.01	(0.01)	0.45
Basic earnings per share (in Euro)	**0.08**	**0.17**	**0.27**	**0.91**
Diluted earnings per share attributable to shareholders of Infineon Technologies AG:				
Diluted earnings per share (in Euro) from continuing operations	0.08	0.16	0.27	0.44
Diluted earnings per share (in Euro) from discontinued operations	-	0.01	(0.01)	0.43
Diluted earnings per share (in Euro)	**0.08**	**0.17**	**0.26**	**0.87**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2012 AND 2011

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Net income	**82**	**190**	**289**	**994**
Currency translation effects	9	(1)	14	(5)
Net change in fair value of available-for-sale financial assets	-	(1)	(1)	(1)
Net change in fair value of cash flow hedges	1	1	2	(7)
Other comprehensive income (loss) for the year, net of tax	**10**	**(1)**	**15**	**(13)**
Total comprehensive income for the year, net of tax	**92**	**189**	**304**	**981**
Attributable to:				
Non-controlling interests	-	-	-	-
Shareholders of Infineon Technologies AG	92	189	304	981

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

€ in millions	June 30, 2012	September 30, 2011
Assets:		
Current assets:		
Cash and cash equivalents	440	1,007
Financial investments	1,710	1,685
Trade and other receivables	563	593
Inventories	546	507
Income tax receivable	7	30
Other current financial assets	4	2
Other current assets	144	142
Assets classified as held for sale	9	5
Total current assets	**3,423**	**3,971**
Property, plant and equipment	1,615	1,343
Goodwill and other intangible assets	138	111
Investments accounted for using the equity method	34	34
Deferred tax assets	261	262
Other financial assets	132	124
Other assets	41	28
Total non-current assets	**2,221**	**1,902**
Total assets	**5,644**	**5,873**
Liabilities and equity:		
Current liabilities:		
Short-term debt and current maturities of long-term debt	51	68
Trade and other payables	523	735
Current provisions	696	810
Income tax payable	74	59
Other current financial liabilities	126	159
Other current liabilities	178	174
Total current liabilities	**1,648**	**2,005**
Long-term debt	192	237
Pension plans and similar commitments	172	168
Deferred tax liabilities	6	7
Long-term provisions	31	26
Other financial liabilities	7	4
Other liabilities	61	71
Total non-current liabilities	**469**	**513**
Total liabilities	**2,117**	**2,518**
Shareholders' equity:		
Ordinary share capital	2,174	2,173
Additional paid-in capital	5,710	5,854
Accumulated deficit	(4,225)	(4,514)
Other reserves	25	10
Own shares	(46)	(26)
Put options on own shares	(111)	(142)
Total equity attributable to shareholders of Infineon Technologies AG	**3,527**	**3,355**
Total liabilities and equity	**5,644**	**5,873**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2012 AND 2011

	Nine months ended June 30,	
€ in millions	**2012**	2011
Net income	**289**	**994**
Plus/minus: net income from discontinued operations, net of income taxes	14	(497)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	313	266
Income tax expense	51	45
Net interest result	12	19
Provision for doubtful accounts	5	1
Losses (gains) on sales of businesses and interests in subsidiaries	-	(2)
Income from investments accounted for using the equity method	-	(1)
Dividends received from associated companies	-	5
Impairment charges	18	(5)
Share-based compensation	2	1
Change in trade and other receivables	12	(86)
Change in inventories	(39)	(57)
Change in other current assets	(6)	(16)
Change in trade and other payables	(194)	88
Change in provisions	(104)	18
Change in other current liabilities	41	(36)
Change in other assets and liabilities	(43)	(43)
Interest received	30	16
Interest paid	(13)	(22)
Income tax paid	(12)	(66)
Net cash provided by operating activities from continuing operations	**376**	**622**
Net cash provided by operating activities from discontinued operations	**(27)**	**128**
Net cash provided by operating activities	**349**	**750**
Purchases of financial investments	(1,869)	(2,018)
Proceeds from sales of financial investments	1,842	321
Purchases of intangible assets and other assets	(46)	(29)
Purchases of property, plant and equipment	(598)	(585)
Proceeds from sales of property, plant and equipment and other assets	2	1
Net cash used in investing activities from continuing operations	**(669)**	**(2,310)**
Net cash provided by investing activities from discontinued operations	**(10)**	**979**
Net cash used in investing activities	**(679)**	**(1,331)**

	Nine months ended June 30,	
€ in millions	**2012**	2011
Proceeds from issuance of long-term debt	10	29
Repayments of long-term debt	(61)	(60)
Repurchase of convertible subordinated bonds	(50)	(123)
Change in cash deposited as collateral	-	(1)
Proceeds from issuance of ordinary shares	1	-
Purchases of own shares	(20)	-
Proceeds from the sale of put options for own shares	8	4
Dividend payments	(130)	(109)
Net cash used in financing activities from continuing operations	**(242)**	**(260)**
Net cash used in financing activities from discontinued operations	**-**	**(3)**
Net cash used in financing activities	**(242)**	**(263)**
Net decrease in cash and cash equivalents	(572)	(844)
Effect of foreign exchange rate changes on cash and cash equivalents	5	(1)
Cash and cash equivalents at beginning of period	1,007	1,667
Cash and cash equivalents at end of period	**440**	**822**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2012 AND 2011

€ in millions, except for number of shares	Ordinary shares issued				Other
	Shares	Amount	Additional paid-in capital	Accumulated deficit	Foreign currency translation adjustment
Balance as of October 1, 2010	**1,086,742,085**	**2,173**	**6,048**	**(5,613)**	**16**
Net income	-	-	-	994	-
Other comprehensive income for the period, net of tax	-	-	-	-	(5)
Total comprehensive income for the period, net of tax	-	-	-	994	(5)
Dividends	-	-	(109)	-	-
Issuance of ordinary shares:					
Exercise of stock options	3,750	-	-	-	-
Share based compensation	-	-	1		-
Put options on own shares	-	-	4	-	-
Other changes in equity	-	-	(69)	-	-
Balance as of June 30, 2011	**1,086,745,835**	**2,173**	**5,875**	**(4,619)**	**11**
Balance as of October 1, 2011	**1,086,745,835**	**2,173**	**5,854**	**(4,514)**	**16**
Net income	-	-	-	289	-
Other comprehensive income for the period, net of tax	-	-	-	-	14
Total comprehensive income for the period, net of tax	-	-	-	289	14
Dividends	-	-	(130)	-	-
Issuance of ordinary shares:					
Exercise of stock options	310,497	1	-	-	-
Share based compensation	-	-	2	-	-
Purchase of own shares	-	-	-	-	-
Put options on own shares	-	-	10	-	-
Other changes in equity	-	-	(26)	-	-
Balance as of June 30, 2012	**1,087,056,332**	**2,174**	**5,710**	**(4,225)**	**30**

reserves						
Unrealized gains (losses) on securities	Unrealized gains (losses) on cash flow hedge	Own shares	Put options on own shares	Total equity attributable to shareholders of Infineon Technologies AG	Non-controlling interests	Total equity
3	**(2)**	**-**	**-**	**2,625**	**-**	**2,625**
-	-	-	-	994	-	994
(1)	(7)	-	-	(13)	-	(13)
(1)	(7)	-	-	981	-	981
-	-	-	-	(109)	-	(109)
-	-	-	-	-	-	-
-	-	-	-	1	-	1
-	-	-	(113)	(109)	-	(109)
-	-	-	-	(69)	-	(69)
2	**(9)**	**-**	**(113)**	**3,320**	**-**	**3,320**
3	**(9)**	**(26)**	**(142)**	**3,355**	**-**	**3,355**
-	-	-	-	289	-	289
(1)	2	-	-	15	-	15
(1)	2	-	-	304	-	304
-	-	-	-	(130)	-	(130)
-	-	-	-	1	-	1
-	-	-	-	2	-	2
-	-	(20)	-	(20)	-	(20)
-	-	-	31	41	-	41
-	-	-	-	(26)	-	(26)
2	**(7)**	**(46)**	**(111)**	**3,527**	**-**	**3,527**

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1 / BASIS OF PRESENTATION

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

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

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

All amounts herein are shown in Euro (€) except where otherwise stated. Negative amounts are presented in parentheses.

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

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

2 / ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

The following Standards were applied for the first time in the nine-month period ended June 30, 2012:

- **Amendment to IAS 24 – "Related Party Disclosures"** The amendment clarifies the definition of related parties and does not have any significant impact on the Interim Consolidated Financial Statements.
- **Improvements to IFRS (2010)**. The Standard brings together numerous smaller changes to existing standards in conjunction with an annual program of improvements to IFRS. The changes do not have any significant impact on the Interim Consolidated Financial Statements.

3 / DIVESTITURES AND DISCONTINUED OPERATIONS

QIMONDA — DISCONTINUED OPERATIONS

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

Provisions relating to Qimonda's insolvency were required to be adjusted in the Interim Consolidated Financial Statements for the three and nine months ended June 30, 2012 and 2011, respectively, as a result of new developments.

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

SALE OF THE WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

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

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

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

The pre-tax gain recorded in the full 2011 fiscal year on the sale of the Wireless mobile phone business amounted to €507 million. The pre-tax gain on the sale remained unchanged in the first nine months of the 2012 fiscal year. In total – taking account of all items with a profit or loss impact that have arisen since the contract was concluded in August 2010, including transaction costs and effects of the U.S. dollar hedge of the purchase price – the pre-tax gain amounted to €526 million.

The tax expense recorded on the gain of the Wireless mobile phone business in the 2011 fiscal year amounted to €155 million; this tax expense increased by €7 million during the first nine months of the 2012 fiscal year. A change in the administrative guidelines of the German tax authorities which is generally relevant to a transaction in connection with the sale of the Wireless mobile phone business resulted in an expense for an adjustment to tax provisions in the first nine months of the 2012 fiscal year.

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

Following the sale, the Company continues to sell products and render services to IMC. The results from these activities are reported in income (loss) from discontinued operations to the extent that these activities are being performed for a limited time period of a few months and serve to ensure the transfer of the Wireless mobile phone business to IMC. These activities included the performance of procurement-related services on behalf of IMC, for which the company received upfront payments in the 2011 fiscal year amounting to €32 million which were repaid in the first quarter of the 2012 fiscal year. By contrast, sales or products and services to IMC which are not covered by the activities described above are reported as continuing operations in the Consolidated Statement of Operations and within “Other Operating Segments” for segment reporting purposes.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets reported as held for sale at June 30, 2012 and September 30, 2011 amounting to €9 million and €5 million respectively, relate to items of property, plant and equipment acquired from Qimonda Dresden GmbH & Co. oHG (“Qimonda Dresden”) which the Company intends to sell.

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

The results of Qimonda, the Wireline Communication business, and the Wireless mobile phone business presented in the Consolidated Statements of Operations as discontinued operations for the three and nine months ended June 30, 2012 and 2011, consist of the following components:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Qimonda				
Estimated expenses resulting from Qimonda's insolvency	(8)	(2)	(10)	(37)
Loss before tax	**(8)**	**(2)**	**(10)**	**(37)**
Income tax benefits	1	1	1	5
Qimonda's share of discontinued operations, net of income taxes	**(7)**	**(1)**	**(9)**	**(32)**
Wireline Communications business				
Revenue	-	-	-	-
Costs and expenses	-	-	-	(1)
Profit (loss) before tax	**-**	**-**	**-**	**(1)**
Income tax benefits	-	-	-	1
Income (loss) from operations	**-**	**-**	**-**	**-**
Pre-tax gain recognized on the sale of the Wireline Communications business	-	2	-	2
Income tax expense on gain	-	-	-	-
Post-tax gain on the sale of the Wireline Communications business	-	2	-	2
Wireline Communication's share of discontinued operations, net of income taxes	**-**	**2**	**-**	**2**
Wireless mobile phone business				
Revenue	(2)	12	1	689
Costs and expenses	2	-	1	(483)
Profit before tax	**-**	**12**	**2**	**206**
Income tax expense	-	(1)	-	(26)
Income from operations	**-**	**11**	**2**	**180**
Pre-tax gain (loss) recognized on the sale of the Wireless mobile phone business	(1)	3	-	504
Income tax expense on gain	-	-	(7)	(157)
Post-tax gain (loss) on the sale of the Wireless mobile phone business	(1)	3	(7)	347
Wireless mobile phone business' share of discontinued operations, net of income taxes	**(1)**	**14**	**(5)**	**527**
Income (loss) from discontinued operations, net of income taxes	**(8)**	**15**	**(14)**	**497**

4 / FINANCIAL INCOME

Financial income for the three and nine months ended June 30, 2012 and 2011 comprise the following:

	Three month ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Interest income	8	10	31	24
Other financial income	-	3	-	3
Total	**8**	**13**	**31**	**27**

5 / FINANCIAL EXPENSE

Financial expense for the three and nine months ended June 30, 2012 and 2011 comprise the following:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Interest expense	12	14	43	43
Valuation changes and losses on sales of financial investments	1	-	1	-
Other financial expense	1	-	1	-
Total	**14**	**14**	**45**	**43**

Interest expense for the three and nine months ended June 30, 2012 include a pre-tax loss of €0 million and €5 million respectively arising on repurchases of convertible bonds due 2014 (see note 12). Interest expense for the three and nine months ended June 30, 2011 include a pre-tax loss of €1 million and €12 million respectively arising on repurchases of convertible bonds due 2014.

6 / INCOME TAX

Income from continuing operations before income taxes and income tax expense thereon for the three and nine months ended June 30, 2012 and 2011 were as follows:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Income from continuing operations before income taxes	103	199	354	542
Income tax expense	(13)	(24)	(51)	(45)
Effective tax rate	13%	12%	14%	8%

The tax expense for the three and nine months ended June 30, 2012 and 2011 was influenced by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets. In addition, the tax expense for the three and nine months ended June 30, 2011 was reduced by the reversal of tax provisions for prior years.

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 when stock options are exercised and decreased by share repurchases and the acquisition of shares following the exercise of put options on own shares.

Basic earnings per share are calculated as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	**2012**	2011
Earnings per share — basic (€ in millions):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	90	175	303	497
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	(8)	15	(14)	497
Earnings attributable to shareholders of Infineon Technologies AG	**82**	**190**	**289**	**994**
Weighted-average number of shares outstanding (in millions):				
- Ordinary share capital	1,086.8	1,086.7	1,086.8	1,086.7
- Adjustment for own shares	(7.0)	-	(6.4)	-
Weighted-average number of shares outstanding — basic	1,079.8	1,086.7	1,080.4	1,086.7
Basic earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.08	0.16	0.28	0.46
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	0.01	(0.01)	0.45
Earnings per share attributable to shareholders of Infineon Technologies AG — basic	**0.08**	**0.17**	**0.27**	**0.91**

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

Diluted earnings per share are calculated as follows:

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	**2012**	2011
Earnings per share — diluted (€ in millions):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	90	175	303	497
Adjustment for interest expense on convertible bond	4	4	11	14
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG — diluted	94	179	314	511
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	(8)	15	(14)	497
Earnings attributable to shareholders of Infineon Technologies AG — diluted	**86**	**194**	**300**	**1,008**
Weighted-average number of shares outstanding — basic (in millions):	1,079.8	1,086.7	1,080.4	1,086.7
Adjustments for:				
- Effect of potential conversion of convertible bond	52.3	69.0	53.6	73.2
- Effect of stock options	1.2	1.4	1.3	1.4
- Effect of put options on own shares	-	-	-	-
Weighted-average number of shares outstanding — diluted	1,133.3	1,157.1	1,135.3	1,161.3
Diluted earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.08	0.16	0.27	0.44
Loss / earnings from discontinued operations, net of income taxes attributable to shareholders of Infineon Technologies AG	-	0.01	(0.01)	0.43
Earnings per share attributable to shareholders of Infineon Technologies AG — diluted	**0.08**	**0.17**	**0.26**	**0.87**

The weighted-average number of potentially dilutive instruments which did not have a dilutive impact were not taken into account in the calculation of diluted earnings per share. For the three months ended June 30, 2012 and 2011 this included 12.2 million and 11.6 million stock options issued to members of the management board and employees, respectively, where the exercise price was higher than the average share price during the relevant periods. For the nine months ended June 30, 2012 and 2011 the equivalent figures were 12.1 million and 12.8 million stock options respectively. Similarly 14.5 million and 7.7 million of the put options written on own shares from May 2011 onwards were not taken into account in the computation during the three and nine months to June 30, 2012 since their exercise price was lower than the average share price during the reporting period.

8 / TRADE AND OTHER RECEIVABLES

Trade and other receivables comprised the following:

€ in millions	June 30, 2012	September 30, 2011
Third party - trade	522	527
Related parties - trade	3	5
Trade accounts receivable, gross	**525**	**532**
Allowance for doubtful accounts	(21)	(22)
Trade accounts receivable, net	**504**	**510**
Grants receivable	36	57
Third party - financial and other receivables	15	23
Employee receivables	8	3
Total	**563**	**593**

9 / INVENTORIES

Inventories consist of the following:

€ in millions	June 30, 2012	September 30, 2011
Raw materials and supplies	75	70
Work-in-process	297	262
Finished goods	174	175
Total Inventories	**546**	**507**

Inventories at June 30, 2012 and September 30, 2011 are stated net of write-downs of €76 million and €68 million, respectively.

10 / TRADE AND OTHER PAYABLES

Trade and other payables comprised the following:

€ in millions	June 30, 2012	September 30, 2011
Third party - trade	507	705
Related parties - trade	9	15
Trade payables	**516**	**720**
Related parties - other payables	1	11
Other	6	4
Total	**523**	**735**

11 / PROVISIONS

Provisions consist of the following:

€ in millions	June 30, 2012	September 30, 2011
Personnel-related obligations	175	278
Warranties and licenses	111	119
Provisions related to Qimonda	320	300
Other	121	139
Total	**727**	**836**

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

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

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

Other provisions comprise provisions for outstanding expenses, penalties for default or delay on contracts, asset retirement obligations and miscellaneous other liabilities.

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

€ in millions	June 30, 2012	September 30, 2011
Current	696	810
Non-current	31	26
Total	**727**	**836**

12 / DEBT

Debt consists of the following:

€ in millions	June 30, 2012	September 30, 2011
Current portion of long-term debt	51	68
Total short-term debt and current maturities of long-term debt	**51**	**68**
Convertible subordinated bonds, 7.5%, due 2014	103	114
Loans payable to banks:		
Unsecured term loans, weighted average rate 1.87% (prior year 2.27%), due 2013-2021	89	123
Total long-term debt	**192**	**237**
Total	**243**	**305**

In conjunction with its capital return program (see note 13), the Company repurchased subordinated convertible bonds due 2014 with a nominal amount of €19 million for approximately €50 million during the nine-month period ended June 30, 2012. The repurchases resulted in a pre-tax accounting loss of €5 million which is reported as interest expense within financial expense. Additional paid-in capital was reduced by €26 million (net of tax), reflecting the repurchase of conversion rights to shares attached to the repurchased bonds. During the 2011 fiscal year, the Company had already repurchased convertible bonds with a nominal amount of €59 million for €173 million, partly in conjunction with the capital return program. In July 2012 the Company repurchased further convertible bonds with a nominal amount of €5 million for approximately €12 million. The remainder of the bonds outstanding with a nominal value of €113 million can be converted into up to 50 million shares.

Loans payable to banks, including the current portion thereof, relate primarily to project financing at the level of Infineon Technologies Austria AG and Infineon Technologies (Kulim) Sdn. Bhd. In June 2009 and September 2010, local financial institutions granted working capital and project loan facilities to Infineon Technologies (Wuxi) Co. Ltd. amounting to a total of US$176 million (€129 million). These multi-year facilities, which are available for general corporate purposes and the expansion of manufacturing facilities in Wuxi, China, including intragroup asset transfers, were not being utilized as of June 30, 2012. The credit lines are secured in the event of utilization by an asset pledge and a corporate guarantee.

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

€ in millions			As of June 30, 2012		
Term	Nature of financial institution commitment	Purpose/ intended use	Aggregate facility	Drawn	Available
Short-term	firm commitment	general corporate purposes, working capital, guarantees	69	-	69
Short-term	no firm commitment	working capital, cash management	121	-	121
Long-term[1]	firm commitment	project finance	215	140	75
Total			**405**	**140**	**265**

[1] Including current maturities.

13 / EQUITY

The ordinary share capital of Infineon Technologies AG amounted to €2,174,112,664 at June 30, 2012. It was sub-divided into 1,087,056,332 non par registered shares, each representing €2.00 of the Company’s ordinary share capital. 310,497 new shares were issued out of Conditional Capital III during the first nine months of the 2012 fiscal year as a result of the exercise of stock options. In all other respects, Contingent and Authorized Capital were both unchanged compared to September 30, 2011.

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

In the period through March 2013, the Company intends to use up to €300 million for measures aimed at returning capital to shareholders; of this amount, €138 million remained available at June 30, 2012. Capital may be returned via put options on Infineon shares, outright buybacks of Infineon shares using the Frankfurt Stock Exchange’s Xetra trading system or through further repurchases of Infineon’s outstanding convertible bonds (see note 12). It is envisaged that any repurchased shares will be cancelled and the Company’s ordinary share capital reduced accordingly. The capital return program may be suspended and resumed at any time within the time limits assigned by the Annual General Meeting and in compliance with other statutory provisions.

Convertible bonds have been repurchased for €116 million through June 30, 2012 in conjunction with the capital return program. The Company repurchased further bonds for €12 million in July 2012.

Since May 10, 2011 Infineon Technologies AG has been using the authorization given by shareholders at the Annual General Meeting on February 17, 2011 to repurchase own shares under the terms of the capital return program. Up to June 30, 2012 Infineon had issued put options on own shares with a maximum term of nine months and with a total volume of €302 million; of this amount, €120 million were issued in the current fiscal year. Put options for an amount of €113 million remain outstanding at June 30, 2012. These put options correspond to a total of 21 million shares with various fixed exercise prices and require physical delivery of the shares. No put options were exercised during the three-month period to June 30, 2012. During the nine-month period then ended, put options for 3 million shares were exercised, requiring Infineon to pay €20 million to the option holders to acquire the shares. As of June 30, 2012, the Company holds a total of 7 million own shares (purchase price: €46 million).

The following table reconciles put options on own shares issued in the 2012 and 2011 fiscal years to outstanding put options on own shares at June 30, 2012:

in each case stated in millions	in €	Underlying number of shares
Put options issued during the 2011 fiscal year	182	32
Less: put options expired in the 2011 fiscal year	(12)	(2)
Less: put options exercised in the 2011 fiscal year	(26)	(4)
Outstanding put options as of September 30, 2011	**144**	**26**
Put options issued during the 2012 fiscal year	120	22
Less: put options expired so far in the 2012 fiscal year	(131)	(24)
Less: put options exercised so far in the 2012 fiscal year	(20)	(3)
Outstanding put options as of June 30, 2012	**113**	**21**

Premiums received for the put options during the first nine months of the 2012 fiscal year amounted to €8 million and resulted in a corresponding increase of additional paid-in capital.

The obligation to acquire own shares recognized as of June 30, 2012 measured at the present value of the amount expected to settle the outstanding put options amounting to €111 million results in a corresponding reduction in equity, which is reported within the equity line item “Put options on own shares”. The obligation is recognized on the line “Other current financial liabilities”, measured on an accrual basis with interest recognized over the term of the instrument. The relevant liabilities are extinguished when the put options are settled by payment. At that stage, the amount previously recorded is reclassified, within equity, from “Put options on own shares” to “Own shares”. If the options are not exercised, the relevant liability is derecognized and equity increased accordingly.

14 / SHARE-BASED COMPENSATION

On December 15, 2011, the Company issued 3,120,000 stock options to selected employees and 555,429 stock options to members of the Management Board in conjunction with the Stock Option Plan 2010 (“SOP 2010”). The expected vesting period of the options is approximately 5 years and their contractual term is 7 years. The expense for granting stock options on December 15, 2011 is being recognized over the expected vesting term of approximately 5 years.

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

There have otherwise been no significant changes compared to the descriptions provided in the Consolidated Financial Statements for the year ended September 30, 2011. 0.1 million and 2.9 million options respectively lapsed during the three and nine months to June 30, 2012 and 0.3 million options were exercised during each of these periods. Expenses for share-based compensation were not significant for the three and nine months ended June 30, 2012 and 2011.

15 / RELATED PARTIES

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

The Company purchases certain of its raw materials from, and sells certain of its products to Related Parties. Purchases from and sales to Related Parties are generally executed at manufacturing cost plus a mark-up.

Related Party receivables consist primarily of trade, financial, and other receivables from equity method investees and related companies, and totaled €3 million and €5 million as of June 30, 2012 and September 30, 2011, respectively.

Related Party payables consist primarily of trade, financial, and other payables to equity method investees and related companies, and totaled €10 million and €26 million as of June 30, 2012 and September 30, 2011, respectively.

Sales and service charges to Related Parties totaled €5 million and €6 million in the three months periods ended June 30, 2012 and 2011, respectively, while purchases from Related Parties totaled €30 million and €26 million in the three-months periods ended June 30, 2012 and 2011, respectively. Sales and service charges to Related Parties totaled €16 million and €18 million in the nine months periods ended June 30, 2012 and 2011, respectively, while purchases from Related Parties totaled €92 million and €105 million in the nine-month periods ended June 30, 2012 and 2011, respectively.

During the three and nine periods ended June 30, 2012 and 2011, respectively, there were no transactions between the Company and members of the Management Board and Supervisory Board which do not fall within the scope of the existing rules governing the employment, service or appointment of those individuals or of the contractual arrangements for their remuneration.

16 / COMMITMENTS AND CONTINGENCIES

LITIGATION AND GOVERNMENT INQUIRIES

ANTITRUST LITIGATION

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

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

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

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

GOVERNMENT INQUIRIES

In October 2008, the Company learned that the European Commission had commenced an investigation involving the Company's Chip Card & Security business for alleged violations of antitrust laws. In September and October

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

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

PATENT LITIGATION

In November 2008, Volterra Semiconductor Corporation ("Volterra") filed suit against Primarion, Inc. (an affiliated of the Company), the Company, and IF North America (jointly the "Defendants") in the United States District Court for the Northern District of California, alleging infringement of five U.S. patents by certain products offered by Primarion and claimed relief for damages, enhanced damages for willful infringement and injunctive relief. Volterra later withdrew one patent; four patents remain in the case. In May 2011, the court decided that two of the patents were infringed. This decision was anticipated by the Company. It has accordingly made preparations to appeal this outcome and recorded provisions for legal expenses and those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at the present time. The case is now in the damages phase. Trial on the topics of damages and willfulness has been vacated, as fact discovery showed that the damages theory presented by Volterra is legally flawed. Volterra is now seeking to plead a different, to-be-specified damages theory. Infineon objects to a change of damages theory at this late stage in the proceedings. Mediation has been scheduled for September 2012. Suit will not commence with respect to the two remaining patents before damages have been adjudicated with respect to the former two patents. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits. There can be no assurance that the provisions recorded will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to this litigation. In January 2010, the Company also filed suit against Volterra in the United States District Court for the District of Delaware for infringement of four U.S. patents. The case was initially stayed. In December 2011, the stay was lifted and the case transferred to California.

In April 2011, the Company sued Atmel Corporation for infringement of eleven of its patents in the District of Delaware. In July 2011, Atmel responded, denying liability and countersuing the Company, alleging infringement of, initially, six of its patents, as well as breach of a confidentiality agreement allegedly entered into by the parties during previous negotiations involving some of the patents-in-suit. In March 2012, Atmel extended its countersuit by four further allegedly infringed patents. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits.

QIMONDA MATTERS

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

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

LEGAL DISPUTES

Alleged activation of a shell company

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

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

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

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

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

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

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

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

The US Bankruptcy Court upheld the administrator's claim in November 2009, but the US District Court for the Eastern District of Virginia then sent the case back to the US Bankruptcy Court in July 2010 instructing that the legitimate interests of the licensees and the creditors in the insolvency should be carefully weighed up against the background of the purpose of the statutory regulation. In October 2011, the US Bankruptcy Court decided, after having diligently balanced the interests of the parties, that Section 365(n) of the US Bankruptcy Code applies with respect to Qimonda's US patents, thus the licenses under these patents remain valid. On November 11, 2011, the administrator appealed against the decision of the U.S. Bankruptcy Court directly to the Court of Appeals for the Fourth Circuit. The Court of Appeals for the Fourth Circuit has accepted the direct appeal on June 28, 2012.

EXTRAJUDICIAL CLAIMS

Inotera

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

Other claims made by the administrator

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

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

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

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

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

Assessment of these claims by Infineon

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

Claims asserted orally by the administrator

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

Insolvency of Qimonda Dresden GmbH & Co. oHG

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

Other claims

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

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

PROVISIONS

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

As described above, the Company faces certain risks in connection with the insolvency proceedings of Qimonda and that entity's subsidiaries. Certain of these matters led the Company to record provisions of €320 million and €300 million as of June 30, 2012 and September 30, 2011, respectively. Presenting details of further actual amounts included in provisions for specific liabilities and risks associated with the insolvency of Qimonda could seriously prejudice the Company's legal or negotiating position, so no such disclosures are made.

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

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

OTHER

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

PROVISIONS AND THE POTENTIAL EFFECT OF THESE MATTERS

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

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

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

OTHER CONTINGENCIES

In total, the Company has guarantees outstanding to external parties as of June 30, 2012 amounting to €120 million.

In conjunction with its investing activities, the Company receives government grants and subsidies related to the construction and financing of certain of its production facilities. Grants are also received for selected research and development projects. These amounts are recognized upon the attainment of specified criteria. Certain of these grants have been received contingent upon the Company complying with certain project-related requirements, such as creating a specified number of jobs over a defined period of time. The Company is committed to maintaining these requirements. Nevertheless, should such requirements not be met, as of June 30, 2012, a maximum of €30 million of these subsidies could be refundable. From today's perspective, the Company expects to be able to comply with the conditions attached to the grants. Such amount does not include any potential liabilities for Qimonda-related subsidies.

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

17 / SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

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

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

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

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

SEGMENT DATA

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Revenue:				
Automotive	428	410	1,244	1,156
Industrial Power Control	177	204	547	581
Power Management & Multimarket	233	268	682	747
Chip Card & Security	122	107	331	312
Other Operating Segments	29	54	111	156
Corporate and Eliminations	1	-	7	7
Total	**990**	**1,043**	**2,922**	**2,959**

Revenue for the three and nine-months period ended June 30, 2012 and 2011 does not contain any inter-segmental revenue.

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Segment Result:				
Automotive	54	80	172	213
Industrial Power Control	26	47	92	153
Power Management & Multimarket	33	69	105	178
Chip Card & Security	18	14	38	38
Other Operating Segments	-	3	11	12
Corporate and Eliminations	(5)	(1)	(7)	(3)
Total	**126**	**212**	**411**	**591**

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

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2012**	2011	**2012**	2011
Segment Result	126	212	411	591
plus / minus:				
Asset impairment reversals / asset impairments, net	(4)	-	(18)	5
Share-based compensation expense	(1)	-	(2)	(1)
Acquisition-related depreciation / amortization and losses	(1)	(1)	(3)	(3)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries	-	(1)	-	(1)
Other expenses	(10)	(9)	(20)	(34)
Operating income	**110**	**201**	**368**	**557**
Financial income	8	13	31	27
Financial expense	(14)	(14)	(45)	(43)
Income from investment accounted for using the equity method	(1)	(1)	-	1
Income from continuing operations before income taxes	**103**	**199**	**354**	**542**

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg:

We have reviewed the condensed interim consolidated financial statements - comprising the statement of financial position, the statement of operations, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and selected explanatory notes - together with the interim group management report of Infineon Technologies AG, for the period from October 1, 2011 to June 30 , 2012 that are part of the quarterly financial report according to § 37x section 3 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union (EU), and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, August 3, 2012

KPMG AG

Wirtschaftsprüfungsgesellschaft

Kozikowski	Wolper
Wirtschaftsprüfer	Wirtschaftsprüfer

SUPPLEMENTARY INFORMATION (UNAUDITED)

OUTLOOK

This Quarterly Report contains forward-looking statements about the business, financial condition and earnings performance of the Infineon Group.

These statements are based on assumptions and projections resting upon currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected.

Beyond disclosure requirements stipulated by law, Infineon does not undertake any obligation to update forward-looking statements.

FINANCIAL CALENDAR

Fiscal Period	Period end date	Results press release (preliminary)
Fiscal Year 2012	September 30, 2012	November 14, 2012

Publication date of the third quarterly financial report for the 2012 fiscal year: August 8, 2012

CONTACT INFORMATION

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