Q3

QUARTERLY FINANCIAL REPORT
June 30, 2015

Infineon Technologies AG

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CONTENT

SELECTED CONSOLIDATED FINANCIAL DATA

	Three months ended June 30,		Nine months ended June 30,	
€ in millions; except earnings per share, Segment Result Margin and Gross margin	**2015**	2014	**2015**	2014
Selected Results of Operations Data				
Revenue	1,586	1,110	4,197	3,145
Gross margin	34.8%	38.7%	34.7%	37.8%
Segment Result	245	170	611	431
Segment Result Margin	15.4%	15.3%	14.6%	13.7%
Research and development expenses	201	141	520	410
Capital expenditure[1]	215	144	506	426
Depreciation and amortization	205	131	549	377
Income from continuing operations	105	143	300	341
Income from discontinued operations, net of income taxes	4	-	9	13
Net income	109	143	309	354
Basic earnings per share (in euro) from continuing operations	0.10	0.13	0.26	0.31
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG	0.10	0.13	0.27	0.32
Diluted earnings per share (in euro) from continuing operations	0.10	0.13	0.26	0.31
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG	0.10	0.13	0.27	0.32
Selected Liquidity Data				
Net cash provided by operating activities from continuing operations	432	228	528	589
Net cash used in investing activities from continuing operations	(437)	(250)	(2,143)	(642)
Therein: Purchases (-)/proceeds from sales(+) of financial investments, net	(225)	(100)	216	(212)
Net cash used in financing activities from continuing operations	(24)	(13)	1,364	(174)
Net change in cash and cash equivalents from discontinued operations	(2)	(1)	(138)	(6)
Change in cash and cash equivalents	(38)	(36)	(358)	(236)
Free Cash Flow from continuing operations[2]	220	78	(1,831)	159

	As of	
€ in millions; except number of employees	**June 30, 2015**	September 30, 2014
Selected Financial Condition Data		
Total assets	8,292	6,438
Total equity	4,407	4,158
Gross cash position[3]	1,842	2,418
Debt (short-term and long-term)	1,793	186
Net cash position[3]	49	2,232
Employees	35,039	29,807

[1] Capital expenditure: the total amount invested in property, plant and equipment and intangible assets, including capitalized research and development expenses.
[2] Free cash flow is defined as net cash provided by/used in operating activities from continuing operations and net cash provided by/used in investing activities from continuing operations after adjusting for cash flows related to the purchase and sale of financial investments.
[3] Gross cash position is defined as cash and cash equivalents and financial investments. Net cash position is defined as gross cash position less short-term and long-term debt.

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

NINE-MONTH PERIOD OF 2015 FISCAL YEAR:

ACQUISITION OF INTERNATIONAL RECTIFIER SUCCESSFULLY COMPLETED; INTEGRATION PROGRESSING ACCORDING TO PLAN

INFINEON'S NINE-MONTH PERFORMANCE BOOSTED BY STRENGTH OF US-DOLLAR AND CONTINUING POSITIVE GLOBAL ECONOMIC TREND:

JUMP IN REVENUE AND SEGMENT RESULT COMPARED TO PREVIOUS YEAR; STRONG THIRD QUARTER

NET INCOME AND EARNINGS PER SHARE LOWER AS A RESULT OF ACQUISITION-RELATED EXCEPTIONAL EXPENSES, BUT IMPROVEMENT IN ADJUSTED EARNINGS PER SHARE

NEGATIVE FREE CASH FLOW DUE TO PAYMENT OF PURCHASE PRICE FOR INTERNATIONAL RECTIFIER AS WELL AS PAYMENTS IN CONJUNCTION WITH THE QIMONDA PARTIAL SETTLEMENT AND EU COMMISSION; NET CASH POSITION POSITIVE AGAIN AT JUNE 30, 2015

“Revenue, earnings and margin rose significantly in the third quarter, despite an increasingly difficult business environment. For the full fiscal year, we therefore continue to forecast revenue and a Segment Result Margin within the ranges previously predicted”, stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. “The integration of International Rectifier is progressing according to plan. Leading technologies and an excellent system understanding differentiate us from the competition, to the benefit of our customers. Therefore we are ideally equipped to take on the challenges of the future.”

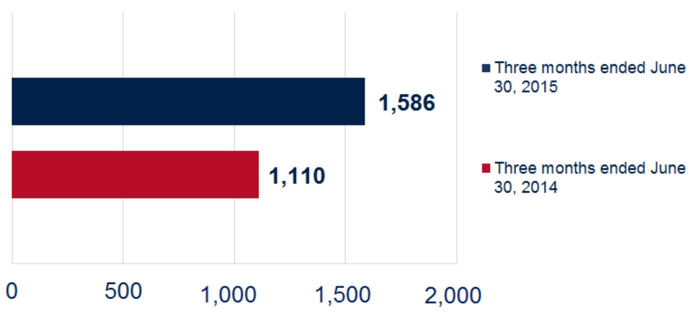
Infineon's acquisition of 100 percent of the shares of (and related voting rights in) International Rectifier Corporation ("International Rectifier"), based in El Segundo, California (USA), announced on August 20, 2014, was closed on January 13, 2015. This Quarterly Report therefore includes the results, assets, liabilities, and cash flows of International Rectifier with effect from the acquisition date. International Rectifier's various lines of business have been fully integrated with Infineon's existing Automotive, Industrial Power Control, and Power Management & Multimarket segments, whereby by far the largest proportion has been allocated to the Power Management & Multimarket segment. The figures presented for prior year periods have not been adjusted.

The opening balance sheet values, and with them the comparative information for the previous period have been adjusted as a result of the continuing analysis and valuation of the assets and liabilities acquired as part of the preliminary purchase price allocation for International Rectifier.

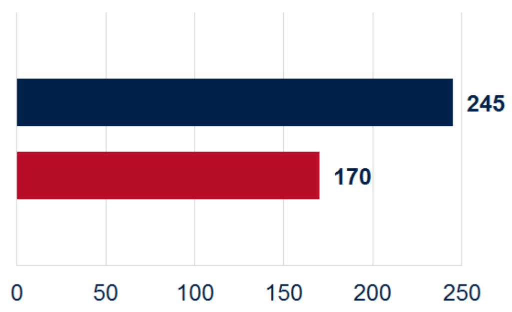
THIRD QUARTER OF 2015 FISCAL YEAR (APRIL 1, 2015 TO JUNE 30, 2015):

- Revenue up 43 percent to €1,586 million on same quarter last year; 7 percent quarter-on-quarter rise in current year
- Segment Result of €245 million recorded, an increase of €75 million or 44 percent on previous year and 24 percent ahead of preceding quarter
- Segment Result Margin of 15.4 percent (April - June 2014: 15.3 percent; January - March 2015: 13.4 percent)
- Net income of €109 million, compared to €143 million one year earlier and €65 million in preceding quarter

Revenue [€ m]



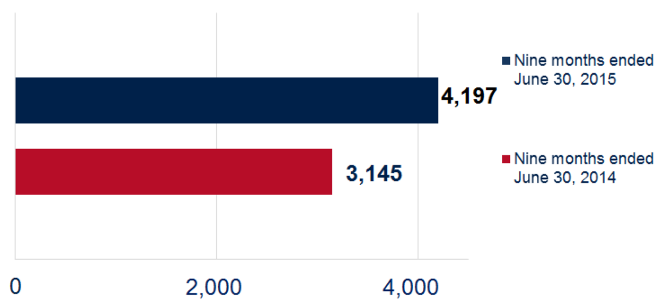
Segment Result [€ m]



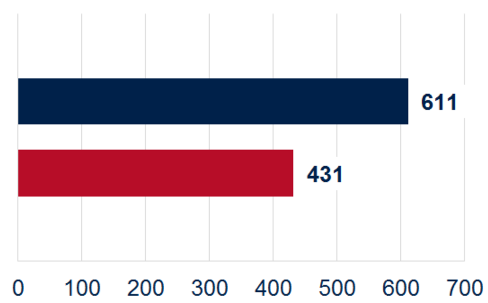
FIRST NINE MONTHS OF 2015 FISCAL YEAR (OCTOBER 1, 2014 TO JUNE 30, 2015):

- Revenue up 33 percent to €4,197 million (October 2013 - June 2014: €3,145 million)
- Segment Result of €611 million – an increase of 42 percent compared with the €431 million reported for first nine months of previous year
- Segment Result Margin improved from 13.7 percent in first nine months of previous fiscal year to 14.6 percent
- Net income of €309 million, compared to €354 million in first nine months of previous fiscal year

Revenue [€ m]



Segment Result [€ m]



- Net cash position decreased to €49 million at June 30, 2015 (September 30, 2014: €2,232 million); gross cash position of €1,842 million at June 30, 2015 (September 30, 2014: €2,418 million)
- Equity ratio of 53.1 percent at June 30, 2015 compared to 64.6 percent at September 30, 2014

SIGNIFICANT EVENTS DURING THE FIRST NINE MONTHS OF THE 2015 FISCAL YEAR

October 2014

ANNIVERSARY: 30 YEARS OF MICROCHIPS FROM REGENSBURG

The foundation stone for the first building dedicated to the manufacture of one-megabit memory chips – the so-called MEGA factory at the Regensburg (Germany) site – was laid in 1984. The first samples were ready by October 1986, with volume production commencing in December 1987. Today in Regensburg sensors, power semiconductors, logic and radio-frequency (RF) components are manufactured instead of memory chips.

November 2014

SUPERVISORY BOARD EXTENDS CONTRACT OF DR. REINHARD PLOSS AS CHIEF EXECUTIVE OFFICER UNTIL 2020

Infineon's Supervisory Board resolved to appoint Dr. Reinhard Ploss for a further five years as Chief Executive Officer. The contract has now been extended until September 30, 2020.

January 2015

INFINEON RATED AMONG THE MOST SUSTAINABLE COMPANIES IN THE WORLD FOR THE FIFTH CONSECUTIVE TIME

Infineon has been included in the Sustainability Yearbook of the Swiss investment company RobecoSAM for the fifth time running. Infineon therefore continues to be ranked among the top 15 percent of companies with the best corporate sustainability record worldwide and among the top ten companies in the semiconductor sector.

January 2015

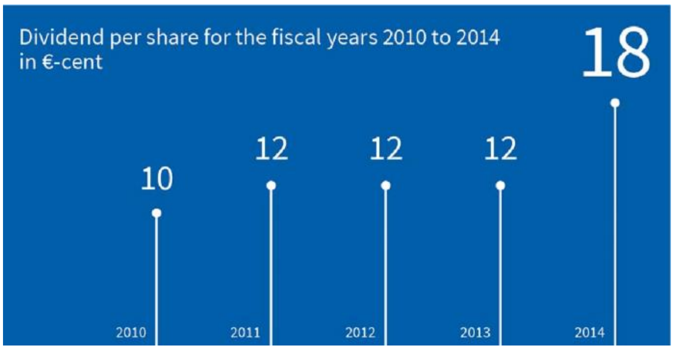
INFINEON SUCCESSFULLY COMPLETES ACQUISITION OF INTERNATIONAL RECTIFIER

After the approval of International Rectifiers' shareholders in November 2014 with a majority of 99.5 percent of all votes and following the approval of all necessary regulatory authorities, the acquisition of International Rectifier was finally closed on January 13, 2015. International Rectifier, which is based in El Segundo (USA) and has global operations, is therefore now part of the Infineon Group.

February 2015

INFINEON RAISES DIVIDEND FROM 12 TO 18 CENT

At the 15th Annual General Meeting held on February 12, 2015, Infineon shareholders adopted a proposal to pay a dividend of 18 cent per share, 6 cents higher than one year earlier. The dividend paid for the 2014 fiscal year therefore totaled €202 million.



February 2015

SUPERVISORY BOARD ENLARGED TO 16 MEMBERS

The period of office of the previous members of the Supervisory Board ended with the conclusion of the Annual General Meeting on February 12, 2015. In order to satisfy the requirements of the German Co-Determination Act, the Supervisory Board was enlarged from 12 to 16 members (8 employee representatives and 8 shareholder representatives) as part of the process of electing new members. Their period of office will end with the Annual General Meeting for the 2019 fiscal year.

March 2015

INFINEON ISSUES TWO EURO BONDS WITH TOTAL VOLUME OF €800 MILLION

Proceeds from the issue of the euro bonds replaced bridging financing of €800 million used to finance the acquisition of International Rectifier.
“Infineon's successful Eurobond debut reflects out broad access to financing sources and ensures a balances maturity profile.”
(Dominik Asam, CFO)
The bond for €300 million, which matures in three-and- a -half years, has a coupon of 1.0 percent.
The bond for €500 million matures in seven years and has a coupon of 1.5 percent.

April 2015

FULL TAKEOVER OF LSPS

Infineon acquired the remaining shares in LS Power Semitech Co., Ltd. (LSPS), Korea, from LS Industrial Systems Co., Ltd., Korea, on April 30, 2015. The purchase price for the remaining 33.6 percent was €15 million.

With this strategic acquisition, Infineon has now effectively strengthened its worldwide position in the growth market for IPMs (Intelligent Power Modules), which are designed to boost the energy efficiency of home appliances such as fridges, freezers, washing machines, dryers, and air conditioners.

April 2015

INFINEON RECEIVES “EXCELLENT QUALITY AWARD” FROM TOYOTA

For its services in supplying Toyota with products of continually outstanding quality over a period of many years, in April 2015 Infineon was presented the “Excellent Quality Award”. The award was bestowed by Toyota's biggest car manufacturing plant, located in Hirose (Japan).

TOYOTA

June 2015

INFINEON AGAIN LISTED IN FTSE4Good INDEX

Back in 2001, Infineon was first included in the FTSE4Good Index and has now been listed there for 15th year in succession. Companies qualify for the index by fulfilling strict ecological and social criteria on points such as the rights of employees, fighting corruption, environmental management, climate protection, sustainability in the supply chain, and sustainability reporting.

FTSE4Good

THE INFINEON SHARE AND INFINEON BOND

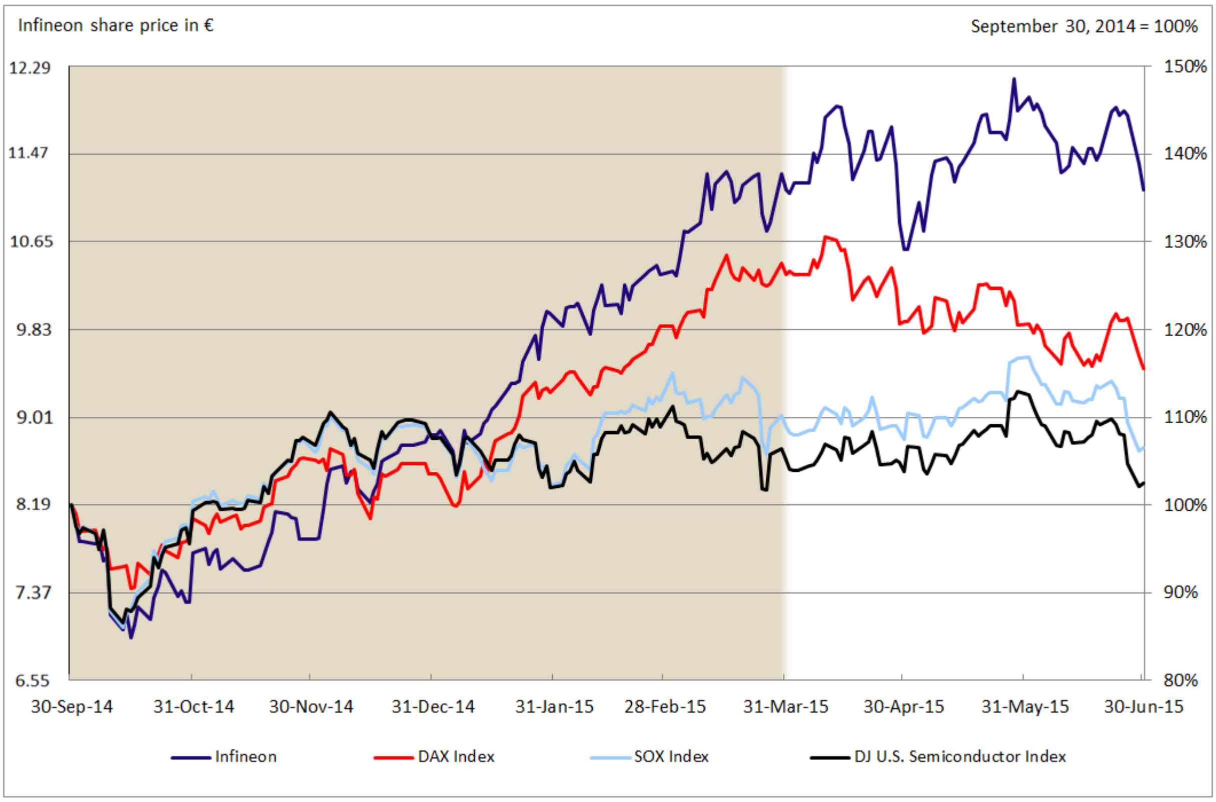
INFINEON SHARE PERFORMANCE IN THIRD QUARTER AND IN FIRST NINE MONTHS OF 2015 FISCAL YEAR

The Infineon share finished the third quarter of the 2015 fiscal year at €11.13, and thus unchanged compared to its closing price at the end of the preceding quarter.

During the third quarter of the 2015 fiscal year, the share price traded within a narrow range between €10.58 (low) at the end of April and €12.17 (high) at the end of May. The DAX fell continuously during the same period, closing 9 percent lower than at the beginning of the quarter. The two US benchmark indices, the Philadelphia Stock Exchange Semiconductor Index (SOX) and the Dow Jones US Semiconductor, moved more or less sideways during most of the three-month period, closing 2 percent and 3 percent below their levels at the end of March respectively.

Over the nine-month period, both the Infineon share and the benchmark indices gained ground. The 36 percent rise recorded by the Infineon share was well ahead of that of the DAX (16 percent). Compared with these performances, the gains of the US indices – 7 percent for the SOX and 3 percent for the Dow Jones US Semiconductor Index – were relatively small.

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 2015 fiscal year (daily closing prices)



	Three months ended June 30,			Nine months ended June 30,		
	2015	2014	+/- in %	**2015**	2014	+/- in %
Infineon closing prices in euro (Xetra)						
End of the previous period	11.13	8.66	29%	8.19	7.40	11%
High	12.17	9.38	30%	12.17	9.38	30%
Low	10.58	7.93	33%	6.95	6.88	1%
End of the period	11.13	9.13	22%	11.13	9.13	22%
Weighted-average number of shares traded per day	5,977,153	6,308,128	(5%)	6,791,507	6,937,425	(2%)
Infineon closing prices in US$ (OTCQX)						
End of the previous period	11.99	11.96	0%	10.30	9.98	3%
High	13.42	12.78	5%	13.42	12.78	5%
Low	11.76	10.95	7%	8.80	9.24	(5%)
End of the period	12.52	12.45	1%	12.52	12.45	1%
Weighted-average number of ADSs traded per day	129,553	71,394	81%	142,022	79,259	79%
Shares issued (as of June 30)	1,129,259,731	1,127,689,897				
Therein: own shares	6,000,000	6,000,000				

DIVIDEND AND NUMBER OF SHARES

At the Annual General Meeting held in Munich on February 12, 2015, the shareholders approved the dividend proposal jointly put forward by Infineon's Management Board and Supervisory Board, namely that the dividend be increased by €0.06 from €0.12 to €0.18 per share. As a result, an amount of €202 million was paid to the shareholders on February 13, 2015. Infineon's strategy is to pursue a dividend policy that on the one hand enables shareholders to participate appropriately in growing earnings and on the other, in times of flat or declining earnings and/or with negative free cash flows, to keep the dividend at a constant level.

During the first nine months of the 2015 fiscal year, the number of Infineon shares in issue increased as a result of the exercise of stock options by employees by 1,520,501 shares to stand at 1,129,259,731 shares at the end of the reporting period (September 30, 2014: 1,127,739,230 shares). At 6 million, the number of own shares held at June 30, 2015 remained unchanged.

INFINEON BOND

In March 2015, Infineon issued two bonds, one maturing in three-and-a-half years (€300 million) and one in seven years (€500 million), the first with a coupon of 1 percent and the second with a coupon of 1.5 percent. The two bonds have been listed since March on the Luxembourg Stock Exchange and also traded on German stock markets. The ISIN codes for the bonds are XS1191115366 and XS1191116174 respectively.

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

The global economy remained on growth course during the first nine months of the 2015 fiscal year, albeit at a somewhat more abated pace than one year earlier. The latest predictions see the growth rate increasing again over the remainder of the calendar year and faster growth in the coming calendar year. The situation remains tense, however, and the outlook is subject to a number of risks. In addition to the world's geopolitical trouble spots, discussions continue to be dominated by the debt crisis in Greece and the future performance of the Chinese economy. Currently, the International Monetary Fund (IMF) forecasts global economic growth of 2.6 percent for the 2015 calendar year, followed by 3.2 percent in the 2016 calendar year (IMF, July 2015).

The global semiconductor market also expanded by around 6 percent in the first nine months of the 2015 fiscal year compared to one year earlier, with growth being driven, among other factors, by smartphones, smart cards, the automotive market and the industrial segment (WSTS, August 2015). According to market research company IHS Inc. (IHS), the industrial semiconductor market will be the frontrunner in the 2015 calendar year with a growth rate of 9.3 percent. IHS also forecasts above-average growth (5.2 percent) for the automotive semiconductor market in the 2015 calendar year. Further expansion of around 7 percent is also predicted for these two market segments in the 2016 calendar year. For the semiconductor market as a whole, IHS is currently forecasting growth of 3.4 percent for the 2015 calendar year, followed by 1.6 percent for the 2016 calendar year (IHS, June 2015).

REVIEW OF RESULTS OF OPERATIONS

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except earnings per share	**2015**	2014	**2015**	2014
Revenue	1,586	1,110	4,197	3,145
Gross profit	**552**	**430**	**1,456**	**1,189**
Research and development expenses	(201)	(141)	(520)	(410)
Selling, general and administrative expenses	(210)	(122)	(563)	(358)
Other operating income and expenses, net	(22)	(2)	(21)	(13)
Operating income	**119**	**165**	**352**	**408**
Net financial result (financial income and expenses, net)	(10)	1	(26)	(8)
Loss from investments accounted for using the equity method	1	-	3	1
Income tax	(5)	(23)	(29)	(60)
Income from continuing operations	**105**	**143**	**300**	**341**
Loss from discontinued operations, net of income taxes	4	-	9	13
Net income	**109**	**143**	**309**	**354**
Basic earnings per share (in euro)	0.10	0.13	0.27	0.32
Diluted earnings per share (in euro)	0.10	0.13	0.27	0.32
Adjusted diluted earnings (loss) per share (in euro)	0.18	0.13	0.44	0.32

NET INCOME DOWN ONLY MODERATELY, DESPITE HIGH LEVEL OF ACQUISITION-RELATED EXPENSES; ADJUSTED EARNINGS PER SHARE INCREASED

The upward trend in Infineon's business performance, including the impact of International Rectifier and the strong US dollar during the first nine months of the 2015 fiscal year, brought about a 33 percent increase in revenue. Due to high acquisition-related expenses totaling €213 million for International Rectifier (particularly expenses recognized in conjunction with the purchase price allocation and integration-related expenses), net income fell by €45 million to €309 million. Accordingly, at €0.27, earnings per share (basic and diluted) for the nine-month period were lower than one year earlier (October 2013 - June 2014: €0.32).

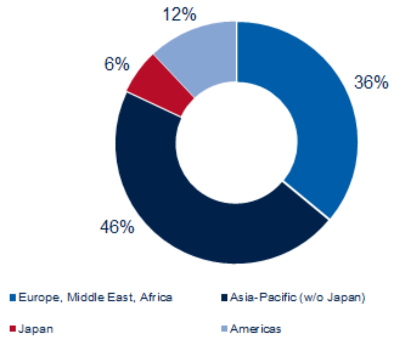
Adjusted earnings per share (diluted) improved from €0.32 to €0.44 per share (see the section "Adjusted earnings per share improved" in this chapter).

REVENUE CONTINUES TO GROW ORGANICALLY ON THE BACK OF POSITIVE BUSINESS PERFORMANCE AND STRENGTH OF US DOLLAR; INTERNATIONAL RECTIFIER CONTRIBUTES €443 MILLION TO REVENUE GROWTH

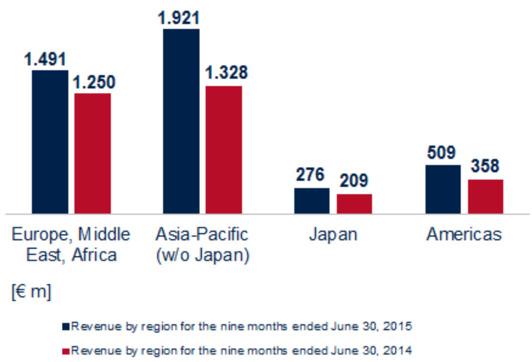
Revenue for the nine-month period grew by €1,052 million to €4,197 million (October 2013 - June 2014: €3,145 million). Thanks to the positive global economic trend and the strength of the US dollar (average euro/US dollar exchange rate during the reporting period: 1.16; October 2013 - June 2014: 1.37), all four operating segments reported higher revenue than one year earlier (see the chapter “Performance of the operating segments”). International Rectifier contributed €443 million to revenue growth.

IMPORTANCE OF ASIA-PACIFIC AND CHINA CONTINUES TO GROW

Infineon achieved revenue growth in all regions compared to the first nine months of the previous fiscal year. Revenue generated in the Asia-Pacific region jumped by €593 million or 45 percent. By virtue of the integration of International Rectifier, this region has become more important than ever for Infineon. The Americas region, and therefore in particular the USA – which remains the driving force for innovation in the networked world – saw revenue growth of €151 million or 42 percent. Asia-Pacific accounted for the largest share of Infineon's revenue in the first nine-months of the 2015 fiscal year (46 percent). The largest contributor within the Asia-Pacific region (excluding Japan) was China, which, on its own, accounted for 23 percent of Infineon's worldwide revenue. The Europe, Middle East and Africa region accounted for 36 percent of Infineon's worldwide revenue in the nine-month period, down from 40 percent one year earlier.



Revenue by region for the nine months ended June 30, 2015



€ in millions, except percentages	Three months ended June 30, 2015		2014		Nine months ended June 30, 2015		2014	
Europe, Middle East, Africa	541	34%	439	39%	1,491	36%	1,250	40%
Therein: Germany	249	16%	217	20%	692	16%	627	20%
Asia-Pacific (w/o Japan)	736	47%	475	43%	1,921	46%	1,328	42%
Therein: China	373	24%	216	19%	957	23%	627	20%
Japan	116	7%	74	7%	276	6%	209	7%
Americas	193	12%	122	11%	509	12%	358	11%
Total	**1,586**	**100%**	**1,110**	**100%**	**4,197**	**100%**	**3,145**	**100%**

DROP IN GROSS MARGIN

Gross profit (revenue less cost of goods sold) for the nine-month period amounted to €1,456 million and improved by €267 million or 22 percent compared to the €1,189 million reported in the same period of the previous fiscal year. The increase was therefore not as pronounced as the 33 percent reported growth in revenue, reflecting the fact that the cost of goods sold rose at an even higher rate than revenue.

Gross margin fell accordingly from 37.8 percent to 34.7 percent for the comparable nine-month periods. The drop, which arose despite the revenue increase and the positive impact of a strong US dollar, was attributable primarily to the earnings impact on the cost of goods sold arising in conjunction with the purchase price allocation for International Rectifier – in particular higher depreciation and amortization on intangible assets and property, plant and equipment on the one hand and the additional expense of consuming inventories revalued to their fair value on the other hand. In addition, further amounts were invested in manufacturing facilities, with a view to creating a broader base for sustainable growth. Overall, the cost of goods sold for the nine-month period went up by 40 percent compared to the previous year.

€ in millions, except percentages	Three months ended June 30, 2015	2014	Nine months ended June 30, 2015	2014
Cost of goods sold	1,034	680	2,741	1,956
Change year-on-year	52%		40%	
Percentage of revenue	65%	61%	65%	62%
Gross profit	552	430	1,456	1,189
Percentage of revenue (gross margin)	34.8%	38.7%	34.7%	37.8%

OPERATING EXPENSES INCREASE, MAINLY DUE TO ACQUISITION OF INTERNATIONAL RECTIFIER

Nine-month operating expenses (research and development expenses, selling, general and administrative expenses) increased by €315 million to €1,083 million (October 2013 - June 2014: €768 million). In percentage terms, operating expenses corresponded to 25.8 percent of nine-month revenue, compared to 24.4 percent one year earlier.

Research and development expenses, which corresponded to 12.4 percent (October 2013 - June 2014: 13.0 percent) of revenue, increased in the two comparable nine-month periods by €110 million from €410 million to €520 million, mainly as a result of the first-time inclusion of International Rectifier. In addition, research and development activities were intensified and additional staff recruited with a view to create the basis for future growth. A total of 5,670 employees, including people from International Rectifier, worked in research and development functions at the end of the reporting period (June 30, 2014: 4,747 employees). Salary rises also contributed to the increase in research and development expenses.

€ in millions, except percentages	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Research and development expenses	201	141	520	410
Change year-on-year	43%		27%	
Percentage of revenue	12.7%	12.7%	12.4%	13.0%

Selling, general and administrative expenses, which corresponded to 13.4 percent of revenue in the first nine months of the 2015 fiscal year (October 2013 - June 2014: 11.4 percent), increased in absolute terms by €205 million to €563 million, mainly reflecting the first-time inclusion of International Rectifier, as well as the impact arising from the purchase price allocation and from integration expenses in conjunction with the acquisition, salary rises, and costs incurred to expand the sales organization.

€ in millions, except percentages	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Selling, general and administrative expenses	210	122	563	358
Change year-on-year	72%		57%	
Percentage of revenue	13.2%	11.0%	13.4%	11.4%

HIGHER OTHER OPERATING EXPENSES DUE TO RESTRUCTURING EXPENSES

Other operating expenses include a charge of €22 million recognized in connection with the closure of the Techview manufacturing facility in Singapore, comprising a restructuring provision (€12 million) as well as impairment losses on property, plant and equipment and intangible assets (€10 million).

NEGATIVE IMPACT ON FINANCE RESULT FROM ADDITIONAL DEBT CAPITAL

The net financial result (financial income less financial expenses) for the nine-month period was a negative €26 million, a deterioration of €18 million compared to the negative €8 million recorded one year earlier, mainly due to higher financing expenses. External debt of approximately €1.6 billion raised to finance the purchase price payment to acquire International Rectifier resulted in higher financing expenses. Financial income increased from €7 million to €8 million – despite the lower gross cash position (see the section “gross cash position and net cash position” in the chapter “Review of liquidity”) and minimal interest earned on liquidity – as a result of gains on the sale of marketable securities.

EFFECTIVE TAX RATE OF 9 PERCENT

As in the previous fiscal year, tax expense for the first nine months of the 2015 fiscal year was affected by foreign tax rates, non-deductible expenses, tax credits, and changes in valuation allowances on deferred tax assets.

Based on income from continuing operations of €329 million and a tax expense of €29 million, the effective tax rate for the nine-month period ended June 30, 2015 was 9 percent. The rate in the corresponding period one year earlier was 15 percent, when a tax expense of €60 million arose on income from continuing operations of €401 million.

The nine-month effective tax rate was reduced mainly as a result of expenses recognized in conjunction with the purchase price allocation for International Rectifier which gave rise to deferred tax income and a lower tax expense.

POSITIVE RESULT FROM DISCONTINUED OPERATIONS

Income from discontinued operations, net of income taxes for the nine-month period amounted to €9 million, compared with €13 million one year earlier. Income of €11 million was recognized during the first nine months of the 2015 fiscal year as a result of the reversal of provisions previously recorded in connection with risks relating to the Qimonda insolvency (see note 4 “Disposals and discontinued operations”). Information on risks relating to the Qimonda insolvency is provided in note 20 “Commitments and contingencies”.

EARNINGS PER SHARE VIRTUALLY UNCHANGED

Net income for the nine-month period totaled €309 million, a decrease on the previous year's corresponding figure of €354 million.

This drop was also reflected in a corresponding decrease in earnings per share. Compared to earnings per share of €0.27 (basic and diluted) for the first nine months of the 2015 fiscal year, the corresponding figures for the first nine months of the previous fiscal year both amounted to €0.32.

ADJUSTED EARNINGS PER SHARE IMPROVED

Earnings per share in accordance with IFRS are influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items.

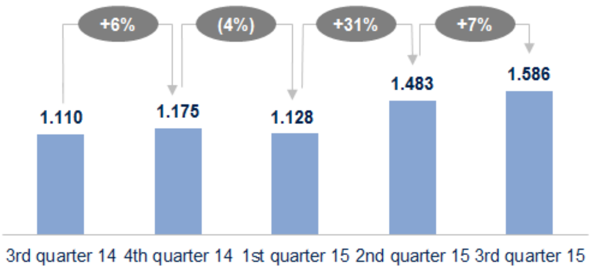
In order to enable better comparability of operating performance over time, Infineon computes adjusted earnings per share (diluted) as follows:

€ in millions (unless otherwise stated)	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	105	143	298	344
Plus/minus:				
+ Impairments on assets including assets classified as held for sale, net of reversals	13	1	14	1
+ Impact on earnings of restructuring and closures, net	10	1	12	7
+ Share-based compensation expense	2	2	5	4
+ Acquisition-related depreciation/amortization and other expenses	97	-	213	-
+ Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	-	(2)
+ Other income and expenses, net	4	1	15	13
- Tax effects on adjustments	(28)	(1)	(63)	(2)
Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted	203	147	494	365
Weighted-average number of shares outstanding – diluted	1,126.2	1,122.3	1,124.6	1,123.3
Adjusted earnings per share (in euro) – diluted[1]	0.18	0.13	0.44	0.32

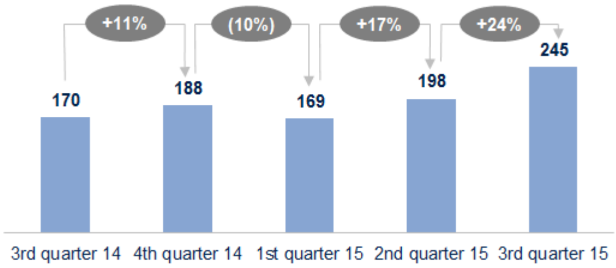
[1] The calculation of the adjusted earnings per share is based on unrounded figures.

Adjusted net income and adjusted earnings per share (diluted) should not be seen as a replacement or superior performance indicator, but rather as additional information to the net income and earnings per share (diluted) determined in accordance with IFRS. The calculation of earnings per share pursuant to IFRS is presented in detail in note 7 “Earnings per share”.

PERFORMANCE OF THE OPERATING SEGMENTS



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



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

Segment Result Margin of 14.6 percent achieved for nine-month period

All operating segments recorded significant revenue growth in the first nine months of the 2015 fiscal year. International Rectifier's various lines of business have been fully integrated with Infineon's existing Automotive, Industrial Power Control, and Power Management & Multimarket segments, whereby the largest proportion by far has been allocated to the Power Management & Multimarket segment. Segment revenue also grew on the back of higher demand and the strong US dollar.

The Power Management & Multimarket segment accounted for €499 million (47 percent) and the Automotive segment for €291 million (28 percent) of the total increase. The Industrial Power Control and Chip Card & Security segments also reported significant increases.

As a consequence of this revenue growth and the integration of International Rectifier, the nine-month Segment Result increased overall by €180 million to €611 million, compared with €431 million one year earlier. Power Management & Multimarket recorded the biggest rise with an improvement of €122 million (68 percent of the total increase) followed by an increase of €60 million reported by the Chip Card & Security segment. Only the Industrial Power Control segment recorded a lower Segment Result.

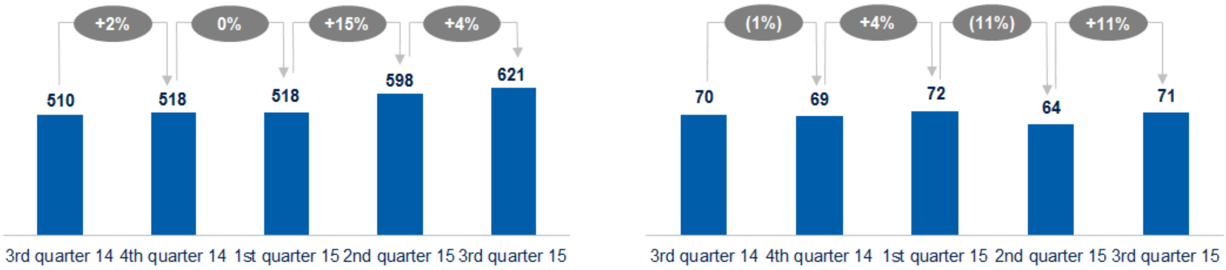
The nine-month Segment Result Margin was 14.6 percent, compared to 13.7 percent one year earlier.

AUTOMOTIVE

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2015**	2014	**2015**	2014
Revenue	621	510	1,737	1,446
Share of Total Revenue	39%	46%	41%	46%
Segment Result	71	70	207	191
Share of Segment Result of Infineon	29%	41%	34%	44%
Segment Result Margin	11.4%	13.7%	11.9%	13.2%

The Automotive segment recorded third-quarter revenue totaling €621 million, an increase of €111 million or 22 percent compared to the previous fiscal year (€510 million). The increase was attributable mainly to unchanged high demand for cars in China and North America, the first-time consolidation of International Rectifier and the positive impact of a strong US dollar. Furthermore, European automobile markets continued to recover, particularly in Western Europe. At a regional level, demand for vehicles produced by German premium manufacturers grew at above-average rates across the board, despite the slower pace of market growth in China. The Automotive segment generated a third-quarter Segment Result of €71 million, very similar to that posted one year earlier (April - June 2014: €70 million). The Segment Result Margin went down from 13.7 percent in the third quarter of the 2014 fiscal year to 11.4 percent, mainly due to additional expenses incurred to expand manufacturing capacities as well as higher research and development expenses for new fields of application.

Nine-month revenue totaled €1,737 million, which was €291 million or 20 percent higher than the previous fiscal year's corresponding figure of €1,446 million. Demand for vehicles was strong, particularly in China and North America. The gradual recovery of Europe's car markets also contributed to higher revenue. Demand for the vehicles of German premium manufacturers also rose at above-average rates in the growth markets of China and North America. In addition, the completion of the International Rectifier acquisition and the positive impact of a strong US dollar also contributed to revenue growth compared with the same period one year earlier. Segment result improved from €191 million to €207 million, mainly on the back of the higher level of revenue. The Segment Result Margin for the first nine months of the 2015 fiscal year was 11.9 percent compared to 13.2 percent in the comparable prior year period. Additional expenses incurred to expand manufacturing capacities as well as research and development expenses for new fields of application had a negative impact on the Segment Result Margin.



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 in the first nine months of the 2015 fiscal year:

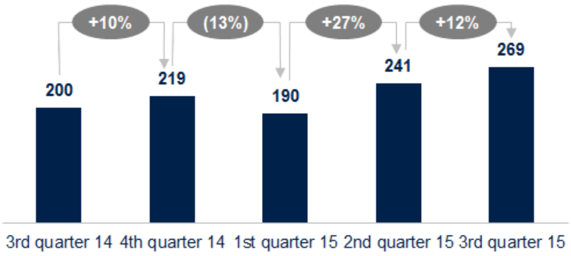
- Infineon starts producing a 3D magnetic field sensor for industrial and automotive applications. Very low power consumption and cost-optimized design is enabling customers to improve their systems in terms of efficiency and reliability.
- Infineon is investing in TTTech Computertechnik AG (TTTech), Vienna (Austria) and thereby consolidating its position in autonomous driving applications. In addition to this minority stake of 2.57 percent, Infineon and TTTech are extending their cooperation with a view to the joint development of new hardware and software solutions for secure, protected computer platforms to support the further development of autonomous driving and other advanced technologies. Infineon's AURIX™ 32-bit multicore microcontroller will be used as host processor in Audi's central driver assistance unit "zFAS", developed by Audi in cooperation with TTTech.
- Infineon extended its streak of success in the field of lighting systems with various premium automotive suppliers opting for the new, so-called LED driver components. The key to this success is the ease with which these components can be integrated, thus enabling lighting systems to be simplified, whilst at the same time increasing the reliability of the LED lamps. Furthermore, a second family of power LED drivers is increasingly establishing its foothold in the market. This family of products, which has been specifically designed for high-power applications, is used, for instance, in headlights. The new brand LITIX™ will shortly be introduced across the board for all LED driver families.
- Infineon was also able to expand its strong position in the field of electric power steering systems. One leading automotive supplier placed orders in the high double-digit million-euro range for various magnet field sensors which – based on the Hall and GMR (giant magneto resistance) effect – are used to measure torque, angle and position and which already comply with future safety standards.

INDUSTRIAL POWER CONTROL

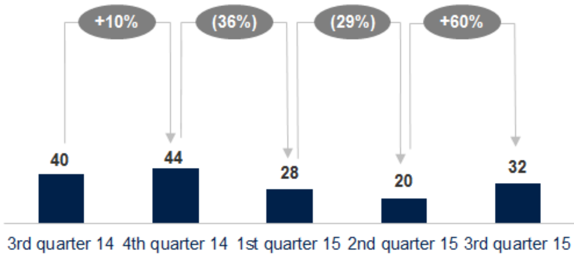
	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2015**	2014	**2015**	2014
Revenue	269	200	701	565
Share of Total Revenue	17%	18%	17%	18%
Segment Result	32	40	81	100
Share of Segment Result of Infineon	13%	24%	13%	23%
Segment Result Margin	11.9%	20.0%	11.6%	17.7%

Third-quarter revenue totaled €269 million, an increase of €69 million or 35 percent compared to the previous year's €200 million. In addition to positive underlying momentum in its main fields of application, revenue of the Industrial Power Control segment was also boosted by the acquisition of International Rectifier and favorable currency factors. Demand for products used in home appliances, photovoltaics, wind power and industrial drive applications improved significantly compared to one year earlier. Third-quarter Segment Result deteriorated by €8 million from €40 million to €32 million, while the Segment Result margin fell from 20.0 percent to 11.9 percent, reflecting changes in the product mix on the one hand and higher operating expenses on the other hand.

Nine-month revenue generated by Industrial Power Control amounted to €701 million, an increase of €136 million or 24 percent compared with the corresponding period one year earlier (€565 million). Growth was achieved in all major fields of application such as home appliances, industrial drives, traction systems and renewable energy. Alongside a generally buoyant market environment, nine-month revenue also benefited from the completed acquisition of International Rectifier and favorable currency developments. Segment Result came in at €81 million, giving a Segment Result Margin of 11.6 percent, compared to €100 million and 17.7 percent one year earlier. Changes in the product mix and higher operating expenses impacted segment performance for the nine-month period.



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 2015 fiscal year:

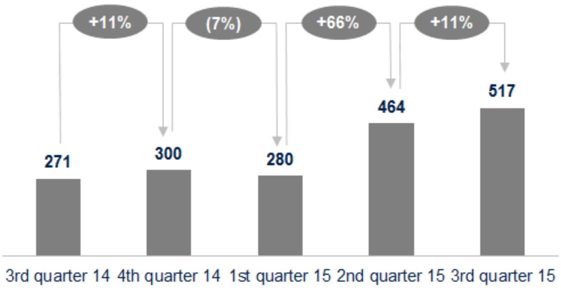
- In the major home appliances sector, Infineon continues to benefit from high demand for appliances with particularly high energy efficiency based on ultra-efficient, speed-controlled drive systems. The integration of the IPM product families (IPM = Intelligent Power Modules) from International Rectifier and the IPM products from the Korean subsidiary LS Power Semitech Co., Ltd. has enabled Infineon to more than double its home appliance-related revenue compared to the same period one year earlier.
- In the field of renewable energy, after the usual seasonal downturn during the winter months, demand is picking up briskly. Here Infineon is benefiting from onshore wind power projects, both in Europe and on the American continent, as well as growing demand for photovoltaic systems in North America and China.
- Strengthened by the regulation of energy efficiency in drives within Europe as well as the call for energy-efficient factory automation in China, Infineon is benefitting from growing demand in a solid market environment. Combined with the sale of components from International Rectifier, the development is leading to far better business performance in the field of controlled drives compared with the same period of the previous fiscal year.

POWER MANAGEMENT & MULTIMARKET

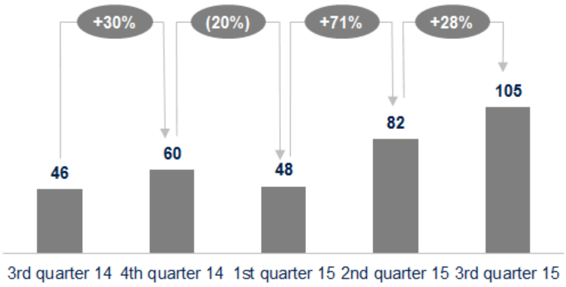
€ in millions, except percentages	Three months ended June 30, 2015	2014	Nine months ended June 30, 2015	2014
Revenue	517	271	1,260	761
Share of Total Revenue	33%	24%	30%	24%
Segment Result	105	46	234	112
Share of Segment Result of Infineon	43%	27%	38%	26%
Segment Result Margin	20.3%	17.0%	18.6%	14.7%

The Power Management & Multimarket segment recorded revenue of €517 million in the third quarter, an increase of €246 million compared to the same quarter in the previous fiscal year. The leap in revenue was due on the one hand to the first-time consolidation of International Rectifier, and on the other hand in particular to the sharp increase in demand for products used in mobile devices and cellular infrastructure driven by the worldwide introduction of the LTE standard as well as the positive impact of a strong US dollar. With a third-quarter Segment Result of €105 million, the Power Management & Multimarket segment's contribution was €59 million higher than one year earlier. The Segment Result Margin improved by 3.3 percentage points to 20.3 percent. The increase in gross margin (on the back of higher revenue and a favorable currency impact attributable to the strong US dollar) was partly offset by higher operating expenses for research and development and selling activities.

The Power Management & Multimarket segment posted nine-month revenue of €1,260 million, surpassing the previous fiscal year's corresponding figure of €761 million by €499 million. Segment Result more than doubled by €122 million from €112 million to €234 million. The nine-month Segment Result Margin rose accordingly from 14.7 percent to 18.6 percent. This performance benefited above all from the higher gross profit earned on higher volumes with existing customers, completion of the International Rectifier acquisition and the positive impact of a strong US dollar. Higher operating expenses for research and development and selling activities had a negative impact.



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 2015 fiscal year:

- Ongoing favorable market conditions in the mobile communication sector, driven by the worldwide expansion of LTE technology, ensured that demand for semiconductors for mobile devices and cellular network infrastructure remained strong. Infineon further strengthened its excellent market position by being awarded various projects with major smartphone manufacturers and cellular infrastructure equipment manufacturers.

- In the fast-growing market for radar-based sensor technology, Infineon and Google ATAP (Advanced Technology and Projects) are working together on an innovative radar technology with a new sensor solution for gesture and presence detection. The sensors can be used in portable devices, in products related to the Internet of Things, as well as in vehicles. Infineon is offering Google ATAP and Google's extensive developer community a compact sensor with low energy consumption that can be integrated in both portable and stationary devices. The sensor employs a special 60-gigahertz technology and combines radio-frequency transceiver, antenna, and control elements in one package.

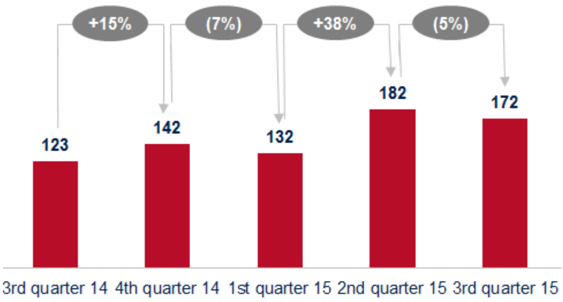
- The strong position Infineon has attained through its innovations and its position as market leader in the field of power semiconductors is being further underlined by the launch of the latest generation of the successful CoolMOS™. The new CoolMOS™ series features very low switching losses and is specially designed for highly efficient applications in the power supply units of servers, telecommunications, photovoltaic inverters, and industrial applications.

CHIP CARD & SECURITY

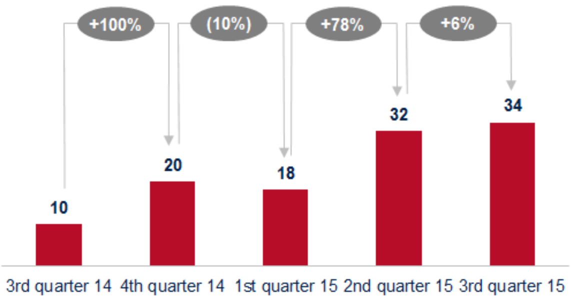
€ in millions, except percentages	Three months ended June 30, 2015	2014	Nine months ended June 30, 2015	2014
Revenue	172	123	486	352
Share of Total Revenue	11%	11%	12%	11%
Segment Result	34	10	84	24
Share of Segment Result of Infineon	14%	6%	14%	6%
Segment Result Margin	19.8%	8.1%	17.3%	6.8%

Third-quarter revenue totaled €172 million, an increase of €49 million or 40 percent compared to the third quarter of the 2014 fiscal year (€123 million) and a decrease of €10 million or 5 percent compared with preceding quarter (€182 million). Revenue generated with security controllers for payment cards, governmental ID applications and mobile devices rose sharply compared with the same quarter of the previous fiscal year. Third-quarter Segment Result for the Chip Card & Security Segment rose from €10 million to €34 million, resulting in a Segment Result Margin of 19.8 percent (April - June 2014: 8.1 percent). Gross profit improved, thanks to increased revenue, favorable currency factors (particularly the euro/US dollar exchange rate) and one-time factors. Compared to the previous fiscal year, selling and administrative expenses and research and development expenses increased at a lower rate than revenue.

Nine-month revenue totaled €486 million, a rise of €134 million or 38 percent on the corresponding period one year earlier (€352 million), with sharp increases recorded in all fields of application, in particular with sales of security chips for payment cards, governmental ID applications, mobile devices, and authentication solutions. Segment Result for the nine-month period improved from €24 million to €84 million, giving a Segment Result Margin of 17.3 percent, compared with the previous fiscal year's 6.8 percent. Operating expenses for the nine-month period were up on the previous fiscal year due to revenue-related factors, with research and development expenses and selling and administrative expenses both rising at a slower rate than revenue. Favorable currency factors (particularly the euro/US dollar exchange rate) also had a positive impact on the Segment Result.



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 2015 fiscal year:

- Infineon's business with security chips for payment cards continues to grow strongly globally. The shift from magnetic strip-based to chip-based payment cards is generating strong growth in the USA. Moreover, Infineon has managed to gain market share in China.

- Microsoft integrates OPTIGA™ TPM 2.0 chips in the Surface Pro 3 tablet, being the first tablet to be equipped with the new TPM 2.0 (Trusted Platform Module) standard. Its broader customer base has enabled Infineon to win numerous projects with OPTIGA™ TPM and OPTIGA™ Trust. Several of these projects address new applications related to the Internet of Things, a field in which security is becoming an increasingly important issue.
- Infineon is equipping further flagship models of mobile devices with security chips. For instance, the new premium smartphones Samsung Galaxy S6 and S6 edge use the SOLID FLASH™-based SLE 97 embedded Secure Element (eSE) supplied by Infineon. Moreover, Infineon was awarded further smartphone and tablet projects with other smartphone manufacturers involving the SLE 97 eSE.
- In the field of government documents (electronic passports, electronic ID cards, and electronic health cards), Infineon was awarded further projects in both Europe and Asia.

REVIEW OF FINANCIAL CONDITION

	As of		
€ in millions, except percentages	**June 30, 2015**	September 30, 2014	Change year-on-year
Current assets	3,900	3,934	(1%)
Non-current assets	4,392	2,504	75%
Total assets	**8,292**	**6,438**	**29%**
Current liabilities	1,440	1,603	(10%)
Non-current liabilities	2,445	677	261%
Total liabilities	**3,885**	**2,280**	**70%**
Equity	**4,407**	**4,158**	**6%**

CURRENT ASSETS VIRTUALLY UNCHANGED

Current assets went down by 1 percent or €34 million from €3,934 million as of September 30, 2014 to €3,900 million as of June 30, 2015

Infineon's gross cash position (sum total of cash and cash equivalents and financial investments) decreased by €576 million (see “Gross cash position and net cash position” in the chapter “Review of Liquidity”). By contrast, trade receivables and inventories went up by €481 million in total, mainly due to the acquisition of International Rectifier, but also in part reflecting the organic revenue growth achieved by the segments. The patents acquired in October 2014 in conjunction with the settlement reached with the Qimonda insolvency administrator (see note 20 “Commitments and contingencies”) are presented as of June 30, 2015 as “available for sale” within current assets at a carrying amount of €21 million and were sold almost in their entirety in July 2015 (see “Events after the end of the reporting period”).

NON-CURRENT ASSETS HIGHER AS RESULT OF INTERNATIONAL RECTIFIER ACQUISITION

Non-current assets increased by 75 percent or €1,888 million to €4,392 million as of the end of the reporting period (September 30, 2014: €2,504 million), mainly due to the acquisition of International Rectifier

Based on the preliminary purchase price allocation (see note 3 “Acquisitions”), goodwill of €741 million arose at the date of acquisition. This figure increased to €789 million as of June 30, 2015 due to exchange rate factors. Other intangible assets acquired in conjunction with the acquisition of International Rectifier, such as customer relationships and technologies, were measured at €701 million at the acquisition date, while acquired property, plant and equipment was recognized at a value of €382 million.

Other investments in property, plant and equipment and in intangible assets in the first nine months of the 2015 fiscal year totaled €485 million. Investments related mainly to the production sites in Germany (primarily Regensburg and Dresden), Malaysia (Malacca and Kulim), and Austria (Villach).

Depreciation and amortization on property, plant and equipment as well as on intangible assets amounted to €549 million during the first nine months of the 2015 fiscal year.

LIABILITIES REDUCED BY PAYMENTS FOR PARTIAL QIMONDA SETTLEMENT, BONUSES AND FINE

Current liabilities stood at €1,440 million as of June 30, 2015. This figure is €163 million (10 percent) lower than at September 30, 2014 (€1,603 million).

Current provisions decreased by €209 million. Provisions relating to Qimonda went down by €252 million, primarily due to payments made in conjunction with the partial settlement reached with Qimonda's insolvency administrator (see note 20 "Commitments and contingencies"). Provisions for obligations to employees increased by €57 million, largely reflecting the fact that amounts allocated in the first nine months of the current fiscal year exceeded payments for prior-year performance-related remuneration.

In addition to the decrease in current provisions, other current liabilities went down by €51 million, despite a €41 million increase in payroll obligations to employees, mostly due to the acquisition of International Rectifier. The decrease in other current liabilities mainly reflects the payment of €83 million – against which Infineon has meanwhile filed an appeal – in conjunction with the fine imposed by the European Commission ("EU Commission") (see note 20 "Commitments and contingencies").

NON-CURRENT LIABILITIES INCREASED BY DEBT RAISED TO FINANCE ACQUISITION OF INTERNATIONAL RECTIFIER

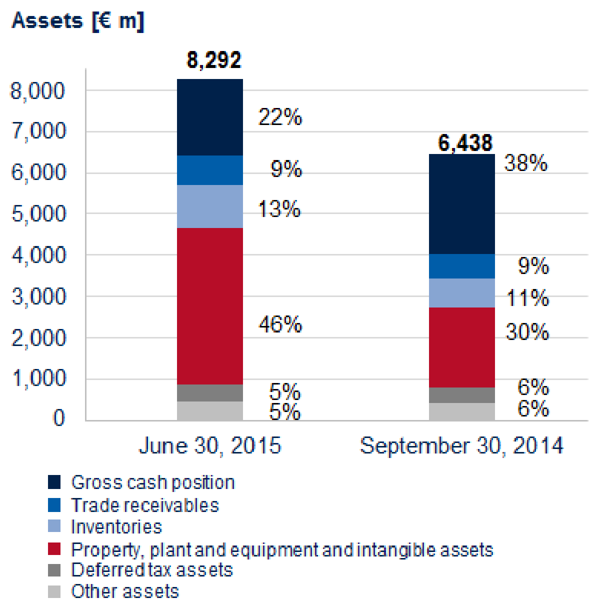
Non-current liabilities increased by €1,768 million to stand at €2,445 at the end of the reporting period (September 30, 2014: €677million).

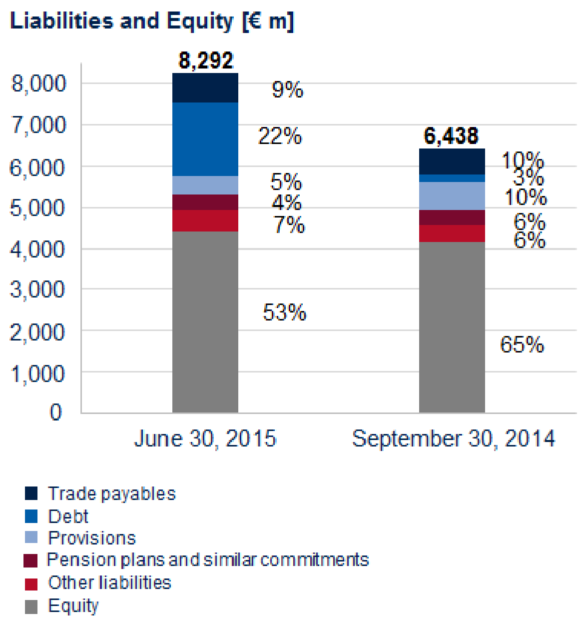
Non-current financial liabilities went up during the nine-month period by €1,616 million to €1,767 million (September 30, 2014: €151 million) as a result of debt raised in conjunction with the acquisition of International Rectifier (see note 15 "Debt"). Deferred tax liabilities increased by €151 million to €156 million, mostly due to the increase in the carrying amounts of International Rectifier's net assets to their fair value as part of the purchase price allocation.

EQUITY UP DUE TO NET INCOME AND CURRENCY FACTORS

Compared to September 30, 2014 (€4,158 million), equity rose by €249 million (6 percent) to stand at €4,407 million as of June 30, 2015. In addition to the net income of €309 million earned in the first nine months of the 2015 fiscal year, currency factors also added €109 million to equity. Equity was increased by €40 million as a result of the expiry of non-exercised put options on own shares and reduced by €202 million in conjunction with the payment of the dividend for the 2014 fiscal year.

The equity ratio fell to 53.1 percent at the end of the reporting period (September 30, 2014: 64.6 percent) primarily due to debt taken on to finance the acquisition of International Rectifier.





REVIEW OF LIQUIDITY

CASH FLOW

€ in millions	Nine months ended June 30, 2015	2014
Net cash provided by operating activities from continuing operations	528	589
Net cash used in investing activities from continuing operations	(2,143)	(642)
Net cash provided by (used in) financing activities from continuing operations	1,364	(174)
Net change in cash and cash equivalents from discontinued operations	(138)	(6)
Net change in cash and cash equivalents	**(389)**	**(233)**
Effect of foreign exchange rate changes on cash and cash equivalents	31	(3)
Change in cash and cash equivalents	**(358)**	**(236)**

Net cash provided by operating activities from continuing operations lower than in previous fiscal year

Net cash provided by operating activities from continuing operations for the nine-month period totaled €528 million (October 2013 - June 2014: €589 million). The figure reported for the nine-month period includes the payment of €104 million to settle disputes relating to the continuation of the right to use Qimonda patents as well as the payment of €83 million to the EU Commission in connection with the fine imposed in conjunction with chip card anti-trust proceedings. Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point of €908 million, cash-relevant changes in trade receivables and payables, provisions not relating to Qimonda, other assets and liabilities (excluding the payment to the EU commission) and inventories, amounting in total to €131 million, also reduced cash and cash equivalents. Income tax payments during the nine-month period totaled €73 million.

Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€786 million), the principal factors negatively impacting cash and cash equivalents during the first nine months of the 2014 fiscal year were the increase in inventories (€68 million), the decrease in trade payables (€41 million), the increase in trade receivables (€34 million), and income tax payments (€36 million).

High level of cash used in investing activities from continuing operations due to acquisition of International Rectifier

Net cash used in investing activities from continuing operations in the first nine months of the 2015 fiscal year amounted to €2,143 million, of which €1,866 million (after deduction of cash acquired) related to the acquisition of International Rectifier (see note 3 “Acquisitions”). €390 million was invested in property, plant and equipment and €116 million in intangible and other assets, the latter figure including an amount of €21 million relating to the acquisition of Qimonda patents, most of which were sold in July 2015 (see “Events after the end of the reporting period”). In addition, €7 million was used to acquire a 9.4 percent investment in Schweizer Electronic AG, Schramberg (Germany) and €7 million to acquire a 2.57 percent investment in TTTech Computertechnik AG, Vienna, Austria. €216 million of cash was provided by the (net) sale of financial investments, mainly comprising money deposits with a term of between three and twelve months. The change in these items does not have any impact on Infineon's gross cash position, since the latter includes financial investments as well as cash and cash equivalents.

In the corresponding nine-month period of the previous fiscal year, net cash used in investing activities from continuing operations amounted to €642 million, of which €356 million related to investments in property, plant and equipment and €212 million to the net purchase of financial investments. A total of €70 million was invested in intangible assets, mostly for internal development projects.

Debt raised to finance International Rectifier acquisition results in net cash provided by financing activities from continuing operations

Net cash provided by financing activities from continuing operations in the first nine months of the 2015 fiscal year amounted to €1,364 million. Credit lines agreed with various national and international banks in August 2014 to finance the International Rectifier acquisition were drawn down in January 2015. €800 million of these amounts were repaid in March 2015 following the issue of two subordinated and unsecured bonds with a total nominal value of €800 million. Overall, net cash inflows from financing activities totaled €1,584 million. In addition, the dividend for the 2014 fiscal year (€202 million) was also paid during the period. An amount of €15 million was used to acquire the remaining 33.6 percent of the shares of LSPS.

In the corresponding nine-month period of the previous fiscal year, net cash used in financing activities from continuing operations amounted to €174 million, including €129 million used to pay the dividend for the 2013 fiscal year and €35 million to repurchase parts of the convertible bond, which fell due in 2014.

Change in cash and cash equivalents from discontinued operations negatively impacted by payments in conjunction with the Qimonda partial settlement

Net cash used for discontinued operations in the half nine months of the 2015 fiscal year totaled €138 million and related to the Qimonda insolvency, of which €125 million (net of value added tax) related to payments in conjunction with the partial settlement reached with the Qimonda insolvency administrator. These payments were made as part of an amicable agreement reached to terminate the proceedings relating to claims pertaining to intragroup payments (which had been contested under insolvency law), and the settlement of other extra-judicial claims. The payments were also deemed to settle all other claims of the insolvency administrator, to the extent that they do not pertain to the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden.

FREE CASH FLOW

Infineon reports the free cash flow figure (defined as net cash provided by or used in operating activities and net cash used in or provided by investing activities – in both cases from continuing operations) 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 superior performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations and is derived as follows from the Consolidated Statement of Cash Flows:

€ in millions	Nine months ended June 30, 2015	2014
Net cash provided by operating activities from continuing operations	528	589
Net cash used in investing activities from continuing operations	(2,143)	(642)
Purchases of (proceeds from sales of) financial investments, net	(216)	212
Free cash flow	**(1,831)**	**159**

Acquisition of International Rectifier results in substantial negative free cash flow

Free cash flow from continuing operations in the first nine months of the 2015 fiscal year was a negative amount of €1,831 million, of which €1,866 million (after deduction of cash acquired) related to the acquisition of International Rectifier. The payments to the Qimonda insolvency administrator and the EU Commission had a negative impact of €208 million on free cash flow from continuing operations. Excluding these exceptional items, free cash flow from continuing operations in the first nine months of the 2015 fiscal year would have amounted to €243 million.

Free cash flow in the first nine months of the previous fiscal year amounted to €159 million. Net cash provided by operating activities exceeded additions to property, plant and equipment and intangible assets totaling €426 million.

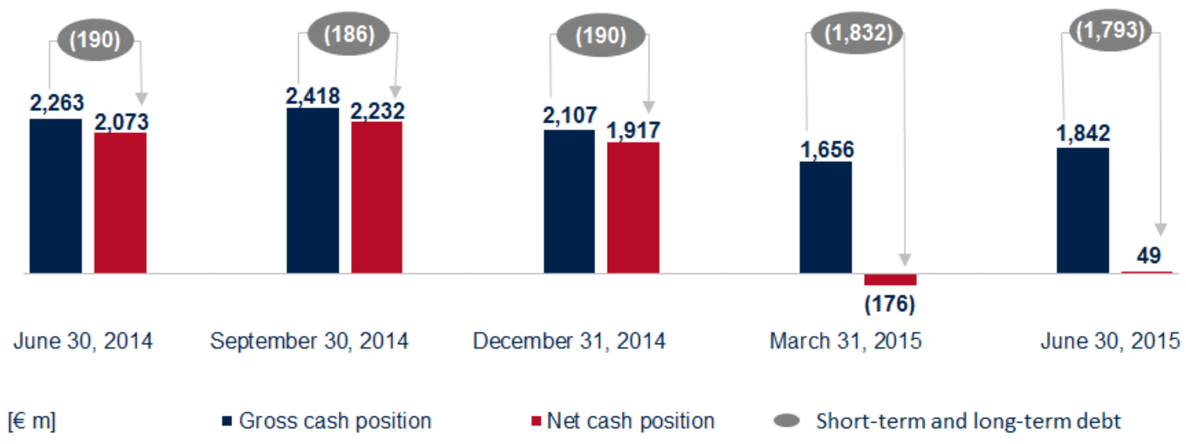
GROSS CASH POSITION AND NET CASH POSITION

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

€ in millions	**June 30, 2015**	September 30, 2014
Cash and cash equivalents	700	1,058
Financial investments	1,142	1,360
Gross cash position	**1,842**	**2,418**
Less:		
Short-term debt and current maturities of long-term debt	26	35
Long-term debt	1,767	151
Total debt	**1,793**	**186**
Net cash position	**49**	**2,232**

The gross cash position at June 30, 2015 amounted to €1,842 million, down by €576 million on the €2,418 million reported at September 30, 2014. In addition to the negative free cash flow of €1,831 million described above, the gross cash position was also reduced by the dividend payment of €202 million and by payments totaling €138 million relating to the Qimonda insolvency and reported as net cash used for discontinued operations. Net debt raised amounting to €1,570 million and exchange gains of €31 million on cash and cash equivalents worked in the opposite direction.

The net cash position, which is defined as the gross cash position less short-term and long-term debt, returned to being positive as of June 30, 2015 despite the high negative free cash flow figure caused by the various factors described above and amounted to €49 million at the end of the reporting period (September 30, 2014: €2,232 million). As a result, Infineon's capital structure is back within the targeted range in terms of net cash position (see note 26 “Capital management” of the Consolidated Financial Statements for the 2014 fiscal year), just one quarter after signing the contract to acquire International Rectifier. Three months earlier, the net cash position had temporarily slipped out of the target range.



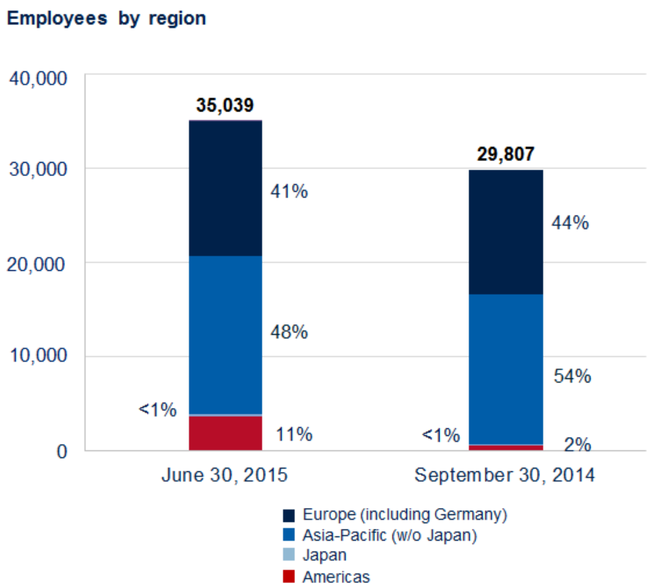
EMPLOYEES

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

	As of		
	June 30, 2015	September 30, 2014	Change
Region:			
Europe	14,392	13,179	9%
Therein: Germany	9,305	8,888	5%
Asia-Pacific (w/o Japan)	16,844	15,936	6%
Therein: China	1,918	1,748	10%
Japan	175	136	29%
Americas	3,628	556	+++
Total	**35,039**	**29,807**	**18%**

The workforce grew by 5,232 employees or 18 percent during the first nine months of the 2015 fiscal year, of which 4,073 employees or 78 percent were from International Rectifier. The number of employees in the Americas region grew particularly sharply as a result of the acquisition. The workforce also expanded in Europe and in the Asia-Pacific region for the same reason. The enlargement of the workforce not related to the acquisition took place primarily in manufacturing and R&D functions, in particular across the Asia-Pacific region and in Germany.

The proportion of the workforce in Germany fell as a consequence of the acquisition of International Rectifier. Approximately 27 percent of the Infineon workforce was employed at Infineon sites in Germany at June 30, 2015 (September 30, 2014: approximately 30 percent).



EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2015, Infineon concluded contracts with Polaris Innovations Limited (Ireland), a subsidiary of Wi-Lan Inc. (Canada), and with Samsung Electronics Ltd. (Korea) for the sale of the majority of the patents acquired from Qimonda for a total sales price of €30 million (see note 4 “Disposals and discontinued operations”).

OUTLOOK

Following the completion of the acquisition of International Rectifier on January 13, 2015, in its Half-Year Financial Report, Infineon provided an update of the forecasts originally made in the 2014 Annual Report, which now include International Rectifier.

OUTLOOK FOR THE FOURTH QUARTER OF THE 2015 FISCAL YEAR

Based on an assumed exchange rate of US$ 1.10 to the euro, Infineon expects quarter-on-quarter revenue growth of 1 percent (plus or minus 2 percentage points) in the fourth quarter of the 2015 fiscal year. At the mid-point of the growth range, the Segment Result Margin is expected to come in at about 16 percent.

OUTLOOK FOR THE 2015 FISCAL YEAR

For the 2015 fiscal year, based on an assumed exchange rate of US$ 1.10 to the euro, Infineon forecasts a year-on-year rise in revenue of 34 percent and the Segment Result Margin is expected to be about 15 percent. All four operating segments will contribute to revenue growth. This forecast also includes International Rectifier's expected contribution to revenue in the period from January 13, 2015 to September 30, 2015.

Investments during the 2015 fiscal year are expected to be in the region of €800 million. This figure includes investments in plant and equipment at existing factories and in intangible assets including capitalized development costs. Specifically included in these investments are €60 to €70 million for readying the second shell in Kulim (Malaysia), for volume production and €21 million for the purchase of Qimonda patents in conjunction with the settlement reached with the insolvency administrator of Qimonda AG. Depreciation and amortization will increase to around €750 million, mostly as a result of acquisition-related charges.

Reference is also made to the detailed forecasts provided in the unaudited Interim Group Management Report included in the Half-Year Financial Report for the six-month period to March 31, 2015 (pages 27 to 29).

RISKS AND OPPORTUNITIES

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

Specific risks which could have a material adverse effect on Infineon's financial condition, liquidity position and results of operations, specific opportunities, and the concept behind Infineon's risk management system are described in the Group Management Report for the 2014 fiscal year (pages 137 to 148).

During the first nine months of the 2015 fiscal year, Infineon has not identified any material changes to the opportunities and risks described in the 2014 Annual Report and in note 20 to the Interim Consolidated Financial Statements for the nine-month period under report.

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

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2015 AND 2014

		Three months ended June 30,		Nine months ended June 30,	
€ in millions	Note:	**2015**	2014	**2015**	2014
Revenue		1,586	1,110	4,197	3,145
Cost of goods sold		(1,034)	(680)	(2,741)	(1,956)
Gross profit		**552**	**430**	**1,456**	**1,189**
Research and development expenses		(201)	(141)	(520)	(410)
Selling, general and administrative expenses		(210)	(122)	(563)	(358)
Other operating income		3	6	13	18
Other operating expenses		(25)	(8)	(34)	(31)
Operating income		**119**	**165**	**352**	**408**
Financial income	5	2	3	8	7
Financial expenses	5	(12)	(2)	(34)	(15)
Gain from investments accounted for using the equity method		1	-	3	1
Income from continuing operations before income taxes		**110**	**166**	**329**	**401**
Income tax	6	(5)	(23)	(29)	(60)
Income from continuing operations		**105**	**143**	**300**	**341**
Income (loss) from discontinued operations, net of income taxes		4	-	9	13
Net income		**109**	**143**	**309**	**354**
Attributable to:					
Non-controlling interests		-	-	2	-
Shareholders of Infineon Technologies AG		109	143	307	354
Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:					
Basic earnings per share (in euro) from continuing operations	7	0.10	0.13	0.26	0.31
Basic earnings (loss) per share (in euro) from discontinued operations	7	-	-	0.01	0.01
Basic earnings per share (in euro)	7	**0.10**	**0.13**	**0.27**	**0.32**
Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG:					
Diluted earnings per share (in euro) from continuing operations	7	0.10	0.13	0.26	0.31
Diluted earnings per share (in euro) from discontinued operations	7	-	-	0.01	0.01
Diluted earnings per share (in euro)	7	**0.10**	**0.13**	**0.27**	**0.32**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2015 AND 2014

€ in millions	Three months ended June 30,		Nine months ended June 30,	
	2015	2014	**2015**	2014
Net income	**109**	**143**	**309**	**354**
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Actuarial gains (losses) on pension plans and similar commitments	178	-	29	-
Total items that will not be reclassified to profit or loss	**178**	**-**	**29**	**-**
Items that may be reclassified subsequently to profit or loss:				
Currency translation effects	(48)	1	109	(4)
Net change in fair value of hedging instruments	1	3	(37)	5
Net change in fair value of available-for-sale financial assets	(1)	-	(2)	-
Total items that may be reclassified subsequently to profit or loss	**(48)**	**4**	**70**	**1**
Other comprehensive income (loss), net of tax	**130**	**4**	**99**	**1**
Total comprehensive income, net of tax	**239**	**147**	**408**	**355**
Attributable to:				
Non-controlling interests	(2)	-	-	-
Shareholders of Infineon Technologies AG	241	147	408	355

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2015 AND 2014 (UNAUDITED) AND SEPTEMBER 30, 2014

€ in millions	Note:	June 30, 2015	June 30, 2014	September 30, 2014
ASSETS:				
Cash and cash equivalents		700	291	1,058
Financial investments		1,142	1,972	1,360
Trade receivables	8	729	553	581
Inventories	9	1,040	680	707
Income tax receivable		9	5	7
Other current assets	10	259	213	221
Assets classified as held for sale		21	-	-
Total current assets		**3,900**	**3,714**	**3,934**
Property, plant and equipment		2,025	1,615	1,700
Goodwill and other intangible assets		1,776	228	250
Investments accounted for using the equity method		33	34	35
Deferred tax assets		396	322	378
Other non-current assets	11	162	144	141
Total non-current assets		**4,392**	**2,343**	**2,504**
Total assets		**8,292**	**6,057**	**6,438**
LIABILITIES AND EQUITY:				
Short-term debt and current maturities of long-term debt	15	26	25	35
Trade payables	12	747	531	648
Short-term provisions	14	381	652	590
Income tax payable		76	64	69
Other current liabilities	13	210	220	261
Total current liabilities		**1,440**	**1,492**	**1,603**
Long-term debt	15	1,767	165	151
Pension plans and similar commitments		362	247	379
Deferred tax liabilities		156	2	5
Long-term provisions	14	74	56	70
Other non-current liabilities		86	69	72
Total non-current liabilities		**2,445**	**539**	**677**
Total liabilities		**3,885**	**2,031**	**2,280**
Shareholders' equity:	16			
Ordinary share capital		2,259	2,255	2,255
Additional paid-in capital		5,216	5,413	5,414
Accumulated deficit		(3,166)	(3,553)	(3,502)
Other reserves		134	10	64
Own shares		(37)	(37)	(37)
Put options on own shares		-	(66)	(40)
Equity attributable to shareholders of Infineon Technologies AG		**4,406**	**4,022**	**4,154**
Non-controlling interests		1	4	4
Total equity		**4,407**	**4,026**	**4,158**
Total liabilities and equity		**8,292**	**6,057**	**6,438**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2015 AND 2014

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Net income	**109**	**143**	**309**	**354**
Minus: loss (income) from discontinued operations, net of income taxes	(4)	-	(9)	(13)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	205	131	549	377
Income tax	5	23	29	60
Net interest result	10	(1)	30	7
Gains on disposals of property, plant and equipment	-	-	-	(2)
Dividends received from associated companies	-	1	1	1
Impairment charges	13	1	14	1
Other non-cash result	1	(3)	(2)	(1)
Change in trade receivables	2	(20)	(54)	(34)
Change in inventories	(37)	(2)	(45)	(68)
Change in trade payables	73	(33)	(5)	(41)
Change in provisions	72	18	(83)	(7)
Change in other assets and liabilities	(2)	(17)	(131)	(8)
Interest received	1	2	6	6
Interest paid	(5)	(1)	(8)	(7)
Income tax received (paid)	(11)	(14)	(73)	(36)
Net cash provided by operating activities from continuing operations	**432**	**228**	**528**	**589**
Net cash used in operating activities from discontinued operations	**(2)**	**(1)**	**(138)**	**(5)**
Net cash provided by operating activities	**430**	**227**	**390**	**584**

€ in millions	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Purchases of financial investments	(550)	(340)	(1,180)	(1,148)
Proceeds from sales of financial investments	325	240	1,396	936
Purchases of other equity investments	-	-	(14)	-
Acquisitions of businesses, net of cash acquired	(2)	(7)	(1,866)	(7)
Purchases of intangible assets and other assets	(32)	(27)	(116)	(70)
Purchases of property, plant and equipment	(183)	(117)	(390)	(356)
Proceeds from sales of property, plant and equipment and other assets	5	1	27	3
Net cash used in investing activities from continuing operations	**(437)**	**(250)**	**(2,143)**	**(642)**
Net cash used in investing activities from discontinued operations	**-**	**-**	**-**	**(1)**
Net cash used in investing activities	**(437)**	**(250)**	**(2,143)**	**(643)**
Net change in short-term debt	-	-	1	-
Net change in related party financial receivables and payables	-	-	-	(1)
Proceeds from the issuance of long-term debt	1	-	2,395	3
Repayments of long-term debt	(13)	(13)	(825)	(23)
Repurchase of convertible subordinated bonds	-	-	-	(35)
Change in cash deposited as collateral	-	-	(1)	7
Proceeds from the issuance of ordinary shares	3	-	11	1
Cash outflows due to changes of non-controlling interests	(15)	-	(15)	-
Proceeds from the issuance of put options on own shares	-	-	-	3
Dividend payments	-	-	(202)	(129)
Net cash provided by (used in) financing activities from continuing operations	**(24)**	**(13)**	**1,364**	**(174)**
Net cash used in financing activities from discontinued operations	**-**	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**(24)**	**(13)**	**1,364**	**(174)**
Net increase (decrease) in cash and cash equivalents	(31)	(36)	(389)	(233)
Effect of foreign exchange rate changes on cash and cash equivalents	(7)	-	31	(3)
Cash and cash equivalents at beginning of period	738	327	1,058	527
Cash and cash equivalents at end of period	**700**	**291**	**700**	**291**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2015 AND 2014

€ in millions, except for number of shares	Note	Ordinary shares issued				Other
		Shares	Amount	Additional paid-in capital	Accumulated deficit	Foreign currency translation adjustment
Balance as of October 1, 2013	16	**1,081,083,034**	**2,162**	**5,549**	**(3,907)**	**14**
Net income		-	-	-	354	-
Other comprehensive loss for the period, net of tax		-	-	-	-	(4)
Total comprehensive income (loss) for the period, net of tax		-	-	-	354	(4)
Dividends		-	-	(129)	-	-
Issuance of ordinary shares:						
Exercise of stock options		434,927	1	-	-	-
Exercise of conversion rights		46,171,936	92	7	-	-
Share based compensation		-	-	4	-	-
Put options on own shares		-	-	3	-	-
Other changes in equity		-	-	(21)	-	-
Balance as of June 30, 2014		**1,127,689,897**	**2,255**	**5,413**	**(3,553)**	**10**
Balance as of October 1, 2014		**1,127,739,230**	**2,255**	**5,414**	**(3,502)**	**26**
Net income		-	-	-	307	-
Other comprehensive income (loss) for the period, net of tax		-	-	-	29	109
Total comprehensive income (loss) for the period, net of tax		-	-	-	336	109
Dividends		-	-	(202)	-	-
Issuance of ordinary shares:						
Exercise of stock options		1,520,501	4	9	-	-
Share based compensation		-	-	5	-	-
Put options on own shares		-	-	-	-	-
Other changes in equity		-	-	(10)	-	-
Balance as of June 30, 2015		**1,129,259,731**	**2,259**	**5,216**	**(3,166)**	**135**

reserves						
Unrealized gains (losses) on securities	Unrealized gains (losses) on cash flow hedges	Own shares	Put options on own shares	Total equity attributable to shareholders of Infineon Technologies AG	Non-controlling interests	Total equity
3	**(8)**	**(37)**	**-**	**3,776**	**-**	**3,776**
-	-	-	-	354	-	354
-	5	-	-	1	-	1
-	5	-	-	355	-	355
-	-	-	-	(129)	-	(129)
-	-	-	-	1	-	1
-	-	-	-	99	-	99
-	-	-	-	4	-	4
-	-	-	(66)	(63)	-	(63)
-	-	-	-	(21)	4	(17)
3	**(3)**	**(37)**	**(66)**	**4,022**	**4**	**4,026**
3	**35**	**(37)**	**(40)**	**4,154**	**4**	**4,158**
-	-	-	-	307	2	309
(2)	(37)	-	-	99	-	99
(2)	(37)	-	-	406	2	408
-	-	-	-	(202)	-	(202)
-	-	-	-	13	-	13
-	-	-	-	5	-	5
-	-	-	40	40	-	40
-	-	-	-	(10)	(5)	(15)
1	**(2)**	**(37)**	**-**	**4,406**	**1**	**4,407**

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Infineon Group ("Infineon") comprising Infineon Technologies AG (hereafter also "the Company") and its subsidiaries design, develop, manufacture and market a broad range of semiconductors and system solutions. The focus of activities is on automotive, industrial, information and communication electronics as well as chip-card based security solutions. The product range includes both standard and customer-specific components for power, digital, analog, high frequency and mixed-signal applications. Most of Infineon's revenue is generated by power semiconductors, the remainder by microcontroller, sensors, driver components and special components with highest reliability. Infineon's operations, investments and customers are located mainly in Europe, Asia and North America.

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

1 BASIS OF PRESENTATION

The condensed Interim Consolidated Financial Statements of Infineon for the three and nine months ended June 30, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Interim Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". Accordingly, certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. Although the Consolidated Statement of Financial Position as of September 30, 2014 presented herein was derived from audited financial statements, not all related disclosures required by IFRS for these are included. The Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with IFRS, as adopted by the EU, for the 2014 fiscal year. With the exception of the changes described in note 2 due to standards adopted for the first time, the accounting policies applied preparing the accompanying Interim Consolidated Financial Statements are consistent with those used for the 2014 fiscal year.

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

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

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

Deviations in amounts presented may occur due to rounding.

2 ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

The following standards have been applied for the first time in the first nine months of the 2015 fiscal year:

- **Amendment to IAS 32 "Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities"** (effective date: January 1, 2014). The application of this revised standard has no significant impact on the Interim Consolidated Financial Statements.
- **IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities"** (effective date: January 1, 2014). IFRS 10 contains a new and broader definition of "control". A parent company has control when it has the decision making power over the potential subsidiary based on voting rights or other rights, participates in positive as well as negative variable returns of the subsidiary and through its decision making power can affect the amount of the returns. IFRS 11 differentiates between Joint Operations and Joint Ventures. The disclosures of interests in other entities are the subject of IFRS 12. The application of IFRS 10, IFRS 11 and IFRS 12 has no significant impact on the Interim Consolidated Financial Statements.
- **Changes to the transitional provisions of IFRS 10, IFRS 11 and IFRS 12** (effective date: January 1, 2014). These changes have no significant impact on the Interim Consolidated Financial Statements.
- **IAS 28 "Investments in associates and joint ventures"** (effective date: January 1, 2014). This standard has no significant impact on the Interim Consolidated Financial Statements.
- **Change to IAS 36 "Disclosure of recoverable amount for non-financial assets"** (effective date: January 1, 2014). This change has no significant impact on the Inerim Consolidated Financial Statements.

VALUATION

PENSION PLANS AND SIMILAR COMMITMENTS:

IAS 34, "Interim Financial Reporting" requires a mid-year adjustment to the valuation of pension plans and similar commitments if market conditions have changed unexpectedly and significantly. The very volatile development of interest rates in the financial markets in the three and nine months to June 30, 2015 had a significant effect on the discount rates used to value defined benefit plans which in turn had a significant effect on the defined benefit obligation of these plans. While the discount rate for domestic plans decreased to 1.3 percent as at March 31, 2015, it then increased again to 2.5 percent as at June 30, 2015 (September 30, 2014: 2.4 percent). The counter-effect could be seen in the development of the fair value of the plan assets.

As a result, in the period to March 31, 2015 pension liabilities increased by €149 million which was recorded as an actuarial loss on pension plans and similar commitments in Other Comprehensive Income. The counter-development of interest rates in the three months to June 30, 2015 led to a reduction in pension liabilities of €178 million. For the three and nine months to June 30, 2015 €178 million and €29 million, respectively, of actuarial gains on pension plans and similar commitments were recorded in Other Comprehensive Income.

3 ACQUISITIONS

INTERNATIONAL RECTIFIER

The acquisition of 100 percent of the shares and associated voting rights of International Rectifier Corporation ("International Rectifier") based in El Segundo, California (USA) announced on August 20, 2014 was closed by Infineon on January 13, 2015.

With this acquisition Infineon improves its competitive position. The Company benefits from the combination with a larger product portfolio and a broader regional presence, in particular with small and medium sized companies in the USA and Asia. Through the integration, Infineon increases its power semiconductor and packaging technology expertise on the one hand, and on the other hand obtains additional system know-how in the field of power supply to electrical devices and motors. Additionally, knowledge of compound semiconductors, in particular Gallium Nitride, is pooled through the acquisition. Economies of scale arising in research and development as well as production strengthen the competitiveness of the company.

The purchase price of the acquired company amounts to US$3,037 million. The purchase price allocation, based on the fair value of the assets, liabilities and contingent liabilities at the acquisition date, results in the recognition of intangible assets such as technologies, as well as customer relationships, brands and goodwill.

The following table presents the preliminary allocation of the purchase price to assets and liabilities at the date of the acquisition:

€ in millions	(preliminary)
Cash and cash equivalents	556
Trade receivables	88
Inventories	266
Other current assets	22
Property, plant and equipment	382
Intangible assets	701
Deferred tax assets	10
Other non-current assets	20
Total assets	**2,045**
Trade payables	98
Short-term provisions	20
Other current liabilities	25
Deferred tax liabilities	190
Long-term provisions	3
Other non-current liabilities	18
Total liabilities	**354**
Net assets acquired	**1,691**
Goodwill	**741**
Purchase price	**2,432**
Paid in cash and cash equivalents during the nine months ended June 30, 2015	2,422
Acquired cash and cash equivalents	(556)
Net cash outflow for the acquisition	**1,866**

Adjustments have been made to the preliminary purchase price allocation published in the half-year financial report to March 31, 2015. The analysis and valuation of the assets and liabilities acquired is not finalized as at the date of publication of these Interim Consolidated Financial Statements. Accordingly the balances reported in these Interim Consolidated Financial Statements as at June 30, 2015 should also be considered preliminary.

According to a preliminary valuation, goodwill arising from the acquisition totals €741 million, which is not deductible for tax purposes. This goodwill from the acquisition of International Rectifier is primarily attributable to synergies and cost benefits arising from economies of scale.

Costs arising directly from the acquisition of International Rectifier (such as legal fees and bank commission), which form part of acquisition-related amortization and other expenses, amount to €10 million in total and are recognized entirely in selling, general and administrative expenses.

The gross carrying amount of the trade receivables acquired amount to €88 million at the acquisition date and correspond to their fair value.

Details of unrecognized contingent liabilities relating to International Rectifier's legal disputes (in particular environmental risks) can be found in note 20 "Commitments and contingencies – litigation and government inquiries – other".

FINANCIAL EFFECT OF THE ACQUISITION

The amount of revenue and the net result from International Rectifier, which is significantly affected by acquisition-related depreciation/amortization and other expenses (see also note 21 “Segment Information”), which has been taken into account in the Consolidated Statement of Operations for the reporting period since the acquisition date is as follows:

€ in millions	
Revenue	443
Loss after tax	(110)

If International Rectifier had been consolidated since October 1, 2014, Infineon would have recorded revenues of €4,470 million and a profit after tax of €285 million in the Consolidated Statement of Operations during the reporting period.

International Rectifier’s business units have been completely integrated into the existing segments Automotive, Industrial Power Control and Power Management & Multimarket. By far the largest share has been allocated to the Power Management & Multimarket segment.

LS POWER SEMITECH CO., LTD. (LSPS)

On April 30, 2015 Infineon acquired the remaining 33.6 percent share in LS Power Semitech Co., Ltd. (LSPS), Korea from LS Industrial Systems Co., Ltd. (LSIS), Korea. The purchase price of the share amounted to €15 million. As a result of the acquisition,disclosed non-controlling interests reduced by €5 million and additional paid-in capital by €10 million.

4 DIVESTITURES AND DISCONTINUED OPERATIONS

QIMONDA — DISCONTINUED OPERATIONS

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

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

As a result of recent developments, adjustments to individual provisions in connection with the insolvency of Qimonda were required in the three and nine months ended June 30, 2015 which resulted in a gain after tax of €4 million and €9 million, respectively. The partial settlement agreed with the Qimonda administrator on September 11, 2014 and effected on October 9, 2014 (see note 20 “Commitments and Contingencies”) had no effect on profit in the three and nine months ended June 30, 2015.

The patents acquired under the partial settlement with the intention of resale are disclosed in the Consolidated Statement of Financial Position under “assets classified as held for sale” with a value of €21 million as determined according to IFRS 13 as at June 30, 2015. In July 2015 Infineon concluded the sale for €30 million in total of the majority of the patents acquired from Qimonda to Polaris Innovations Limited (Ireland), a subsidiary of Wi-Lan Inc. (Canada), and Samsung Electronics Ltd. (Korea).

The payment to the Qimonda administrator of €260 million in connection with the concluded partial settlement is disclosed in the Consolidated Statement of Cash Flows as follows for the three and nine months to June 30, 2015:

- €104 million as "Net cash used in operating activities from continuing operations" for the settlement of the dispute over the continuation of useage rights of the Qimonda patents,
- €21 million as "Net cash used in investing activities from continuing operations" for the acquisition of the Qimonda patents, and
- €135 million as "Net cash used in operating activities from discontinued operations" for the termination by mutual consent of the proceedings contesting certain payments under insolvency law, the settlement of further out of court claims, as well as all other claims made by the administrator to the extent that these do not relate to the proceedings in connection with the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden.

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

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

Subsequent income totaled €3 million in the nine months ended June 30, 2014.

Following the sale, Infineon continues to perform activities on behalf of IMC which are reported as continuing operations, and within "Other Operating Segments" for segment reporting purposes.

SALE OF THE WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

On November 6, 2009, the Wireline Communications business was sold to various companies which are affiliates of Golden Gate Private Equity Inc. (Lantiq). In the nine month period ended June 30, 2014 €10 million of subsequent income arose as a result of the release of a provision in connection with the sale.

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

The results of Qimonda, Wireline Communications, and the Wireless mobile phone business presented in the Consolidated Statement of Operations as "income from discontinued operations, net of income taxes" in the three and nine months ended June 30, 2015 and 2014, consist of the following:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Qimonda's share of discontinued operations, net of income taxes	4	-	9	-
Wireline Communications business' share of discontinued operations, net of income taxes	-	-	-	10
Wireless mobile phone business' share of discontinued operations, net of income taxes	-	-	-	3
Income (loss) from discontinued operations, net of income taxes	**4**	**-**	**9**	**13**

5 FINANCIAL INCOME AND EXPENSES

Financial income for the three and nine months ended June 30, 2015 and 2014 comprises the following:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Interest income	2	3	4	7
Valuation changes and gains on sales of financial investments	-	-	4	-
Total	**2**	**3**	**8**	**7**

Financial expenses for the three and nine months ended June 30, 2015 and 2014 comprise the following:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Interest expenses	12	2	34	14
Other financial expenses	-	-	-	1
Total	**12**	**2**	**34**	**15**

Interest expenses for the nine months ended June 30, 2015 include among other things €7 million related to the amortization of transaction costs in connection with the bridge financing of €800 million for the acquisition of International Rectifier, which was repaid on March, 12 2015 with the proceeds from the issuance of two unsubordinated unsecured bonds (see note 15).

6 INCOME TAX

Income from continuing operations before income taxes and income tax expenses for the three and nine months ended June 30, 2015 and 2014, respectively are as follows:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Income from continuing operations before income taxes	110	166	329	401
Income tax expenses	(5)	(23)	(29)	(60)
Effective tax rate	5%	14%	9%	15%

In the three and nine months ended June 30, 2015 and 2014 Infineon's tax expenses are affected by foreign tax rates, non-deductible expenses, tax credits and changes in the valuation allowances on deferred tax assets.

In the three and nine months ended June 30, 2015 the income from continuing operations before income taxes is particularly affected by expenses arising from the purchase price allocation in connection with the acquisition of International Rectifier. These expenses lead to deferred tax income which reduces the effective tax rate.

7 EARNINGS PER SHARE

Basic earnings per share are calculated as the earnings divided by the weighted average number of shares outstanding during the reporting period. The calculation of the diluted earnings per share 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 expenses, on the other.

Basic and diluted earnings per share are calculated as follows:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions (unless otherwise stated)	**2015**	2014	**2015**	2014
Earnings attributable to shareholders of Infineon Technologies AG – basic	**109**	**143**	**307**	**354**
Adjustment for interest expenses on convertible bond	-	-	-	3
Earnings attributable to shareholders of Infineon Technologies AG – diluted	**109**	**143**	**307**	**357**
thereof from continuing operations	105	143	298	344
thereof from discontinued operations	4	-	9	13
Weighted-average number of shares outstanding (in millions):				
- Ordinary share capital	1,129.1	1,127.6	1,128.3	1,113.0
- Adjustment for own shares	(6.0)	(6.0)	(6.0)	(6.0)
Weighted-average number of shares outstanding – basic	**1,123.1**	**1,121.6**	**1,122.3**	**1,107.0**
Adjustments for:				
- Effect of potential conversion of convertible bond	-	-	-	15.5
- Effect of stock options and performance shares	3.1	0.7	2.3	0.8
Weighted-average number of shares outstanding – diluted	**1,126.2**	**1,122.3**	**1,124.6**	**1,123.3**
Basic and diluted earnings per share[1] (in euro):				
Earnings per share (in euro) from continuing operations	0.10	0.13	0.26	0.31
Earnings (loss) per share (in euro) from discontinued operations, net of income taxes	-	-	0.01	0.01
Earnings per share – basic and diluted	**0.10**	**0.13**	**0.27**	**0.32**

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

The average number of potentially dilutive instruments that did not have a dilutive impact and were not taken into account in the calculation of diluted earnings per share included:

- In the three months ended June 30, 2015 and 2014 9.2 million and 12.0 million, respectively, and in the nine months ended June 30, 2015 and 2014 10.7 million and 12.2 million, respectively, stock options and performance shares issued to members of the Management Board and employees were not taken into account either because their exercise price was higher than the average share price during the reporting period, or the performance hurdle was not reached.
- In the three months ended June 30, 2014 10.4 million, and in the nine months ended June 30, 2015 and 2014 1.8 million and 7.6 million, respectively, put options written on own shares were not taken into account since their exercise price was lower than the average share price during the reporting period. As at June 30, 2015 there were no put options on own shares outstanding (see note 16).

8 TRADE RECEIVABLES

Trade receivables consist of the following:

€ in millions	**June 30, 2015**	September 30, 2014
Trade accounts receivables, third party	737	584
Trade accounts receivables, related parties	3	4
Trade accounts receivables, gross	**740**	**588**
Allowance for doubtful accounts	(11)	(7)
Trade accounts receivables, net	**729**	**581**

9 INVENTORIES

Inventories consist of the following:

€ in millions	**June 30, 2015**	September 30, 2014
Raw materials and supplies	112	76
Work in progress	590	414
Finished and purchased goods	338	217
Total	**1,040**	**707**

Inventories at June 30, 2015 and September 30, 2014 are stated net of write-downs of €112 million and €79 million, respectively.

10 OTHER CURRENT ASSETS

Other current assets consist of the following:

€ in millions	**June 30, 2015**	September 30, 2014
VAT and other receivables from tax authorities	109	50
Prepaid expenses	67	45
Grants receivables	30	34
Third party – financial and other receivables	12	9
Derivative financial instruments	-	41
Other	41	42
Total	**259**	**221**

11 OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

€ in millions	June 30, 2015	September 30, 2014
Restricted cash	76	75
Prepaid expenses	26	23
Investments in other equity investments	20	5
Long-term receivables	6	5
Securities	-	16
Grants receivables	-	5
Other	34	12
Total	**162**	**141**

"Restricted cash" as of June 30, 2015 and September 30, 2014 mainly consists of a rental deposit in connection with the Campeon head office of €75 million.

12 TRADE PAYABLES

Trade payables consist of the following:

€ in millions	June 30, 2015	September 30, 2014
Trade payables, third party	740	636
Trade payables, related parties	7	12
Trade payables	**747**	**648**

13 OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

€ in millions	June 30, 2015	September 30, 2014
Payroll obligations to employees	114	73
Deferred income	18	13
VAT and other taxes payables	18	9
Advanced payments	14	18
Deferred government grants	11	11
Accrued interest	7	-
Derivative financial instruments with negative fair values	5	3
Related parties – other payables	1	1
Obligation to acquire own shares	-	40
Fine from the chip card antitrust proceedings	-	83
Other	22	10
Total	**210**	**261**

The obligation to acquire own shares in connection with Infineon's capital returns program amounts to €40 million as of September 30, 2014 and corresponds to the discounted exercise value at issue date plus interest up to the end of the reporting period, of put options on Infineon Technologies AG shares outstanding as at September 30, 2014. There were no further put options outstanding as of June 30, 2015 (see note 16).

14 PROVISIONS

Short-term and long-term provisions consist of the following:

€ in millions	**June 30, 2015**	September 30, 2014
Personnel costs	289	232
Warranties	56	75
Provisions related to Qimonda	60	312
Other	50	41
Total	**455**	**660**
Thereof short-term	381	590
Thereof long-term	74	70

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

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

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

Other provisions comprise provisions for delay on contracts, asset retirement obligations, litigations (other than those relating to Qimonda), onerous contracts, restructuring and miscellaneous other liabilities.

15 DEBT

Debt consists of the following:

€ in millions	**June 30, 2015**	September 30, 2014
Loans payable to banks, weighted average rate 4.19%	7	-
Current maturities of long-term debt	19	35
Short-term debt and current maturities of long-term debt	**26**	**35**
Loans payable to banks:		
Unsecured loans, weighted average interest rate 1.78% (September 30, 2014: 1.18%), due 2016–2023	976	151
Bond €300 million, coupon 1.00%, due 2018	297	-
Bond €500 million, coupon 1.50%, due 2022	494	-
Long-term debt	**1,767**	**151**
Total	**1,793**	**186**

In connection with the acquisition of International Rectifier, Infineon Technologies AG concluded a financing agreement with several domestic and international banks in August 2014. The financing consisted of two senior, unsecured tranches:

- a credit facility of US$934 million with a term of five years, and
- a credit facility of €800 million with a term of one year and two extension options for Infineon of six months each (bridge financing)

Upon closing of the acquisition (see note 3) both credit facilities were fully drawn.

On March 10, 2015 the Company issued two senior, unsecured bonds with a total nominal amount of €800 million in an offering to institutional and private investors in Europe:

- a bond with a nominal value of €300 million is due in 2018 and bears annual interest of 1.0 percent, and
- a bond with a nominal value of €500 million is due in 2022 and bears annual interest of 1.5 percent.

The bonds are listed on the Luxemburg Stock Exchange.

As of June 30, 2015 the term loan in the amount of US$934 million was outstanding. The €792 million proceeds from the issuance of the two senior, unsecured bonds described above were used to repay a substantial portion of the €800 million bridge financing in March 2015.

The US$934 million term loan and the bonds totaling €800 million are recorded as other financial liabilities less directly attributable transaction costs at amortized cost.

Other financial liabilities as of June 30, 2015 primarily consist of project financing at Infineon Technologies Austria AG. In addition, Infineon has established several independent financing arrangements in the form of both short- and long-term credit facilities, in order to finance operating business requirements.

16 EQUITY

The ordinary share capital of Infineon Technologies AG stood at €2,258,519,462 as of June 30, 2015 divided into 1,129,259,731 no par value registered shares, of which 6 million were own shares held by the Company. As of September 30, 2014 the ordinary share capital stood at €2,255,478,460 divided into 1,127,739,230 no par value registered shares, each representing €2 of the Company's ordinary share capital. 1,520,501 new shares were issued in the first nine months of the 2015 fiscal year (thereof 381,567 in the third quarter) as a result of the exercise of employee stock options.

At the Annual General Meeting on February 12, 2015, it was resolved that a dividend of €0.18 be paid for each eligible share out of the unappropriated profit of Infineon Technologies AG for the 2014 fiscal year. Taking into account the non-entitlement to a dividend of own shares as well as of new shares from the exercise of employee stock options, this resulted in a distribution of €202 million.

In November 2013 the Company resolved upon a new capital returns program of up to €300 million until September 30, 2015. The capital returns program, making use of the authorization to acquire own shares given at the Annual General Meeting on February 28, 2013, may be effected either through the use of put options, or the direct repurchase of shares through Xetra trading on the Frankfurt Stock Exchange. Any shares repurchased will either be cancelled, thereby reducing the share capital, used to service convertible bonds, or distributed to employees, board members of affiliated companies, or members of the Management Board. Moreover the share repurchase will be carried out in accordance with the requirements of sections 14 (2) and 20a (3) of the German Securities Trading Act in line with the provisions of Commission Regulation (EC) No. 2273/2003 of December 22, 2003.

The capital returns program may be suspended and resumed at any time within the time frame defined in the resolution of the Annual General Meeting and taking into consideration other legal requirements. More information and the current status of the program are regularly published in the internet at https://www.infineon.com/cms/en/about-infineon/investor/capital-returns/program-2013.

As of June 30, 2015, the Company had issued put options on own shares with a value of €85 million, all of which had expired as of June 30, 2015. No put options were issued in the first nine months of the 2015 fiscal year. As of September 30, 2014 put options on 6 million shares with an exercise amount of €40 million were outstanding. The premium of €3 million received for issued put options led to a corresponding increase in additional paid-in capital.

The following table contains an overview of the issued, expired and exercised put options on own shares in the 2015 and 2014 fiscal years:

In each case stated in millions	Exercise value in €	Underlying number of shares
Outstanding put options as of October 1, 2013	**-**	**-**
Put options issued during the 2014 fiscal year	85	14
Less: put options expired in the 2014 fiscal year	(45)	(8)
Less: put options exercised in the 2014 fiscal year	-	-
Outstanding put options as of September 30, 2014	**40**	**6**
Put options issued during the 2015 fiscal year	-	-
Less: put options expired in the 2015 fiscal year	(40)	(6)
Less: put options exercised in the 2015 fiscal year	-	-
Outstanding put options as of June 30, 2015	**-**	**-**

17 SHARE-BASED COMPENSATION

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

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

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

As at October 1, 2014 100,702 and 1,047,084, (virtual) performance shares were allocated and accepted by the Management Board and employees respectively. The expenses associated with the performance shares issued on October 1, 2014 are deferred pro rata over the service period of four years for employees and two years for members of the Management Board.

There are no significant changes to the stock option plans and performance share plan presented in the Consolidated Financial Statements as at September 30, 2014. The expenses incurred for share-based compensation were minimal in the three months and nine months periods ending June 30, 2015 and 2014 (see note 21).

18 RELATED PARTIES

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

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

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

Related companies receivables and payables as of June 30, 2015 and September 30, 2014 consist of the following:

€ in millions	**June 30, 2015**		September 30, 2014	
	at-equity companies	other related companies	at-equity companies	other related companies
Trade and other receivables	2	1	3	1
Financial receivables	-	-	-	1
Trade and other payables	6	1	10	2
Financial payables	-	1	-	1

Sales and service charges to and purchases from related companies for the three and nine months ended June 30, 2015 and 2014 consist of the following:

€ in millions	Three months ended June 30,			
	2015		2014	
	at-equity companies	other related companies	at-equity companies	other related companies
Sales and service charges	-	-	4	6
Purchases	21	5	18	1

€ in millions	Nine months ended June 30,			
	2015		2014	
	at-equity companies	other related companies	at-equity companies	other related companies
Sales and service charges	3	1	12	7
Purchases	56	16	58	17

In the three and nine months ended June 30, 2015 and 2014 there were no transactions between Infineon and related persons which fall outside the scope of the existing employment, service or appointment terms, or the contractual arrangements for their remuneration.

CHANGES IN THE SUPERVISORY BOARD

The term in office of all previous members of the Supervisory Board came to an end at the close of the Annual General Meeting on February 12, 2015. The newly elected Supervisory Board took up its duties with the close of the Annual General Meeting on February 12, 2015. The term of office of the newly elected members of the Supervisory Board is scheduled to end at the close of the Annual General Meeting which will formally approve the actions of the Supervisory Board for the 2019 fiscal year.

Since in the meantime Infineon Technologies AG and its German subsidiaries generally had more than 10,000 (but less than 20,000) employees, an increase of the Supervisory Board from 12 to 16 future members was required according to the mandatory requirements of the German Co-Determination Act, of which 8 were to be elected by the employees and the shareholders, respectively.

The newly elected Supervisory Board is made up of the following:

- Representatives of the shareholders: Wolfgang Mayrhuber (Chairman), Peter Bauer, Dr. Herbert Diess, Hans-Ulrich Holdenried, Prof. Dr. Renate Köcher, Dr. Manfred Puffer, Prof. Dr. Doris Schmitt-Landsiedel and Dr. Eckart Sünner
- Representatives of the employees: Johann Dechant (Vice-Chairman), Annette Engelfried, Peter Gruber, Gerhard Hobbach, Dr. Susanne Lachenmann, Jürgen Scholz, Kerstin Schulzendorf and Diana Vitale

Wigand Cramer, Reinhard Gottinger and Gerd Schmidt are no longer serving as employee representatives on the Supervisory Board.

19 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are allocated to the following fair value measurement levels in accordance with IFRS 13. The allocation to the different levels is based on the market proximity of the valuation parameters used in the determination of the fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities,
- Level 2: valuation parameters whose prices are not those considered in Level 1, but which can be observed either directly or indirectly for the assets or liabilities,
- Level 3: valuation parameters for assets and liabilities which are not based on observable market data.

The following table shows the amounts allocated to each measurement level as of June 30, 2015:

€ in millions	Total	Fair value by category		
2015 fiscal year		Level 1	Level 2	Level 3
Financial assets				
Current assets:				
Financial investments	**62**	-	62	-
Non-current assets:				
Other non-current assets	**37**	25	-	12
Total	**99**	**25**	**62**	**12**
Financial liabilities				
Current liabilities:				
Other current liabilities	**4**	-	4	**-**
Total	**4**	**-**	**4**	**-**

For the securities included in financial investments no active market exists. The fair values are calculated as the present value of future expected cash flows, taking into account valuation parameters which can be observed in the market (Level 2).

Other current liabilities contain derivative financial instruments (including cash flow hedges). Their fair value is determined according to the discounted cash flow method. Where possible, valuation parameters observed on the reporting date in the relevant markets (such as currency rates or commodity prices) and made available by reliable external sources are used (Level 2).

Other non-current assets include equity and fund investments. Insofar as these investments are traded on an active market, the fair value is determined based on the actual quoted price (Level 1). For equity investments which are not quoted on an active market, the fair value is determined by considering existing contractual arrangements based on externally observable dividend policy (Level 3).

Furthermore other non-current assets include an option for the sale of shares of an equity investment at a fixed price. The option is accounted for as a derivative instrument and not designated as acquired for hedging purposes. The fair value was determined using the Black-Scholes option pricing model (Level 3).

No reclassification within the fair value hierarchy was carried out.

20 COMMITMENTS AND CONTINGENCIES

LITIGATION AND GOVERNMENT INQUIRIES

ANTITRUST LITIGATION

In October 2008 the EU Commission initiated an investigation into the Company and other manufacturers of chips for smartcards for alleged violations of antitrust laws. On 3 September, 2014 the EU Commission imposed a fine of €83 million on Infineon which was paid in October 2014. Infineon rejects the allegations as unfounded. Moreover Infineon believes its procedural rights to have been violated by the EU Commission and has brought an action against this decision before the European Court of Justice in Luxembourg in mid-November 2014.

Two class actions have been filed in Canada class actions for civil damages in connection with the EU Commission investigation: The first action was filed in the province of British Columbia in July 2013, and the second in the province of Quebec in September 2014. The actions followed the press reports on the investigation and the respective decision of the EU Commission. No dates have been set for court proceedings.

In December 2014 an indirect customer filed a lawsuit against Infineon and Renesas in London (Great Britain) which was served upon the Company on April 16, 2015. In this lawsuit the plaintiff claims for damages in an amount yet to be determined in connection with the allegations of the EU Commission.

PROCEEDINGS IN RELATION TO QIMONDA

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out from Infineon and transferred to Qimonda in the form of a non-cash contribution with economic effect from May 1, 2006. 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. The insolvency of Qimonda has given rise to various disputes between the administrator and Infineon.

Partial Settlement on September 11, 2014

On September 11, 2014 the Company and the administrator reached a partial settlement which was closed on October 9, 2014. On the closing day the Company paid €260 million as partial settlement to the administrator.

The partial settlement includes the acquisition by Infineon of Qimonda's patent business including the entire patent portfolio. On the closing day, the administrator transferred the patent business including the ownership of the patents to Infineon. The payment on the closing day by mutual consent ends the action with respect to the continuing use of the Qimonda patents and Infineon's position as license holder.

With the partial settlement the insolvency law proceedings contesting intercompany payments were also amicably brought to a close.

Additionally, further out-of-court claims of right to contest under insolvency law, as well as all other claims made by the administrator are settled, apart from those relating to the proceedings in connection with the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden. Further information on the proceedings covered by the partial settlement can be found in note 33 to the Consolidated Financial Statements for the 2014 fiscal year.

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

The administrator filed a request for declaratory judgment in an unspecified amount against Infineon Technologies AG and, by way of third party notice, Infineon Technologies Holding B.V. and Infineon Technologies Investment B.V., at Regional Court Munich I in November 2010. This requested that Infineon be deemed liable to make good the deficit balance of Qimonda as it stood when the insolvency proceedings in respect of the assets of Qimonda began, i.e., to refund to Qimonda the difference between the latter's actual business assets when the insolvency proceedings began and its share capital (in German: "Unterbilanzhaftung"). The administrator contended that the commencement of operating activities by Qimonda amounted to what is considered in case law to be the activation of a shell company (in German: "Wirtschaftliche Neugründung"), and that this activation of a shell company was not disclosed in the correct manner. On March 6, 2012, with respect to another matter, the German Federal High Court issued a ruling on principle that a possible 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 in an unspecified amount, on February 14, 2012 the administrator also lodged a request for payment based on an alternative claim (in German: "Hilfsantrag"), as well as making other additional claims. In this alternative claim the administrator has requested the payment of at least €1.71 billion plus interest in connection with the alleged activation of a shell company. On June 15, 2012 the insolvency administrator increased his request for payment of February 14, 2012 on the grounds of activation of a shell company to at least approximately €3.35 billion plus interest. Furthermore, he continues to base a substantial part of his claims, as already asserted out of court in August 2011 for an unspecified amount, on so-called liability for impairment of capital (in German "Differenzhaftung"). This claim is based on the allegation that, from the very beginning, the carved-out memory products business had a negative billion euro value. The administrator therefore asserts that Infineon is obliged to make good the difference between this negative value and the lowest issue price (in German: "geringster Ausgabebetrag") of the stock issued in the course of the carve-out.

The alleged impairment of capital runs contrary to two valuations produced as part of the preparation for the capital increase by independent auditing companies, one of which had been engaged by Infineon and the other was acting in the capacity of a court-appointed auditor of non-cash contributions and post-formation acquisitions. The auditing company engaged by Infineon concluded in its valuation that the business area contributed had a value of several times the lowest issue price of the shares issued, while the court-appointed auditor of non-cash contributions and post-formation acquisitions confirmed to the court that the lowest issue price of the shares issued was covered – as legally required – by the value of the non-cash contributions. Additionally, in the course of its defense against the claims asserted by the administrator, Infineon has commissioned several expert opinions all of which arrive at the same conclusion, that the objections raised by the administrator against the valuation of the non-cash contribution are not valid.

As part of these proceedings the parties have exchanged comprehensive written submissions as well as expert reports. On August 29, 2013 the court appointed an independent expert in order to clarify specifically the valuation issues raised by the administrator.

Residual liability as former shareholder of Qimonda Dresden GmbH & Co. OHG

Infineon was a shareholder with personal liability of Qimonda Dresden until the carve-out of the memory business, as a result certain long-standing creditors have residual liability claims against Infineon. These claims, which include the potential repayment of public subsidies, trade tax demands, receivables of service providers and suppliers and employee-related claims such as salaries and social security contributions, can only be exercised by the administrator acting in the name of the creditors concerned. Settlements have already been concluded with numerous residual liability creditors.

Provisions relating to Qimonda

Infineon recognizes provisions and liabilities for such obligations and risks which it assesses at the end of each reporting period could probably result in a payment – that is where, from Infineon's perspective at the end of each reporting period, the probability of having to settle an obligation or risk is greater than the probability of not having to – and the obligation or risk can be estimated with reasonable accuracy at the time of assessment.

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity's subsidiaries. As a result, Infineon recorded provisions in connection with some of the abovementioned matters totaling €60 million and €312 million as of June 30, 2015 and September 30, 2014, respectively. Of the provisions recorded as of June 30, 2015, €35 million has been provided in connection with the residual liability as former shareholder of Qimonda Dresden. For the defense of the proceedings still pending for the alleged activation of a shell company and liability for impairment of capital, the Company has recorded a provision of €21 million as of June 30, 2015. Remaining provisions in connection with the Qimonda insolvency total €4 million as of June 30, 2015.

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

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

OTHER

Infineon is also involved in various other legal disputes and proceedings in connection with its existing or previous business activities. These can relate to products, services, patents, environmental issues and other matters. Furthermore, since the acquisition of International Rectifier Infineon is at present and may also in the future become subject to various legal disputes and proceedings and exposed to risks related to current or previous activities of International Rectifier. In particular these include litigation and claims for environmental issues in which International Rectifier has been named as a defendant or a potentially responsible party or has made voluntary disclosures; in some instances with the involvement of governmental authorities and in others with non-governmental parties.

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

PROVISIONS FOR LEGAL PROCEEDINGS AND OTHER UNCERTAIN LEGAL POSITIONS

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 lies within a range of amounts and all amounts within the range are equally probable, the provision recorded is equal to the mid-point of the range.

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

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

CONTINGENT LIABILITIES ARISING FROM LEGAL DISPUTES AND OTHER UNCERTAIN LEGAL POSITIONS

To the extent that liabilities arising from legal disputes and other uncertain legal positions (see the section “Litigation and government enquiries”) are not probable or cannot be reliably estimated, then they qualify as contingent liabilities. Management is of the opinion that, according to the current assessment, with the exception of possible claims that could arise from the action brought by the Qimonda administrator in connection with the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden, and with the exception of claims that could arise as a consequence of the EU Commission’s decision on September 3, 2014 on a fine, the existing contingent liabilities have no material effect on Infineon’s financial condition, liquidity position and results of operations.

OTHER CONTINGENCIES

In total, Infineon has guarantees outstanding to external parties as of June 30, 2015 amounting to €99 million.

In the course of investing activities, Infineon receives government subsidies in the form of grants and allowances related to the construction and financing of certain of its production facilities. Grants are also received for selected research and development projects. These amounts are recognized upon the achievement of specified criteria. Certain of these grants have been received contingent upon Infineon complying with certain project-related requirements, such as creating a specified number of jobs over a defined period of time. Infineon is committed to fulfilling these requirements. From today’s perspective, Infineon expects to be able to comply with these requirements. Nevertheless, should such requirements not be met, as of June 30, 2015, a maximum of €63 million of subsidies received could be refundable. This amount does not include any potential liabilities for Qimonda-related subsidies.

Infineon, through certain of its sales and other contracts 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 cannot be reliably estimated, since the potential obligation is contingent on events that may or may not occur in future, and depends on specific facts and circumstances related to each agreement. Historically, payments made under these types of agreements have not had a material effect on Infineon’s financial condition, liquidity position and results of operations.

21 SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

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

International Rectifier's various lines of business have been fully integrated with Infineon's existing Automotive, Industrial Power Control and Power Management & Multimarket segments, whereby the largest proportion by far has been allocated to the Power Management & Multimarket segment.

Other Operating Segments comprises the remaining activities of divested businesses and other business activities, other than those assigned to discontinued operations. Since the sale of the Wireline Communications business, the supply of products and the provision of services to Lantiq under the corresponding production and service level agreements are included in this segment. Also included are services provided to IMC under the corresponding service level agreements following the sale of the Wireless mobile phone business.

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

SEGMENT DATA

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2015**	2014	**2015**	2014
Revenue:				
Automotive	621	510	1,737	1,446
Industrial Power Control	269	200	701	565
Power Management & Multimarket	517	271	1,260	761
Chip Card & Security	172	123	486	352
Other Operating Segments	3	5	12	17
Corporate and Eliminations	4	1	1	4
Total	**1,586**	**1,110**	**4,197**	**3,145**

Revenue for the three and nine month periods ended June 30, 2015 and 2014 does not contain any inter-segmental revenue.

€ in millions	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Segment Result:				
Automotive	71	70	207	191
Industrial Power Control	32	40	81	100
Power Management & Multimarket	105	46	234	112
Chip Card & Security	34	10	84	24
Other Operating Segments	1	4	4	6
Corporate and Eliminations	2	-	1	(2)
Total	**245**	**170**	**611**	**431**

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

€ in millions	Three months ended June 30, 2015	Three months ended June 30, 2014	Nine months ended June 30, 2015	Nine months ended June 30, 2014
Segment Result	245	170	611	431
Plus/minus:				
Impairments on assets including assets classified as held for sale, net of reversals	(13)	(1)	(14)	(1)
Impact on earnings of restructuring and closures, net	(10)	(1)	(12)	(7)
Share-based compensation expenses	(2)	(2)	(5)	(4)
Acquisition-related depreciation/amortization and other expenses	(97)	-	(213)	-
Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net	-	-	-	2
Other income and expenses, net	(4)	(1)	(15)	(13)
Operating income	**119**	**165**	**352**	**408**
Financial income	2	3	8	7
Financial expenses	(12)	(2)	(34)	(15)
Loss from investments accounted for using the equity method, net	1	-	3	1
Income from continuing operations before income taxes	**110**	**166**	**329**	**401**

Of the €97 million “acquisition-related depreciation/amortization and other expenses” incurred in the three months ended June 30, 2015, €60 million are attributable to cost of goods sold, €4 million to research and development expenses and €33 million to selling, general and administrative expenses.

Of the €213 million “acquisition-related depreciation/amortization and other expenses” incurred in the nine months ended June 30, 2015, €117 million are attributable to cost of goods sold, €10 million to research and development expenses and €86 million to selling, general and administrative expenses.

Neubiberg, August 4, 2015

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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

Neubiberg, August 4, 2015

Dr. Reinhard Ploss Dominik Asam Arunjai Mittal

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg:

We have reviewed the condensed interim consolidated financial statements of the Infineon Technologies AG, Neubiberg – comprising statement of operations, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and condensed notes to the interim consolidated financial statements - together with the interim group management report of the Infineon Technologies AG, Neubiberg, for the period from October 1, 2014 to June 30, 2015 that are part of the quarterly financial report according to § 37 x Abs. 3 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union (EU), and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, August 4, 2015

KPMG AG

Wirtschaftsprüfungsgesellschaft

Braun	Wolper
Wirtschaftsprüfer	Wirtschaftsprüfer

SUPPLEMENTARY INFORMATION (UNAUDITED)

FORWARD LOOKING STATEMENTS

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)
Fourth Quarter and Fiscal Year 2015	September 30, 2015	November 26, 2015
First Quarter Fiscal Year 2016	December 31, 2015	February 2, 2016
Second Quarter Fiscal Year 2016	March 31, 2016	May 3, 2016
Third Quarter Fiscal Year 2016	June 30, 2016	August 2, 2016

Publication of the third quarterly financial report for the 2015 fiscal year: August 6, 2015

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

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Quarterly Financial Report of 3rd Quarter 2015