QUARTERLY REPORT OF INFINEON TECHNOLOGIES AG JUNE 30, 2011

Infineon Technologies AG

CONTENT

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SELECTED CONSOLIDATED FINANCIAL DATA

€ in millions; except earnings per share, Total Segment Result Margin and Gross margin	Three months ended June 30, 2011	2010	Nine months ended June 30, 2011	2010
Selected Results of Operations Data				
Revenue	1,043	885	2,959	2,353
Gross margin	41%	38%	42%	36%
Total Segment Result	212	138	591	304
Total Segment Result Margin	20%	16%	20%	13%
Research and development expenses	109	100	329	285
Capital expenditures	319	81	614	162
Depreciation and amortization	94	80	266	251
Income from continuing operations	175	103	497	119
Income from discontinued operations, net of income taxes	15	23	497	151
Net income	190	126	994	270
Basic earnings per share (in Euro) from continuing operations	0.16	0.10	0.46	0.11
Basic earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.17	0.12	0.91	0.25
Diluted earnings per share (in Euro) from continuing operations	0.16	0.09	0.44	0.11
Diluted earnings per share attributable to shareholders of Infineon Technologies AG (in Euro)	0.17	0.11	0.87	0.25
Selected Liquidity Data				
Net cash provided by operating activities from continuing operations	311	251	622	559
Net cash provided by operating activities	279	240	750	560
Net cash provided by (used in) investing activities from continuing operations[1]	(548)	298	(2,310)	(194)
Net cash provided by (used in) investing activities[1]	(591)	263	(1,331)	(39)
Net cash used in financing activities from continuing operations	(28)	(274)	(260)	(479)
Net cash used in financing activities	(28)	(274)	(263)	(479)
Decrease/increase in cash and cash equivalents	(340)	229	(844)	42

€ in millions, except number of employees	As of June 30, 2011	September 30, 2010
Selected Financial Condition Data		
Total assets	5,863	4,993
Total equity	3,320	2,625
Gross cash position[2]	2,585	1,727
Debt (short-term and long-term)	339	396
Net cash position[2]	2,246	1,331
Employees[3]	25,149	26,654

[1] Thereof €1,697 million net purchases of and €28 million net proceeds from sales of financial investments in the nine months ended June 30, 2011 and 2010, respectively (three months ended June 30, 2011 and 2010: net purchases €229 million and net proceeds €376 million, respectively).
[2] Gross cash position is defined as cash and cash equivalents and financial investments. Net cash position is defined as gross cash position less short-term and long-term debt.
[3] Prior period amount includes the employees transferred to Intel as part of the sale of the Wireless mobile phone business.

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

INFINEON CONTINUES TO PERFORM WELL IN THIRD QUARTER OF 2011 FISCAL YEAR:

REVENUE EXCEEDS THE €1 BILLION MARK

TOTAL SEGMENT RESULT MARGIN REMAINS ABOVE 20 PERCENT

INCOME FROM CONTINUING ACTIVITIES RISES TO €175 MILLION COMPARED TO €173 MILLION IN THE PREVIOUS QUARTER

SIGNIFICANT JUMP IN REVENUE AND TOTAL SEGMENT RESULT MARGIN FOR NINE-MONTH PERIOD ENDED JUNE 30, 2011 COMPARED TO THE SAME PERIOD LAST YEAR

NET INCOME OF ALMOST €1 BILLION RECORDED FOR NINE-MONTH PERIOD ENDED JUNE 30, 2011

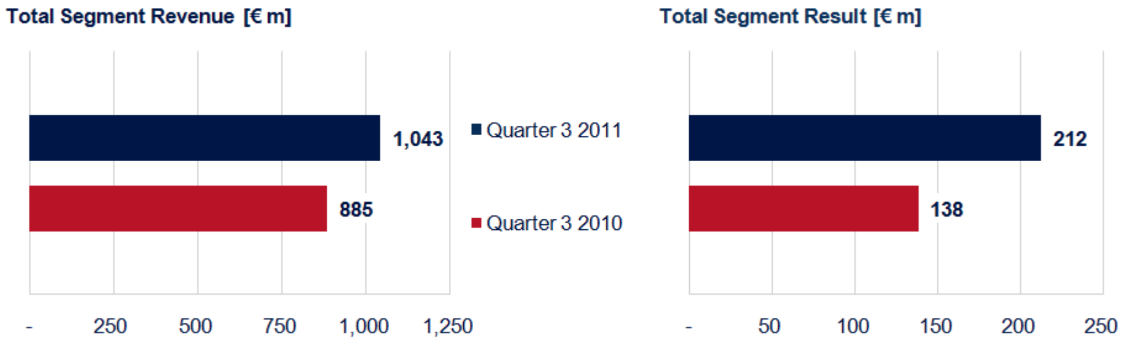
EQUITY RATIO INCREASED TO 57 PERCENT AT JUNE 30, 2011

GROSS CASH POSITION OF OVER €2.5 BILLION AT JUNE 30, 2011

CONTINUING HIGH LEVEL OF CAPITAL EXPENDITURES FOR PROPERTY, PLANT AND EQUIPMENT FINANCED OUT OF CONTINUING OPERATIONS

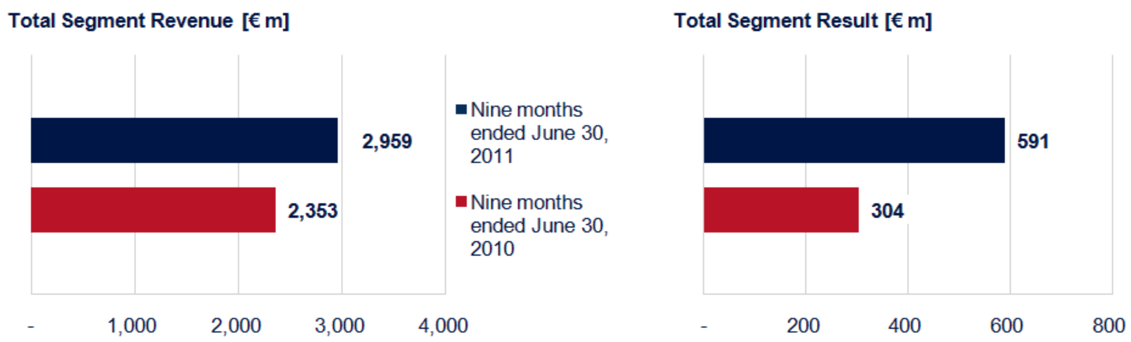
THIRD QUARTER OF 2011 FISCAL YEAR (APRIL 1, 2011 TO JUNE 30, 2011):

- Revenue up by 5 percent to €1,043 million compared to the previous quarter; sharp rise of 18 percent compared to the previous year
- Total Segment Result improved to €212 million, 54 percent higher than in the third quarter last year; further rise compared to the previous quarter (5 percent)
- Total Segment Result Margin (defined as Total Segment Result as a percentage of revenue) remained at the previous quarter's level of 20 percent; further improvement compared to the third quarter of the previous fiscal year (16 percent)
- Net income of €190 million compared to €126 million in the same quarter last year



FIRST NINE MONTHS OF 2011 FISCAL YEAR (OCTOBER 1, 2010 TO JUNE 30, 2011):

- Revenue up by 26 percent to €2,959 million, compared to €2,353 million in the same period last year
- Total Segment Result almost doubled to €591 million compared to the previous year (€304 million)
- Total Segment Result Margin of 20 percent well up on the previous year (13 percent)
- Sharp rise in net income to €994 million (October 1, 2009 - June 30, 2010: €270 million) helped by the increase in income from continuing operations (up by €378 million) and by an after-tax gain of €347 million on the sale of the Wireless mobile phone business



- Gross cash position at June 30, 2011 up by €858 million to €2,585 million compared to €1,727 million at September 30, 2010; net cash position of €2,246 million at June 30, 2011
- Equity ratio of 57 percent at June 30, 2011 compared to 53 percent at September 30, 2010

IMPORTANT EVENTS IN THE FIRST NINE MONTHS OF THE 2011 FISCAL YEAR

Sale of the Wireless mobile phone business finalized

On January 31, 2011 we completed the sale of our Wireless mobile phone business to Intel Corporation ("Intel"). This business is being continued by the purchaser as "Intel Mobile Communications" ("IMC"). The purchase consideration totaled US$1.4 billion. The transaction gave rise to a pre-tax gain of €504 million and an after-tax gain of €347 million in the first nine months of the 2011 fiscal year. The sale of the Wireless mobile phone business - following the carve-outs of the Memory and Wireline Communications businesses - concludes our strategic plan to focus on profitable, high-growth and less volatile semiconductor businesses and to concentrate our activities on the areas of energy efficiency, mobility and security, all of which are strategically important for the future. Further information on the sale is provided in note 3 ("Divestitures and Discontinued Operations — Sale of the Wireless mobile phone business — Discontinued Operations").

Production capacity utilization remains at high level; capital expenditure further increased

Our front-end and back-end production capacities were almost fully utilized throughout the first nine months of fiscal year 2011. During this period, we invested a total of €585 million on property, plant and equipment, most of it for capacity expansions at our power semiconductor production facilities (front-end and back-end) in Malaysia and on investments at the Villach site in Austria. Capital expenditure for the full fiscal year 2011 is budgeted slight above €850 million, significantly higher than the amount invested in the previous fiscal year (€325 million).

During the quarter under report we purchased real estate and manufacturing facilities from the insolvency administrator managing the assets of Qimonda Dresden GmbH & Co. OHG ("Qimonda Dresden") for a total sum of €101 million, of which €91 million has already been paid. The real estate acquired is adjacent to the existing Infineon premises in Dresden. The purchase comprises cleanroom facilities as well as 300-millimeter production equipment and forms an important basis for the ramp of volume production of power semiconductors on 300-millimeter wafers.

We are currently working on a development project to assess the use of 300-millimeter wafers for manufacturing power semiconductors on the basis of thin wafer technology. For this purpose a pilot line has been set up in Villach.

We also plan to take full advantage of our leading position in this area and use the cleanroom facilities acquired from the insolvency administrator of Qimonda Dresden in May 2011 to manufacture power semiconductors on 300-millimeter wafers in Dresden. Infineon will be investing approximately €250 million on this project through 2014 and create approximately 250 jobs in Dresden. If market demand and revenue develop in line with current forecasts, and assuming that general business conditions are favorable, it would be possible to expand facilities further over the coming six to seven years.

A further major area of investment is the expansion of our Malacca and Kulim sites in Malaysia. Capital expenditure at these sites in the 2011 fiscal year will be in the region of US$160 million. The expansion of facilities at the Malacca site will create 350 new jobs and increase our back-end capacity to produce power semiconductors for energy efficient applications. To secure future growth, we have decided to commence construction of a second 200-millimeter cleanroom in Kulim for front-end production.

In recent years, Asia has developed into a key market for global semiconductor sales. We are continuously expanding our Asian business. Our new entity in Beijing, China, Infineon Integrated Circuits (Beijing) Co. Ltd., commenced operations in January 2011. In addition to sales and marketing, application R&D and central functions, a technical center for automotive solutions and an IGBT stack manufacturing facility is also part of the new entity. IGBTs (Insulated Gate Bipolar Transistors) are power semiconductors used, for instance, to drive electric motors in pumps, machines, cars or trains. IGBT stacks are complete systems that can be used to convert electrical power from generators. These IGBT stack production facilities are being expanded in conjunction with cooperation arrangements announced in November 2010 with Goldwind – one of China's largest wind-turbine manufacturers.

Put options issued and bonds repurchased in conjunction with capital return program

On May 9, 2011, Infineon Technologies AG decided to exercise the share buyback authorization granted by the Annual General Meeting on February 17, 2011. Infineon plans to return up to €300 million of capital to investors over a period extending until March 2013. The capital return may be effected through writing put options on Infineon shares, through outright repurchases of Infineon shares via the Xetra trading on the Frankfurt Stock Exchange, or through repurchases of further portions of Infineon's outstanding convertible bonds.

As of June 30, 2011, Infineon had sold put options with term of up to nine months for the repurchase of own shares with a nominal amount of €114 million. The put options, which have a maximum term of nine months, correspond to a total of 18 million shares. The premium of €4 million arising in conjunction with the sale of the put options was directly credited to additional paid-in capital. In addition, an amount of €113 million was recognized as an obligation for the acquisition of own shares and as a debit to equity. Such amount was measured at the present value of the settlement amount of all put options. Further details are provided in note 13 ("Equity").

In addition, during the third quarter of the 2011 fiscal year we bought back subordinated convertible bonds due 2014 with a nominal amount of €4 million for approximately €16 million.

We had already bought back convertible bonds during the first half of the year, prior to the start of the capital return program. During the nine-month period under report, we purchased shares with a total nominal amount of €40 million for a consideration of €123 million. The buyback of convertible bonds has the effect of avoiding future dilution since – given the fact that the Infineon share price is currently well above the conversion price – it must be assumed that conversion options will be exercised. In addition, Infineon will no longer have to pay interest on the repurchased bonds which would have otherwise resulted in an annual payment of 7.5 percent of their nominal amount. The buybacks resulted in a pre-tax loss of €12 million which is reported as interest expense within financial expense. Additional paid-in capital was reduced by €69 million (net of tax), reflecting the repurchase of the conversion rights attached to the 17 million shares repurchased.

Infineon included in Sustainability Yearbook 2011

After having been admitted to the Dow Jones Sustainability Europe Index, in March 2011 Infineon was also included in the Sustainability Yearbook 2011. Over 2,000 companies took part in the assessment for the Sustainability Yearbook 2011, including 29 semiconductor companies. We made it straight to the world's best-scoring 15 percent of sustainable companies – and to the top 10 among semiconductor companies. This assessment in corporate sustainability performance and also enhances credibility of our business strategy of focusing on the three megatrends in society: energy efficiency, mobility and security.

Legal disputes with insolvency administrator of Qimonda AG

On January 31, 2011 we brought a declaratory action regarding the assets of Qimonda AG against the insolvency administrator before the Regional Court Munich I. Infineon holds rights of use in respect of Qimonda's intellectual property under the contribution agreement between the Company and Qimonda in connection with the carve-out of the memory business. The insolvency administrator has declared non-performance of this agreement. The purpose of the legal action is to determine that Infineon's and its licensees' rights to the aforementioned intellectual property rights of the Qimonda Group remain valid (see note 16 "Commitments and Contingencies - Litigation and Government Inquiries - Qimonda Litigation").

On December 1, 2010 the insolvency administrator of Qimonda AG filed an action in the Regional Court Munich I seeking a declaratory judgment against Infineon in an unspecified amount. The action asserts that, in connection with the carve-out of the memory business to Qimonda AG, Infineon utilized a previously formed shell company and "economically re-established" this company (German: *"wirtschaftliche Neugründung"*) through the transfer of the memory business. The action further asserts that Infineon neglected to provide the registry court with the declaration required by German company law in these circumstances. For further details regarding this action (see note 16 "Commitments and Contingencies - Litigation and Government Inquiries - Qimonda Litigation").

Changes in Management Board and Supervisory Board of Infineon Technologies AG

Dominik Asam was appointed as Chief Financial Officer (CFO) of Infineon Technologies AG effective January 1, 2011. On completion of the sale of the Wireless mobile phone business, on January 31, 2011, Prof. Dr. Hermann Eul stepped down from his mandate and ceased to be a member of the Management Board of Infineon Technologies AG.

Wolfgang Mayrhuber was elected to the Supervisory Board at the Annual General Meeting of Infineon Technologies AG held on February 17, 2011. After the Annual General Meeting, the Supervisory Board elected him unanimously to be its new Chairman. The previous Chairman of the Supervisory Board of Infineon Technologies AG, Prof. Dr. Klaus Wucherer, had already stepped down from his mandate – as announced at the time of his appointment in February 2010 – with effect immediately after the 2011 Annual General Meeting.

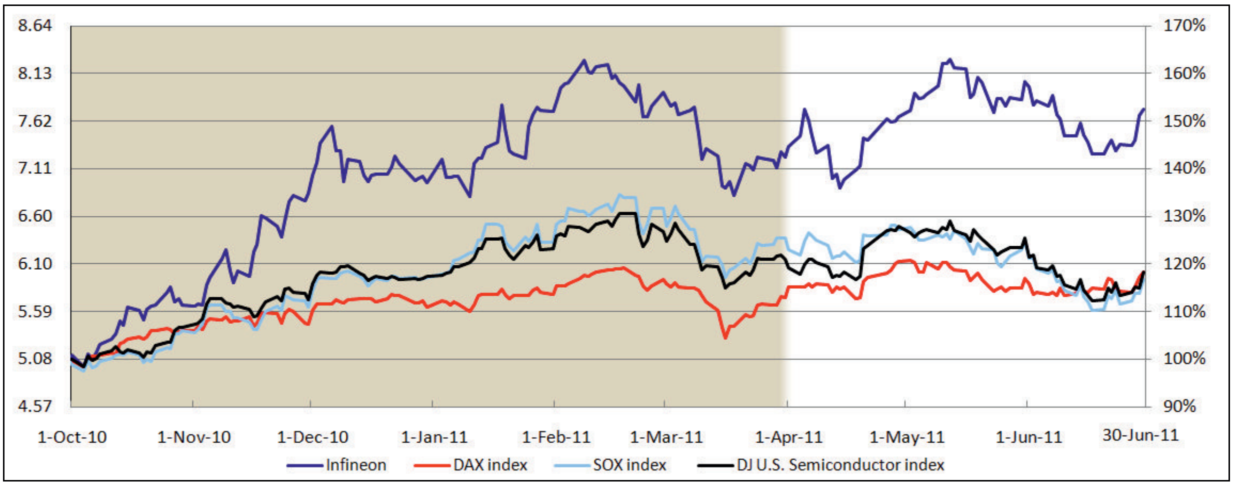
PERFORMANCE OF THE INFINEON SHARE IN THE FIRST NINE MONTHS OF THE 2011 FISCAL YEAR

The Infineon share closed at the end of the third quarter of the 2011 fiscal year at €7.75 (Xetra closing price), 7 percent ahead of its closing price at the end of the second quarter (€7.24). The share recorded its lowest price for the quarter on April 14, 2011 when it stood at €6.91 and rose continually thereafter to reach its high for the quarter of €8.28 (on May 12, 2011). The German stock index, the DAX, rose by 5 percent during the third quarter of the 2011 fiscal year. The Infineon share therefore outperformed the DAX during this period by 2 percentage points. By contrast, the Philadelphia Stock Exchange Semiconductor Index (SOX) recorded a 7 percent drop in value, while the Dow Jones U.S. Semiconductor Index fell by 2 percent.

Over the nine-month period the price of the Infineon share rose by 53 percent from €5.08 on September 30, 2010 to a Xetra closing price of €7.75 at the end of the third quarter. During the same period, the DAX and the Dow Jones U.S. Semiconductor Index both gained 18 percent. The gain recorded by the SOX, at 17 percent, was marginally lower.

Infineon ordinary shares ceased to be registered under the U.S. Securities Exchange Act at the beginning of November 2010. We applied to delist our American Depositary Shares (“ADSs”) from the New York Stock Exchange (“NYSE”) in April 2009. Since then, the ADSs have been traded over the counter on the OTCQX International Premier market. Our ordinary shares continue to be traded on the Frankfurt Stock Exchange and on various regional exchanges in Germany. We will maintain our presence on the U.S. securities market through a Level 1 ADR program. The ADSs are traded on the OTCQX market using the ticker symbol “IFNNY“.

Relative development of the Infineon share, German DAX Stock Index, SOX and DJ U.S. Semiconductor Index in the first nine months of the 2011 fiscal year



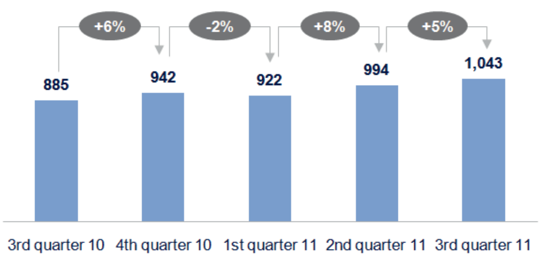
	Three months ended June 30,			Nine months ended June 30,		
	2011	2010	+/- in %	**2011**	2010	+/- in %
IFX closing prices in Euro (Xetra)						
Beginning of the period	7.24	5.14	41%	5.08	3.86	32%
High	8.28	5.54	49%	8.28	5.54	49%
Low	6.91	4.21	64%	5.00	3.05	64%
End of the period	7.75	4.82	61%	7.75	4.82	61%
Weighted-average number of shares traded per day	10,722,397	20,985,603	(49%)	12,784,519	20,368,370	(37%)
Shares outstanding (as of June 30)	1,086,745,835	1,086,742,085				
IFX closing prices in U.S. dollars (OTCQX)						
Beginning of the period	10.31	6.93	49%	6.93	5.35	30%
High	11.87	7.31	62%	11.87	7.31	62%
Low	10.03	5.29	90%	6.81	4.38	55%
End of the period	11.25	5.78	95%	11.25	5.78	95%
Weighted-average number of ADSs traded per day	49,541	79,801	(38%)	78,117	183,670	(57%)

INDUSTRY ENVIRONMENT

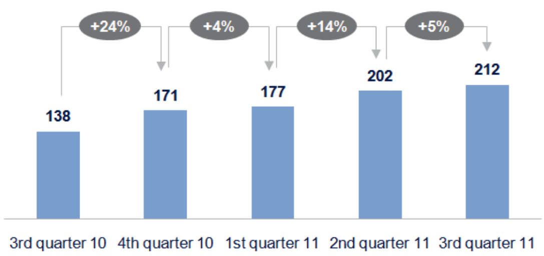
Global economic expansion slowed during the second quarter of calendar year 2011 but is expected by economic analysts to regain momentum during the second half of the year. According to the International Monetary Fund ("IMF"), downside risks have increased again, even though favorable macroeconomic conditions continue to bolster the economy. In its latest world economic outlook update, the IMF predicts a growth rate of 3.4 percent for calendar year 2011 and one of 3.7 percent for calendar year 2012 (IMF, June 2011).

The growth rate of the global semiconductor market also slowed down during the second quarter of calendar year 2011. Overall, iSuppli Corporation expects the global semiconductor market to grow by 7 percent in calendar year 2011 (iSuppli, June 2011) and by a further 5 percent in calendar year 2012. In March 2011, iSuppli Corporation had predicted growth of 7 percent for calendar year 2011 and 3 percent for calendar year 2012.

SEGMENT PERFORMANCE



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



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

Total Segment Result Margin unchanged from second quarter 2011 at 20 percent

All of our operating segments benefitted from unbroken, strong demand for semiconductor products. At €2,959 million, revenue for the first nine months of the 2011 fiscal year was significantly up on the previous year's corresponding figure (€2,353 million).

The Total Segment Result improved to €212 million for the third quarter (prior fiscal year period April 2010 - June 2010: €138 million; prior quarter period January 2011 - March 2011: €202 million) and to €591 million for the nine-month period (October 2009 - June 2010: €304 million), boosted by the higher gross profit from increased revenue. The figure was only partly offset by slightly higher research and development expenses on the one hand and rising selling, general and administrative expenses on the other. Overall, however, these so called operational expenses rose at a less pronounced rate than revenue and therefore contributed to a significant improvement in profitability.

As in the second quarter, the Total Segment Result Margin stood at 20 percent, compared to 16 percent for the corresponding period last year. The margin for the nine-month period was 20 percent, compared to 13 percent one year earlier.

Revenue for the nine months ended June 30, 2011

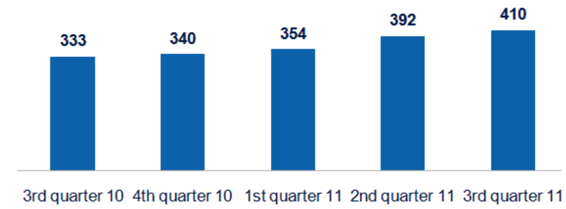
Total Segment Result for the nine months ended June 30, 2011

AUTOMOTIVE

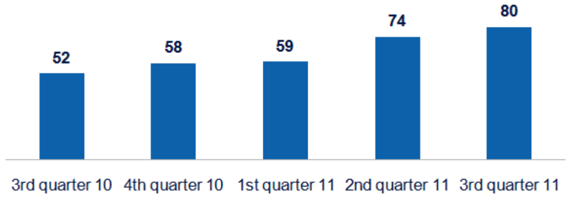
	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2011**	2010	**2011**	2010
Revenue	410	333	1,156	928
Share of Total Revenue	40%	38%	39%	39%
Segment Result	80	52	213	140
Share of Total Segment Result	38%	38%	36%	46%
Segment Result Margin	20%	16%	18%	15%

Third quarter revenue rose to €410 million, an increase of €77 million or 23 percent compared to the €333 million recorded one year earlier; this was due to strong car production volumes worldwide (outside Japan). Contrary to fears at the beginning of the quarter, there was no major negative impact on business stemming from the earthquake in Japan. Recent months have seen a rise in business activities, particularly in global sales of higher-value cars with above-average semiconductor content.

Automotive recorded a third-quarter Segment Result of €80 million, up €28 million on the previous year's €52 million. The Segment Result Margin for the three-month period improved accordingly from 16 percent to 20 percent, benefitting in particular from the positive impact on earnings brought about by higher sales volumes. Expenditures for development and application support activities were increased in order to further enhance our already strong market position in the automotive industry.



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]

Nine-month revenue totaled €1,156 million, an increase of € 228 million or 25 percent over the previous year (€928 million). This sharp increase was made possible by the expansion of existing capacities and reflected extremely strong growth in Asia as well as rising demand in North America and Europe.

The Segment Result for the nine-month period improved by €73 million to €213 million (October 2009 - June 2010: €140 million). The nine-month Segment Result Margin improved from 15 percent to 18 percent. This sharp improvement was largely attributable to the rise in revenue. Development expenditures were increased again, primarily in the fields of microcontrollers using our advanced 65-nanometer multicore architecture and highly integrated power and control circuits on a single silicon chip. Our local presence was strengthened further by adding resources for application and customer support.

Major events and developments in the Automotive segment in the first nine months of the 2011 fiscal year:

- The HybridPACK2 module for hybrid and electric vehicles has passed all the necessary qualifications and is now ready for volume production. This module has been chosen by several important Tier 1 automotive suppliers for integration into inverters and is already being tested in pilot series of leading OEMs.
- Design win with a "U-Chip" in the field of engine control for a major Chinese customer. The U-Chip provides all the interfaces needed to ensure efficient circuit design and therefore optimally complements the TriCore microcontroller components within the drivetrain.
- As radar-based driver assistance systems become more widely used, we are gaining new customers. Infineon's highly integrated silicon-germanium solution generates cost benefits for those systems and is therefore set to become an alternative to gallium arsenide-based solutions in high-volume solutions.

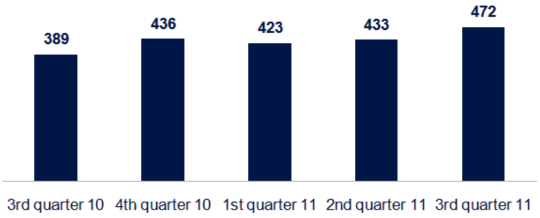
INDUSTRIAL & MULTIMARKET

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2011**	2010	**2011**	2010
Revenue	472	389	1,328	993
Share of Total Revenue	45%	44%	45%	42%
Segment Result	116	85	331	188
Share of Total Segment Result	55%	62%	56%	62%
Segment Result Margin	25%	22%	25%	19%

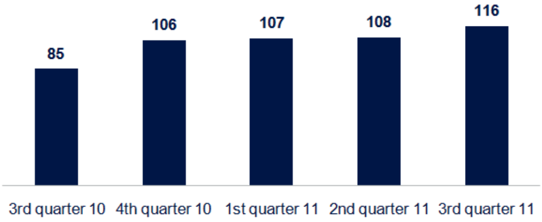
Third-quarter revenue increased by €83 million or 21 percent compared to the previous year (€389 million), reaching a new record high of €472 million. This positive development was primarily driven by higher demand for renewable-energy-related applications and components for communication products, the latter primarily focused on mobile communication infrastructure. In addition, business with semiconductors used in industrial drives grew at an above-average pace. Amongst other contributing factors, the sharp rise in business volume recorded by the segment was possible because of significant levels of capital expenditures aimed at expanding production capacities.

Industrial & Multimarket again provided the largest contribution to earnings, reporting a Segment Result for the third quarter of €116 million, up €31 million compared to the previous year (April - June 2010: €85 million). The Segment Result Margin was again at the same high level (25 percent) recorded in both of the previous quarters. Compared to the third quarter of the 2010 fiscal year, the Segment Result Margin improved by a further 3

percentage points, mainly reflecting increased business volumes, and was achieved despite the loss in value of the US dollar over the relevant periods.



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



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

As a result of strong demand, nine-month revenue of the Industrial & Multimarket segment jumped to €1,328 million, an increase of €335 million or 34 percent compared to the previous year. This impressive performance was supported by a significant growth in business generated with components used in industrial applications. Revenue generated in the field of mobile communication infrastructure grew particularly well. Demand for products used in renewable-energy-related applications followed the general trend and resulted in above-average growth for the segment.

The nine-month Segment Result rose sharply from €188 million to €331 million, while the Segment Result Margin improved from 19 percent to 25 percent, mainly due to economies of scale generated by higher volumes. Research and development expenditures were again increased, primarily reflecting investment in innovative products and pioneering technologies. Selling expenses also increased with a view to strengthening worldwide presence and broadening the customer base.

Major events and developments in the Industrial & Multimarket segment in the first nine months of the 2011 fiscal year:

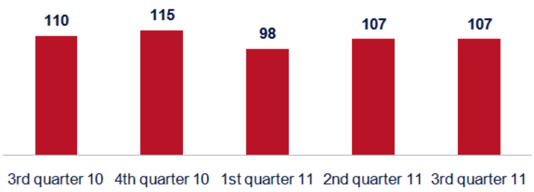
- At the beginning of the 2011 fiscal year, the business segment RF Power, based in Morgan Hill, CA, USA, was integrated into Infineon's Industrial & Multimarket segment. This business develops and produces key components for mobile telephone infrastructure and supplies its products to infrastructure providers such as Ericsson and Huawei. The RF Power business was part of the former Wireless Solutions segment (together with the Wireless mobile phone business which was sold).
- A future oriented expansion of the product portfolio took place in the discrete device sector. The new generation of 650V CoolMOS™ CFD2 is setting new standards in the field of energy efficiency and is the world`s first high voltage transistor with both a drain-source voltage of 650V and an integrated fast body diode. Especially in applications like solar power inverters, servers, lighting and telecommunication SMPS (switched mode power supplies) the 650V CoolMOS™ CFD2 takes energy efficiency to the next level.
- The segment's power modules portfolio has been expanded by the addition of new IGBT modules in the 4,500 volt range. Infineon's new 4.5kV modules are extremely energy-efficient and have a significantly lower level of switching losses. They are ideal for use in challenging applications such as traction or high-voltage DC transmission (HVDC) systems.

CHIP CARD & SECURITY

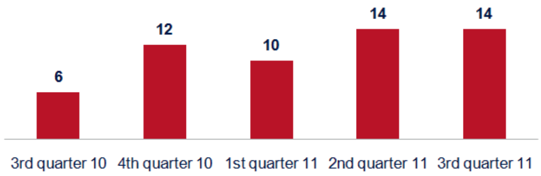
	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2011**	2010	**2011**	2010
Revenue	107	110	312	292
Share of Total Revenue	10%	12%	11%	12%
Segment Result	14	6	38	10
Share of Total Segment Result	7%	4%	6%	3%
Segment Result Margin	13%	5%	12%	3%

Third-quarter revenue totaled €107 million, as compared to €110 million one year earlier. The migration to a new product family during the third quarter of the 2011 fiscal year resulted in a decrease in revenue in the area of electronic payment cards compared to the previous quarter. By contrast, revenue generated with Near-Field-Communications ("NFC") solutions almost doubled compared to the second quarter of the current fiscal year and accounted for roughly 5 percent of segment revenue in the third quarter. A further increase in business volumes with government ID products helped to improve the segment's product mix.

The Segment Result in the third quarter of the 2011 fiscal year climbed by €8 million to €14 million compared to the previous fiscal year quarter (€6 million), as a result of which the Segment Result Margin improved to 13 percent. Sales and marketing expenses increased slightly compared to the previous year. We are continuing to develop new products on our 90-nanometer technology platform and also on the 65-nanometer node.



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]

Nine-month revenue totaled €312 million, an increase of €20 million or 7 percent compared to the previous year (€292 million). The main revenue drivers were applications relating to secure government identification and PayTV. The first volume shipments in the field of integrated Near-Field-Communications ("NFC")-solutions also took place during the period. In general, revenue increases were recorded in segments that generate higher margins.

The nine-month Segment Result rose by €28 million to €38 million (October 2009 to June 2010: €10 million), with the Segment Result Margin improving to 12 percent. Ongoing investment in security applications and the optimization of cost structures through migration to 90-nanometer technology are helping us to make good progress with our product structure and to increase gross profit as a consequence. Total R&D expenditure increased slightly, primarily reflecting high levels of investment in our core areas of competence, namely security, contactless technology and embedded control. Costs by function (sales, marketing and general administrative expenses) increased in line with revenue.

Major events and developments in the Chip Card & Security segment in the first nine months of the 2011 fiscal year:

- In March 2011, we launched our latest security microcontroller for NFC applications, the Embedded Secure Element, which provides security for NFC applications such as mobile payment, ticketing and access control. Following the successful launching of this product, Infineon now leads the market in the field of security chips for NFC-enabled smart phones.
- In February 2011 Infineon received the Innovation Award of German Industry for the best technological innovation. Infineon received the prestigious award in the category "large-scale companies" for its security technology "Integrity Guard", developed for applications that need to store sensitive data especially securely and over long periods of time. Examples of this are credit cards and secure government identification such as electronic passports or the new German identity card.
- The first nine months of the 2011 fiscal year also saw the successful ramp-up of the SLE78 product family based on Integrity Guard security technology. Supplying the latest generation of security controllers for the new German identity card represents a significant milestone, with Infineon now manufacturing a substantial proportion of the chips for the largest identity card project in Europe. In the meantime, Infineon is able to draw on a wealth of experience in the field of contactless technology for security chips relevant for identification projects and also for payment cards to an increasing degree.
- In December 2010, the OSPT (Open Standard for Public Transport) Alliance was successfully launched at the biggest trade show of the chip card industry, CARTES 2010, which was held in Paris. The OSPT Alliance, where major chip card industry players join forces, is an international association which defines the new open standard for public transport CIPURSE™ for secure smart-card-based automatic fare collection solutions. It aims to form an ecosystem to support secure, interoperable and flexible solutions for Smart Cards, NFC Devices and Transport Infrastructure. In contrast to proprietary solutions, the open standard CIPURSE

ensures a multi-supplier network and a wider range of products. Based on the successful establishment of this new standard, Infineon will introduce its first CIPURSE products in 2011. By supporting CIPURSE, Infineon continues to drive its successful controller business for public transportation applications.

- Following our successful launch of the OSPT Alliance, Samsung joined the Alliance as a new full member during the third quarter. This new member will further strengthen the presence of semiconductor manufacturers and add to the influence of the Alliance.

OTHER OPERATING SEGMENTS

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except percentages	**2011**	2010	**2011**	2010
Revenue	54	52	156	138
Share of Total Revenue	5%	6%	5%	6%
Segment Result	3	-	12	(9)
Share of Total Segment Result	1%		2%	(3%)

Other operating segments primarily cover the remaining activities of operations that have been sold. Since the sale of the Wireless mobile phone business, herein also included is the supply of products and services to IMC on a mid-term basis as well as the business with analog and digital TV tuners and the business with receiver components for satellite radio. Product supplies to Lantiq following the sale of the Wireline communication business are also reported as part of other operating segments.

Third-quarter revenue totaled €54 million (April – June 2010: € 52 million). The Segment Result amounted to €3 million, compared with a break-even result one year earlier. The rise in revenue and improvement in segment result were both attributable primarily to business with IMC following the sale of the Wireless mobile phone business. As expected, revenue with Lantiq decreased in comparison to the previous year, but generated a better margin thanks to the impact of improved cost structures.

Nine-month revenue totaled €156 million compared to the previous year's figure of €138 million. In contrast to the previous year, revenue in the current fiscal year includes sales to IMC. The segment result for the nine-month period improved by €21 million to €12 million as a result of business with IMC and cost structure improvements.

CORPORATE AND ELIMINATIONS

The Segment Result for the third quarter finished almost at break-even with a loss of €1 million (April - June 2010: loss of €5 million).

The equivalent figures for the nine-month period were a loss of €3 million for the current year and a loss of €25 million for the previous year. The result for the first nine months of the 2010 fiscal year contained the impact of idle costs relating to the production at ALTIS Semiconductor S.N.C., Essonnes, France ("ALTIS"). ALTIS, previously a joint venture of Infineon and International Business Machines Corporation, New York, USA ("IBM"), was deconsolidated effective December 31, 2009. All of Infineon's shares in ALTIS were sold in August 2010. These idle costs were allocated to Corporate & Eliminations since they do not relate to operations.

MATERIAL ITEMS OF THE CONSOLIDATED STATEMENT OF OPERATIONS

	Three months ended June 30,		Nine months ended June 30,	
€ in millions, except earnings per share	**2011**	2010	**2011**	2010
Revenue	1,043	885	2,959	2,353
Gross profit	**430**	**332**	**1,235**	**858**
Research and development expenses	(109)	(100)	(329)	(285)
Selling, general and administrative expenses	(114)	(100)	(330)	(283)
Other operating income and expense, net	(6)	(13)	(19)	(96)
Operating income	**201**	**119**	**557**	**194**
Financial income and expense, net	(1)	(6)	(16)	(55)
Income from continuing operations	**175**	**103**	**497**	**119**
Income from discontinued operations, net of income taxes	15	23	497	151
Net income	**190**	**126**	**994**	**270**
Basic earnings per share (in Euro)	0.17	0.12	0.91	0.25
Diluted earnings per share (in Euro)	0.17	0.11	0.87	0.25

NET INCOME OF ALMOST €1 BILLION ACHIEVED

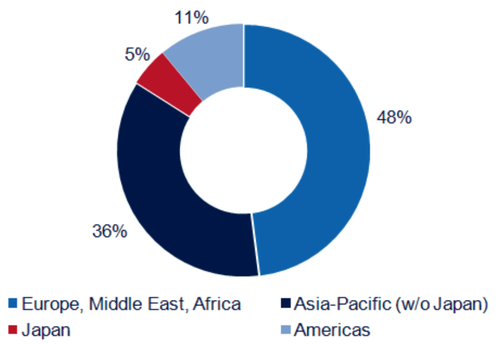
Infineon generated a net income of €994 million for the nine-month period ended June 30, 2011, more than tripling the result reported for the corresponding period last year.

One half of net income (€497 million) related to continuing operations, an increase of €378 million over the previous year. The improvement was attributable mainly to the €377 million increase in gross profit (revenue less cost of sales). Other operational expenses (research and development expenses and selling, general and administrative expenses) and income tax expense increased while net other operating expenses and net financial expense decreased.

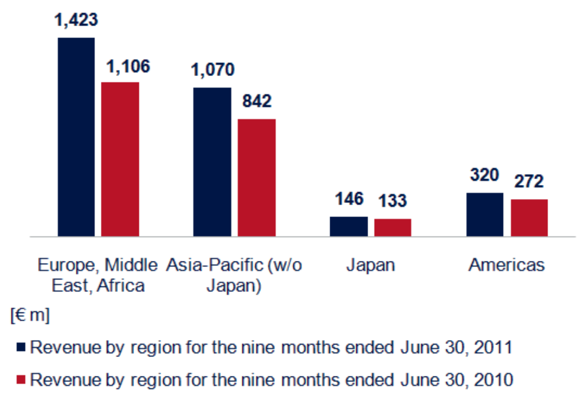
Income from discontinued operations also contributed €497 million to net income for the nine-month period. This included €527 million relating to the Wireless mobile phone business, of which the bulk (€347 million) arose on the sale of the business to Intel. Expenditure recognized in conjunction with the insolvency of Qimonda had a negative impact on earnings.

REVENUE UP IN ALL REGIONS

Revenue increased in all regions. Europe remains the largest sales market for Infineon, even though the Asian region continues to grow in importance. The regional analysis of revenue was largely unchanged from the previous year.



Revenue by region for the nine months ended June 30, 2011



The Japanese earthquake and nuclear catastrophe have not had a significant impact on Infineon's reported figures. The good sales performance was driven by strong demand in Europe and, apart from some third-quarter revenue losses in Japan, also by the Asian markets. Infineon also incurred additional expenses, which cannot be quantified, for logistics and purchases during the period.

€ in millions, except percentages	Three months ended June 30, 2011		2010		Nine months ended June 30, 2011		2010	
Europe, Middle East, Africa	510	49%	413	47%	1,423	48%	1,106	47%
therein: Germany	293	28%	232	26%	802	27%	623	26%
Asia-Pacific (w/o Japan)	380	36%	328	37%	1,070	36%	842	36%
therein: China	157	15%	168	19%	496	17%	413	18%
Japan	46	5%	48	5%	146	5%	133	6%
Americas	107	10%	96	11%	320	11%	272	11%
Total	**1,043**	**100%**	**885**	**100%**	**2,959**	**100%**	**2,353**	**100%**

GROSS PROFIT BENEFITS FROM SALES GROWTH AND ECONOMIES OF SCALE

Gross profit (revenues less cost of sales) for the nine-month period amounted to €1,235 million (October 2009-June 2010: €858 million). This increase was supported by the expansion of production capacities. Higher revenue combined with efficiency and product mix improvements and almost full capacity utilization of our production facilities resulted in the gross margin for the nine-month period moving up from 36 percent in the previous fiscal year to 42 percent in the current year.

€ in millions, except percentages	Three months ended June 30, 2011	2010	Nine months ended June 30, 2011	2010
Cost of goods sold	613	553	1,724	1,495
Changes year-on-year	11%		15%	
Percentage of revenue	59%	62%	58%	64%
Gross profit	430	332	1,235	858
Percentage of revenue (gross margin)	41%	38%	42%	36%

SLIGHT INCREASE IN RESEARCH AND DEVELOPMENT, SELLING AND GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses rose by 15 percent from €285 million in the first nine months of the 2010 fiscal year to €329 million in the first nine months of the current fiscal year. R&D activities were increased in particular for the Automotive and Industrial & Multimarket segments to satisfy market requirements through further product innovations. Despite the rise in absolute terms, R&D expenses fell as a proportion of revenue from 12 percent in the previous year to 11 percent for the nine-month period ended June 30, 2011, reflecting the fact that costs increased at a slower rate than revenue.

€ in millions, except percentages	Three months ended June 30, 2011	2010	Nine months ended June 30, 2011	2010
Research and development expenses	109	100	329	285
Change year-on-year	9%		15%	
Percentage of revenue	10%	11%	11%	12%

Selling and general administrative expenses for the nine-month period went up from €283 million to €330 million, mainly as a result of the higher level of selling costs and increased personnel expenses. In relative terms, they fell to 11 percent of revenue.

€ in millions, except percentages	Three months ended June 30,		Nine months ended June 30,	
	2011	2010	**2011**	2010
Selling, general and administrative expenses	114	100	330	283
Change year-on-year	14%		17%	
Percentage of revenue	11%	11%	11%	12%

NET EXPENSE FROM OTHER OPERATING INCOME AND EXPENSES DECREASED TO €19 MILLION

Net other operating income and expenses gave rise to a net expense of €19 million for the nine-month period, compared to a net expense of €96 million in the previous year, which had included a loss of €69 million arising from the deconsolidation of ALTIS.

FINANCIAL RESULT IMPROVED THANKS TO LOWER INTEREST EXPENSE AND HIGHER INCOME FROM CASH FUNDS INVESTED

Net financial income and expenses for the nine-month period improved by €39 million to a net expense of €16 million; included in this figure is a loss of €12 million arising in conjunction with buybacks during the period under report of subordinated convertible bonds due 2014 (see note 12 Debt). In the previous year, net financial expense of €55 million had been reported for the nine-month period. The significant improvement in the net financial result was due to lower interest expense as a result of lower debt and interest income received on higher gross cash funds.

GAIN ON SALE OF WIRELESS MOBILE PHONE BUSINESS CONTRIBUTES ONE THIRD OF NET INCOME

Income from discontinued operations net of income taxes for the nine-month period amounted to €497 million. Included therein were €527 million related to the Wireless mobile phone business, which were comprised of an after-tax gain of €347 million on the sale of that business and €180 million net income generated from the operations of the Wireless mobile phone business up to the date of sale on January 31, 2011, from activities undertaken for a set period after the sale, and from related subsequent items. The results for the three-month and nine-month periods ended June 30, 2011 also include income of €9 million arising from an additional payment from the insolvency administrator of BenQ, which we received in July 2011. Income from discontinued operations for the first nine-months of fiscal 2011 includes an expense of €37 million recognized in conjunction with the insolvency of Qimonda.

For the corresponding nine-month period last year, income from discontinued operations was €151 million and included an after-tax gain of €96 million arising on the sale of the Wireline Communications business to Lantiq.

EARNINGS PER SHARE UP AS RESULT OF IMPROVEMENT IN EARNINGS

As described above, net income for the first nine months of the 2011 fiscal year stood at €994 million (October 2009 - June 2010: €269 million), was significantly up on the previous year.

This resulted in a similarly sharp improvement in earnings per share. Compared to basic and diluted earnings per share for the first nine months of the 2010 fiscal year of €0.25, basic and diluted earnings per share for the first nine months of the current fiscal year improved to €0.91 and €0.87 respectively with the sale of the Wireless mobile phone business having a one-time beneficial impact in the current year. Earnings per share relating to continuing operations for the nine-month period were therefore down on the previous year and amounted to €0.46 (basic) and €0.44 (diluted), compared in both cases to €0.11 in the previous year.

FINANCIAL CONDITION

€ in millions, except percentages	As of June 30, 2011	As of September 30, 2010	Change year-on-year
Current assets	4,168	3,590	16%
thereof: assets held for sale	4	495	(99%)
Non-current assets	1,695	1,403	21%
Total assets	**5,863**	**4,993**	**17%**
Current liabilities	2,011	1,808	11%
thereof: liabilities held for sale	-	177	(100%)
Non-current liabilities	532	560	(5%)
Total liabilities	**2,543**	**2,368**	**7%**
Total equity	**3,320**	**2,625**	**26%**

EQUITY RATIO RISES TO 57 PERCENT; GROSS CASH POSITION ACCOUNTS FOR 44 PERCENT OF TOTAL ASSETS

Total assets increased by €870 million or 17 percent from €4,993 million at September 30, 2010 to an amount of €5,863 million at June 30, 2011. The increase in current assets was primarily due to the improved gross cash position (aggregated amount of cash and cash equivalents and financial investments) while the increase in non-current assets was mainly due to higher capital expenditure for property, plant and equipment. The dividend payment, bond buybacks and the issue of put options on own shares all had the effect of reducing equity. Overall, however, equity increased by €695 million during the nine-month period ended June 30, 2011 as a result of net income recorded for the period.

INCREASE IN CURRENT ASSETS AS A RESULT OF THE SALE OF THE WIRELESS MOBILE PHONE BUSINESS AND STRONG BUSINESS PERFORMANCE

In total, current assets increased by €578 million from €3,590 million at September 30, 2010 to €4,168 million at June 30, 2011. The gross cash position continued to improve, whereby the increase of €858 million was mainly due to the cash inflow of €1,053 million in conjunction with the sale of the Wireless mobile phone business. Buybacks of subordinated bonds due 2014 and the dividend payment reduced the gross cash position by a total of €232 million. Other assets at June 30, 2011 include a German value added tax receivable assigned by IMC to Infineon as part of the sale of the Wireless mobile phone business in lieu of payment; the value added tax receivable had not been offset against Infineon’s own value added tax payable prior to June 30, 2011. Inventories went up by €117 million as a result of higher production volumes and the general increase in business activities. At June 30, 2011, inventories included amounts relating to the transitional supply of products to IMC. The disposal of the assets transferred to IMC – reported in the consolidated statement of financial position at September 30, 2010 as “held for sale” – worked in the opposite direction. Current financial assets decreased by €68 million, mainly as a result of the close-out of US dollar/euro options entered into to hedge the proceeds from the sale of the Wireless mobile phone business.

HIGH LEVELS OF CAPITAL EXPENDITURE CAUSE NON-CURRENT ASSETS TO RISE

Non-current assets increased overall by €292 million during the nine-month period ended June 30, 2011, mainly as a result of the higher level of capital expenditure on property, plant and equipment. Working in the opposite direction, deferred tax assets decreased by €87 million following the almost full utilization of tax loss carry-forwards in conjunction with the gain on the sale of the Wireless mobile phone business.

LIABILITIES UP BY 7 PERCENT PARTLY AS A RESULT OF THE CAPITAL RETURN PROGRAM

Current liabilities totaled €2,011 million at June 30, 2011, an increase of €203 million or 11 percent on the €1,808 million reported at September 30, 2010. Trade and other payables went up by a total of €95 million as a result of increased business volumes. This item also includes compensation payable to IMC in conjunction with the transfer of specified personnel-related liabilities. In this context, payments of €45 million were made to IMC during the third quarter of the fiscal year 2011 and the remainder is expected to fall due for payment during the fourth quarter. The sale of put options on own shares resulted in the requirement to recognize a liability of €113 million, thus increasing other current financial liabilities to €121 million. The €162 million increase in other current liabilities was mainly due to higher value added tax liabilities (substantially corresponding to the assigned value added tax receivable within other assets) resulting from the sale of the Wireless mobile phone business and upfront payments received from IMC for product sales. The derecognition of liabilities transferred to IMC worked in the opposite direction and reduced liabilities classified as held for sale by €177 million.

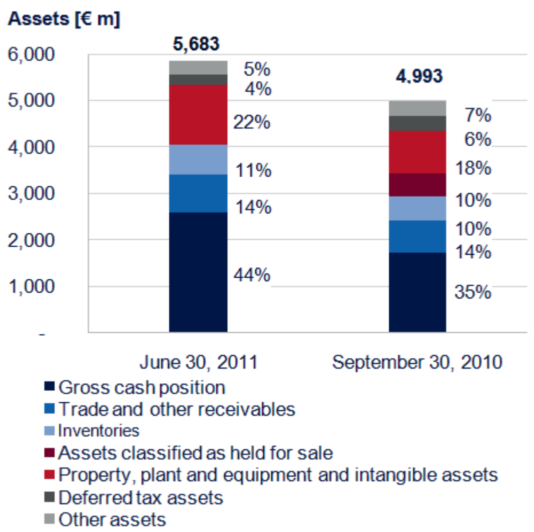
Non-current liabilities decreased by €28 million or 5 percent to stand at €532 million at June 30, 2011 (September 30, 2010: €560 million).

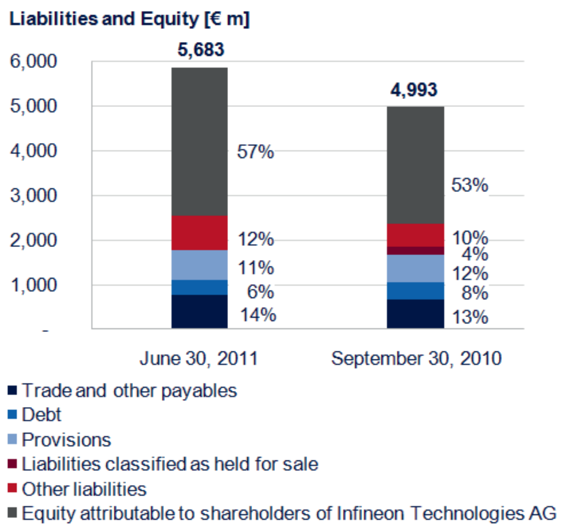
EQUITY UP DESPITE DIVIDEND PAYMENT AND ISSUE OF PUT OPTIONS THANKS TO NET INCOME FOR PERIOD

Equity increased by €695 million or 26 percent from €2,625 million at September 30, 2010 to an amount of €3,320 million at June 30, 2011. The increase was mainly due to the net income of €994 million for the nine-month period.

The dividend payment reduced equity by €109 million. Additional paid-in capital decreased during the nine-month period by €69 million in conjunction with buybacks of subordinated bonds due 2014. Conversion rights attached to 17 million shares have so far been acquired.

Put options issued during the third quarter of the current fiscal year in conjunction with Infineon's capital return program reduced equity by a total of €109 million (comprising the obligation of €113 million to acquire own shares less option premiums received amounting to €4 million).





LIQUIDITY

CASH FLOW

Our cash flow shows the sources and uses of cash and cash equivalents during the reported periods.

	Nine months ended June 30,	
€ in millions	**2011**	2010
Net cash provided by operating activities from continuing operations	622	559
Net cash used in investing activities from continuing operations	(2,310)	(194)
Net cash used in financing activities from continuing operations	(260)	(479)
Net increase in cash and cash equivalents from discontinued operations	1,104	156
Net decrease/increase in cash and cash equivalents	**(844)**	**42**

Growth-driven increase in net assets has negative impact on net cash provided by operating activities from continuing operations

Income from continuing operations for the nine-month period rose from €119 million in the previous fiscal year to €497 million in the current fiscal year. Despite this improvement, net cash provided by operating activities from continuing operations went up by only €63 million from €559 million in the previous fiscal year to €622 million in the current fiscal year. The key reason for this was the fact that increased business volumes resulted in an additional €221 million of capital being tied up in working capital. Tax payments of €66 million (October 2009 - June 2010: €29 million) also fell due for payment during the period. In the previous year, income from continuing operations for the nine-month period included non-cash operating losses of €69 million arising on the deconsolidation of ALTIS.

High levels of disbursements for financial investments and property, plant and equipment cause significant rise in net cash used in investing activities from continuing operations

The cash outflow for investing activities from continuing operations in the first nine months of the 2011 fiscal year amounted to €2,310 million, of which €1,697 million (net figure) related to the purchase of financial investments (primarily money deposits with a maximum term of six months).

In total, we invested €585 million in property, plant and equipment during the first nine months of the year. The focus of capital expenditure was on the expansion of front-end power capacities in Kulim, Malaysia, and Villach, Austria, the expansion of back-end power capacities in Malacca, Malaysia, and the purchase of real estate and manufacturing facilities from Qimonda Dresden. We also started work on the construction of a 300-millimeter pilot plant at Villach which we will use in conjunction with the volume-production of power semiconductors on 300-millimeter wafers.

In the corresponding nine-month period of the previous fiscal year, net cash used in investing activities from continuing operations amounted to €194 million, including capital expenditures on property, plant and equipment of €137 million. The deconsolidation of ALTIS also involved cash being reduced by €88 million. Net cash inflows from the sale of financial investments amounted to €29 million.

Disbursements for buybacks of convertible bonds and dividend payments reflected in net cash used in financing activities from continuing operations

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

In the previous fiscal year net cash used in financing activities from continuing operations had amounted to €479 million, a large part of which related to share buybacks and the full repayment of the subordinated convertible notes due June 2010.

Proceeds from sale of Wireless mobile phone business results in sharp rise in cash inflow from discontinued operations

Net cash inflow from discontinued operations for the first nine months of the 2011 fiscal year amounted to €979 million and resulted primarily from the cash proceeds of €1,053 million received in conjunction with the sale of the Wireless mobile phone business. Net cash provided by operating activities from discontinued operations amounted to €128 million and resulted predominantly from wireless mobile phone operations prior to the sale of that line of business. This figure is stated after disbursements of €25 million in conjunction with liabilities connected to the insolvency of Qimonda, principally relating to the settlement agreement with the indirect customers group and chief state prosecutors (see note 16 “Commitment and Contingencies”). Capital expenditures for the Wireless mobile phone business prior to the sale also reduced net cash provided by operating activities from discontinued operations.

The cash inflow from discontinued operations for the first nine months of the previous fiscal year amounted to €156 million, most of which related to the purchase price (€223 million) received during the first quarter of the 2010 fiscal year for the sale (in November 2009) of the Wireline Communications business. This was partly offset by payments of €50 million in connection with the insolvency of Qimonda as well as the payment of the final installment of the settlement agreed with the U.S. Department of Justice (DOJ). In the previous fiscal year, operating activities of the Wireless mobile phone business and Wireline Communications business generated a cash inflow of €51 million, compared to a cash outflow of €68 million for capital expenditure on those two lines of business.

FREE CASH FLOW

We report free cash flow, defined as cash flow from operating and investing activities from continuing operations excluding purchases or sales of financial investments. We believe that the presentation of free cash flow provides useful information to investors because this measure gives an indication of the cash-generating ability of our business. Free cash flow is an additional measure, since we hold a portion of our liquid resources in the form of financial investments and wish to disclose the cash flow from our business adjusted for any changes in financial investments. Free cash flow is not intended to represent the residual cash flow available for discretionary expenditures, since dividends, debt servicing requirements or other non-discretionary expenditures are not deducted. Free cash flow only includes amounts from continuing operations, and is determined as follows from the consolidated statement of cash flows:

	Nine months ended June 30,	
€ in millions	**2011**	2010
Net cash provided by operating activities from continuing operations	622	559
Net cash used in investing activities from continuing operations	(2,310)	(194)
Purchase of and proceeds from sale of financial investments, net	1,697	(28)
Free cash flow	**9**	**337**

Disbursements for property, plant and equipment financed by operating activities

Free cash flow from operating activities for the first nine months of the 2011 fiscal year totaled €9 million, compared to €337 million in the previous year. Besides the increased capital expenditure in property, plant and equipment (up by €448 million), working capital was €221 million higher, mainly driven by revenue growth.

GROSS CASH POSITION AND NET CASH POSITION

The following table presents our gross and net cash positions, as well as our long-term and short-term debt. Since we hold a portion of our liquid resources in the form of financial investments, which for IFRS purposes are not considered to be "cash and cash equivalents", we report our gross and net cash positions to provide investors with an understanding of our overall liquidity position at the respective reporting dates. The gross and net cash position is derived as follows from the corresponding amounts in our consolidated statement of financial position:

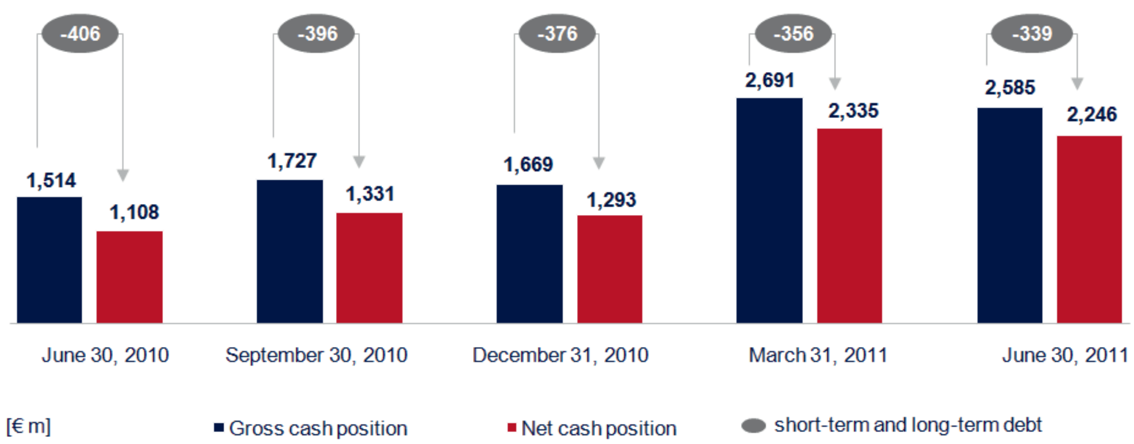
€ in millions	June 30, 2011	September 30, 2010
Cash and cash equivalents	822	1,667
Financial investments	1,763	60
Gross cash position	**2,585**	**1,727**
Less:		
Long-term debt	256	263
Short-term debt and current maturities of long-term debt	83	133
Total financial debt	**339**	**396**
Net cash position	**2,246**	**1,331**

Increase in gross cash position due to cash proceeds from sale of the Wireless mobile phone business

Our gross cash position, comprising cash and cash equivalents and financial investments, amounted to €2,585 million at June 30, 2011, an increase of €858 million on the position of €1,727 million at September 30, 2010. The gross cash position at the end of the period under report increased primarily as a result of the cash proceeds from the sale of the Wireless mobile phone business. As described above, net cash provided by continuing operating activities amounting to €622 million was more than offset by capital expenditure on property, plant and equipment, additional amounts tied up in current assets, disbursements for convertible bond buybacks and the dividend payment.

Our net cash position, which is defined as the gross cash position less short-term and long-term debt, increased accordingly by €915 million from €1,331 million at September 30, 2010 to €2,246 million at June 30, 2011. The net cash position does not include the obligation of €113 million (measured at present value and reported as other current liabilities) relating to put options to acquire treasury shares, since there is a high degree of uncertainty with respect to the amount of options that will actually be exercised.

Development of the gross and net cash position over the last 5 quarters



EMPLOYEES

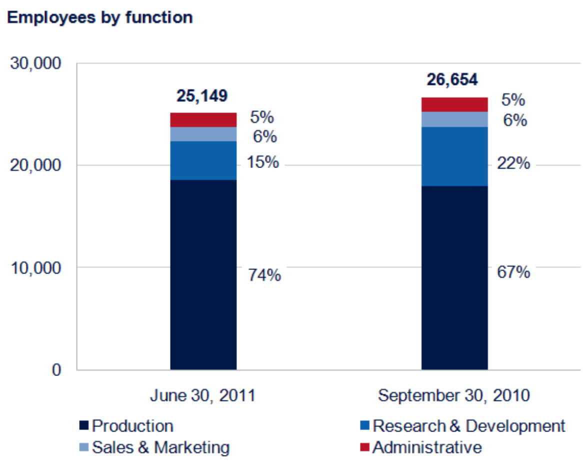
The following table shows the composition of the workforce of our fully consolidated companies by function and region at the dates shown:

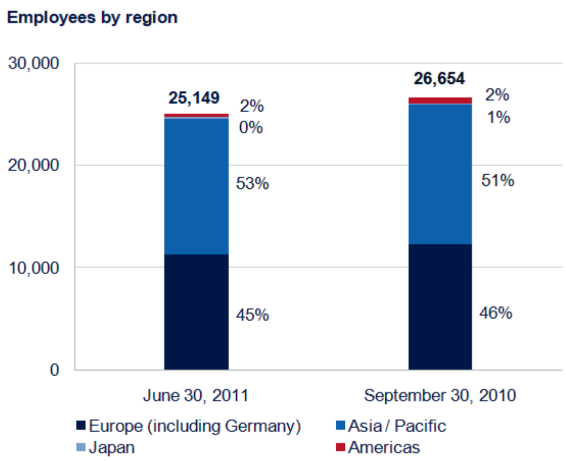
	As of		
	June 30, 2011	September 30, 2010	Change
Function:			
Production	18,575	17,924	4%
Research & Development	3,711	5,771	(36%)
Sales & Marketing	1,488	1,520	(2%)
Administration	1,375	1,439	(4%)
Total	**25,149**	**26,654**	**(6%)**
Region:			
Europe	11,285	12,275	(8%)
therein: Germany	7,703	8,826	(13%)
Asia-Pacific (w/o Japan)	13,286	13,619	(2%)
therein: China	1,243	1,633	(24%)
Japan	112	120	(7%)
Americas	466	640	(27%)
Total	**25,149**	**26,654**	**(6%)**

The numbers as of September 30, 2010 set forth above include the employees transferred to Intel Mobile Communications as part of the sale of the Wireless mobile phone business.

The number of Infineon employees' decreased by 6 percent in the first nine months of the 2011 fiscal year. The reduction was mainly driven by the sale of the Wireless mobile phone business. On the other hand the workforce was increased by additional staff hired in response to the dynamic development in business volumes and in the area of research and development at sites in Germany and the Asia-Pacific region. Employees were also hired in production (principally at back-end sites in the Asia-Pacific region) in connection with the expansion of our production capacities.

The Infineon sites in Germany accounted for 31 percent of Infineon's employees as of June 30, 2011 compared to 33 percent as of September 30, 2010.





OUTLOOK

OUTLOOK FOR FOURTH QUARTER OF THE 2011 FISCAL YEAR: SALES EXPECTED TO BE AT LEAST FLAT; TOTAL SEGMENT RESULT TO BE ABOUT FLAT IN ABSOLUTE TERMS

We expect sales for the fourth quarter of the 2011 fiscal year to be at least flat compared to the third quarter of the current fiscal year. Within this outlook, we expect a further increase in revenue in Industrial & Multimarket, broadly flat turnover in Chip Card & Security and a seasonal sales decline in Automotive.

Total Segment Result is expected to remain broadly flat in absolute terms from the levels reached in the third quarter of the 2011 fiscal year.

RISKS AND OPPORTUNITIES

We are exposed to a number of risks as a result of the high volatility of the semiconductor business, our international orientation and our wide product range. Such risks include, but are not limited to: general economic developments, including the sustainability of the recent positive market environment; fluctuations in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products, such as automobiles and consumer electronics that incorporate our products; the failure to comply with our delivery commitments to customers as a result of a lack of production capacities (allocations) due to unexpected demand in the markets; the consequences of earthquakes, tsunamis or nuclear power plant catastrophes (for example on our supply chain, those of our customers and their customers with respect to materials, production plants and demand in general); the success of our development efforts, whether on our own or with partners; the success of our efforts to introduce new production processes at our facilities; compliance with quality requirements for existing and newly developed products; the actions of competitors; the recoverability of our financial investments; the continued availability of adequate funds; the outcome of antitrust investigations and litigation matters including patent infringement claims by companies with own development and production, but also increasingly by so called “non practicing entities”; the effects of currency fluctuations, primarily between the U.S. dollar and the Euro; and certain risks and liabilities in conjunction with the insolvency of Qimonda. The risks relating to Qimonda include pending antitrust and securities legal proceedings; claims by the insolvency administrator brought in December 2010 by way of a declaratory action alleging that Infineon “economically re-established” Qimonda (German: “wirtschaftliche Neugründung”) through the transfer of the memory business; risks arising from the insolvency administrator’s declaration to elect non-performance of the contribution agreement between Infineon and Qimonda and the resulting declaratory action brought by the Company against the insolvency administrator in January 2011; claims in connection with Qimonda’s sale of its stake in Inotera to Micron; other potential group company liabilities; the potential repayment of governmental subsidies received; and contingent liabilities related to employees, suppliers or other matters.

A variety of risks, in particular financial risks, also present opportunities in the event of a favorable outcome.

These and other material risks that we face are described in further detail in the “Report on expected Developments, together with associated Material Opportunities and Risks” section of the Group Management Report in our Annual Report for the fiscal year ended September 30, 2010. A copy of our annual report is available at the Investor Relations section of our website http://www.infineon.com/investor.

We encourage you to read the detailed description of the risks presented in the section of the Group Management Report referred to above. The occurrence of one or more of the events described could have a material adverse effect on our Company and our results of operations and could, in turn, result in a drop in our share price.

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2011 AND 2010

€ in millions, except earnings per share	Three months ended June 30,		Nine months ended June 30,	
	2011	2010	**2011**	2010
Revenue	1,043	885	2,959	2,353
Cost of goods sold	(613)	(553)	(1,724)	(1,495)
Gross profit	430	**332**	**1,235**	**858**
Research and development expenses	(109)	(100)	(329)	(285)
Selling, general and administrative expenses	(114)	(100)	(330)	(283)
Other operating income	2	2	13	11
Other operating expense	(8)	(15)	(32)	(107)
Operating income	**201**	**119**	**557**	**194**
Financial income	13	5	27	24
Financial expense	(14)	(11)	(43)	(79)
Income from investments accounted for using the equity method	(1)	4	1	7
Income from continuing operations before income taxes	**199**	**117**	**542**	**146**
Income tax expense	(24)	(14)	(45)	(27)
Income from continuing operations	**175**	**103**	**497**	**119**
Income from discontinued operations, net of income taxes	15	23	497	151
Net income	**190**	**126**	**994**	**270**
Attributable to:				
Non-controlling interests	-	-	-	1
Shareholders of Infineon Technologies AG	190	126	994	269
Basic earnings per share attributable to shareholders of Infineon Technologies AG:				
Basic earnings per share (in Euro) from continuing operations	0.16	0.10	0.46	0.11
Basic earnings per share (in Euro) from discontinued operations	0.01	0.02	0.45	0.14
Basic earnings per share (in Euro)	**0.17**	**0.12**	**0.91**	**0.25**
Diluted earnings per share attributable to shareholders of Infineon Technologies AG:				
Diluted earnings per share (in Euro) from continuing operations	0.16	0.09	0.44	0.11
Diluted earnings per share (in Euro) from discontinued operations	0.01	0.02	0.43	0.14
Diluted earnings per share (in Euro)	**0.17**	**0.11**	**0.87**	**0.25**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2011 AND 2010

€ in millions	Three months ended June 30,		Nine months ended June 30,	
	2011	2010	**2011**	2010
Net income	**190**	**126**	**994**	**270**
Currency translation effects	(1)	14	(5)	25
Net change in fair value of available-for-sale financial assets	(1)	-	(1)	1
Net change in fair value of cash flow hedges	1	(13)	(7)	(18)
Other comprehensive income (loss) for the year, net of tax	**(1)**	**1**	**(13)**	**8**
Total comprehensive income for the year, net of tax	**189**	**127**	**981**	**278**
Attributable to:				
Non-controlling interests	-	-	-	1
Shareholders of Infineon Technologies AG	189	127	981	277

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS OF JUNE 30, 2011 AND SEPTEMBER 30, 2010

€ in millions	**June 30, 2011**	September 30, 2010
Assets:		
Current assets:		
Cash and cash equivalents	822	1,667
Financial investments	1,763	60
Trade and other receivables	828	687
Inventories	631	514
Income tax receivable	15	7
Other current financial assets	4	72
Other current assets	101	88
Assets classified as held for sale	4	495
Total current assets	**4,168**	**3,590**
Property, plant and equipment	1,185	838
Goodwill and other intangible assets	103	87
Investments accounted for using the equity method	31	35
Deferred tax assets	221	308
Other financial assets	124	119
Other assets	31	16
Total assets	**5,863**	**4,993**
Liabilities and equity:		
Current liabilities:		
Short-term debt and current maturities of long-term debt	83	133
Trade and other payables	760	665
Current provisions	619	553
Income tax payable	113	111
Other current financial liabilities	121	16
Other current liabilities	315	153
Liabilities classified as held for sale	-	177
Total current liabilities	**2,011**	**1,808**
Long-term debt	256	263
Pension plans and similar commitments	147	146
Deferred tax liabilities	9	11
Long-term provisions	45	55
Other financial liabilities	6	6
Other liabilities	69	79
Total liabilities	**2,543**	**2,368**
Shareholders' equity:		
Ordinary share capital	2,173	2,173
Additional paid-in capital	5,875	6,048
Accumulated deficit	(4,619)	(5,613)
Other reserves	4	17
Put options on own shares	(113)	-
Total equity	**3,320**	**2,625**
Total liabilities and equity	**5,863**	**4,993**

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2011 AND 2010

	Nine months ended June 30,	
€ in millions	**2011**	2010
Net income	**994**	**270**
Less: net income from discontinued operations, net of income taxes	(497)	(151)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	266	251
Income tax	45	27
Interest result	19	63
Provision for doubtful accounts	1	3
Losses (gains) on sales of financial investments	-	(2)
Losses (gains) on sales of businesses and interests in subsidiaries	(2)	(3)
Losses in connection with the deconsolidation of ALTIS	-	69
Losses (gains) on disposals of property, plant and equipment	-	(3)
Income from investments accounted for using the equity method	(1)	(7)
Dividends received from associated companies	5	3
Impairment charges	(5)	12
Share-based compensation	1	-
Changes in operating assets and liabilities:		
Trade and other receivables	(86)	(157)
Inventories	(57)	(34)
Other current assets	(16)	(1)
Trade and other payables	88	180
Provisions	18	(18)
Other current liabilities	(36)	96
Other assets and liabilities	(43)	23
Interest received	16	10
Interest paid	(22)	(43)
Income tax paid	(66)	(29)
Net cash provided by operating activities from continuing operations	**622**	**559**
Net cash provided by operating activities from discontinued operations	**128**	**1**
Net cash provided by operating activities	**750**	**560**
Cash flows from investing activities:		
Purchases of financial investments	(2,018)	(375)
Proceeds from sales of financial investments	321	403
Proceeds from sales of businesses and interests in subsidiaries	-	1
Cash decrease from the deconsolidation of ALTIS	-	(88)
Purchases of intangible assets and other assets	(29)	(25)
Purchases of property, plant and equipment	(585)	(137)
Proceeds from sales of property, plant and equipment and other assets	1	27
Net cash used in investing activities from continuing operations	**(2,310)**	**(194)**
Net cash provided by investing activities from discontinued operations	**979**	**155**
Net cash used in investing activities	**(1,331)**	**(39)**

	Nine months ended June 30,	
€ in millions	**2011**	2010
Cash flows from financing activities:		
Net change in related party financial receivables and payables	-	(1)
Proceeds from issuance of long-term debt	29	2
Repayments of long-term debt	(60)	(287)
Repurchase of convertible subordinated bonds	(123)	(193)
Change in restricted cash	(1)	-
Proceeds from the sale of put options for own shares	4	-
Dividend payments	(109)	-
Net cash used in financing activities from continuing operations	**(260)**	**(479)**
Net cash used in financing activities from discontinued operations	**(3)**	**-**
Net cash used in financing activities	**(263)**	**(479)**
Net increase (decrease) in cash and cash equivalents	(844)	42
Effect of foreign exchange rate changes on cash and cash equivalents	(1)	(4)
Cash and cash equivalents at beginning of period	1,667	1,414
Cash and cash equivalents at end of period	**822**	**1,452**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE NINE MONTHS ENDED JUNE 30, 2011 AND 2010

€ in millions, except for number of shares	Ordinary shares issued			
	Shares	Amount	Additional paid-in capital	Accumulated deficit
Balance as of October 1, 2009	**1,086,742,085**	**2,173**	**6,048**	**(6,180)**
Net income	-	-	-	269
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	269
Deconsolidation of ALTIS	-	-	-	-
Balance as of June 30, 2010	**1,086,742,085**	**2,173**	**6,048**	**(5,911)**
Balance as of October 1, 2010	**1,086,742,085**	**2,173**	**6,048**	**(5,613)**
Net income	-	-	-	994
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period, net of tax	-	-	-	994
Dividends	-	-	(109)	-
Issuance of ordinary shares:				
Exercise of stock options	3,750	-	-	-
Share based compensation	-	-	1	-
Other changes in equity	-	-	(69)	-
Net additions/ disposals put options on own shares	-	-	4	-
Balance as of June 30, 2011	**1,086,745,835**	**2,173**	**5,875**	**(4,619)**

Other reserves						
Foreign currency translation adjustment	Unrealized gains (losses) on securities	Unrealized gains (losses) on cash flow hedge	Put options on own shares	Total equity attributable to shareholders of Infineon Technologies AG	Non-controlling interests	Total equity
3	**1**	**(12)**	**-**	**2,033**	**60**	**2,093**
-	-	-	-	269	1	270
25	1	(18)	-	8	-	8
25	1	(18)	-	277	1	278
-	-	-	-	-	(61)	(61)
28	**2**	**(30)**	**-**	**2,310**	**-**	**2,310**
16	**3**	**(2)**	**-**	**2,625**	**-**	**2,625**
-	-	-	-	994	-	994
(5)	(1)	(7)	-	(13)	-	(13)
(5)	(1)	(7)	-	981	-	981
-	-	-	-	(109)	-	(109)
-	-	-	-	-	-	-
-	-	-	-	1	-	1
-	-	-	-	(69)	-	(69)
-	-	-	(113)	(109)	-	(109)
11	**2**	**(9)**	**(113)**	**3,320**	**-**	**3,320**

CONDENSED NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1 / BASIS OF PRESENTATION

The accompanying consolidated financial statements of Infineon Technologies AG and its consolidated subsidiaries ("Infineon" or the "Company") as of and for the three and nine months ended June 30, 2011 and 2010, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), and as adopted by the European Union ("EU"). The accompanying consolidated financial statements have been prepared in compliance with IAS 34, "Interim Financial Reporting". Accordingly, certain information and disclosures normally included in annual financial statements have been condensed or omitted. In addition, although the consolidated statement of financial position as of September 30, 2010 was derived from the audited consolidated financial statements, it does not include all disclosures required by IFRS. The accompanying consolidated financial statements should be read in conjunction with the audited consolidated financial statements prepared in accordance with IFRS, as adopted by the EU, as of and for the fiscal year ended September 30, 2010. The accounting policies applied in preparing the accompanying consolidated financial statements are consistent with those for the 2010 fiscal year.

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

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

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

The presentation of the derivation of net cash provided by operating activities within the statement of cash flows was changed in the third quarter of the 2011 fiscal year. Prior year disclosures have been adjusted accordingly.

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

Deviations of amounts presented in the consolidated financial statements are possible due to rounding.

2 / ACCOUNTING POLICIES

STANDARDS AND INTERPRETATIONS APPLIED FOR THE FIRST TIME

No new Standards or Interpretations were applied for the first time in the third quarter of the 2011 fiscal year.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

The following new or revised standards have been recently issued by the IASB. These have not been applied in the consolidated financial statements for the three and nine months ended June 30, 2011, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- Amendments to IFRS 7 "Financial Instruments: Disclosures",
- IFRS 9 "Financial Instruments",
- IFRS 10 "Consolidated Financial Statements",
- IFRS 11 "Joint Arrangements",
- IFRS 12 "Disclosures of Interests in Other Entities",

- IFRS 13 “Fair Value Measurement”,
- Amendments to IAS 1 “Presentation of Items of Other Comprehensive Income”,
- Amendments to IAS 19 “Employee Benefits”,
- Revised IAS 24 “Related Party Disclosures”,
- Revised IAS 28 “Investments in Associates and Joint Ventures”.

The Company is currently evaluating the impact on its presentation of the net assets, financial position and results of operations of the standards which have not yet been applied.

3 / DIVESTITURES AND DISCONTINUED OPERATIONS

QIMONDA — DISCONTINUED OPERATIONS

On January 23, 2009, Qimonda AG (“Qimonda”) a majority owned company, and its wholly owned subsidiary Qimonda Dresden GmbH & Co. oHG (“Qimonda Dresden”), filed an application at the Munich Local Court to commence insolvency proceedings. On April 1, 2009, the insolvency proceedings formally opened. Formal insolvency proceedings have also been commenced by several additional subsidiaries of Qimonda in various jurisdictions. Some of these insolvency proceedings have been already dissolved. The results of Qimonda are reported as discontinued operations in the Company’s consolidated statement of operations and the Company’s consolidated statement of cash flows for all periods presented.

As a result of the insolvency proceedings by Qimonda, Infineon is exposed to potential liabilities and risks including the following, which effects are recognized as discontinued operations:

- The Company is a named defendant in certain pending antitrust and securities law claims. Qimonda is required to indemnify Infineon, in whole or in part, for such claims, including any related expenses. Owing to Qimonda’s insolvency, however, the Company expects that Qimonda will not be able to indemnify it for these claims. Further information on these pending antitrust and securities law claims and their potential impact on the Company may be found in note 16 (“*Commitments and Contingencies – Litigation and Government Inquiries – Antitrust Litigation*”, “*– Other Government Litigation*” and, “*– Securities Litigation*”).
- The Company is the named defendant in a lawsuit in Delaware in which the plaintiffs are seeking to hold the Company liable for the payment of severance and other benefits allegedly due from Qimonda North America in connection with the termination of employment related to Qimonda’s insolvency. Further information on this suit may be found in note 16 (“*Commitments and Contingencies – Litigation and Government Inquiries – Qimonda Litigation*”).
- The Company is the named defendant in an unspecified action for a declaratory judgment brought by the Qimonda insolvency administrator on December 1, 2010 in the Regional Court of Munich I. The action asserts that, in connection with the carve-out of the Memory business to Qimonda AG, Infineon utilized a previously formed shell company and “economically re-established” this company (German: *“wirtschaftliche Neugründung”*) through the transfer of the Memory business and that Infineon failed to submit the declaration required in this regard to the registry court, thereby making it impossible to carry out the required assessment of Qimonda’s capital structure. The action seeks to establish a basic obligation to pay on the part of the Company. See note 16 (“*Commitments and Contingencies – Litigation and Government Inquiries – Qimonda Litigation*”).
- The Company faces potential liabilities arising from its former participation in Qimonda Dresden. Before the carve-out of the Qimonda business, the Company was a general partner of Qimonda Dresden, and as such could under certain circumstances, as a matter of law, be held liable for certain liabilities of Qimonda Dresden that originated prior to the carve-out. These include, among others, the potential repayment of public subsidies, claims from service providers and suppliers, as well as employee-related claims, including salaries and social security contributions. The Company is currently engaged in discussions and negotiations with the Free State of Saxony, other potential creditors and the Qimonda administrator regarding these matters.
- The Company and its subsidiary Infineon Technologies Dresden GmbH (“Infineon Dresden”) are subject to lawsuits by approximately 80 former Infineon employees who were transferred to Qimonda or Qimonda Dresden as part of the carve-out and are now demanding to be re-employed by the Company. All court decisions to date have been in favor of the Company or Infineon Dresden.

- The Qimonda administrator has claimed damages from the Company under company law in connection with the sale by Qimonda of its interest in Inotera. It is alleged that Infineon, as a shareholder of Qimonda, influenced Qimonda to conclude a patent cross license agreement with the buyer of its stake in Inotera and thus indirectly steered Qimonda into a legal transaction detrimental to Qimonda, namely the sale of its interest in Inotera. The claim has been asserted without any concrete explanation of the details of the matter. The Company has denied the claims. At the end of May 2011, the insolvency administrator referred to the possibility of making further claims against the Company on the basis of law relating to groups (German: *"konzernrechtliche Ansprüche"*). He alleges firstly that certain transactions between Qimonda and Infineon did not comply with the provision (contained in German stock corporation law) that prohibits the return of capital contributions (German: *"Verbot der Einlagenrückgewähr"*) and secondly that Infineon, as the controlling company, caused Qimonda to become party to unfavorable legal transactions for which Infineon failed to give appropriate compensation. The insolvency administrator also stated that certain payments made by Qimonda to Infineon could be contested under insolvency law, since the payments involved were either subject to deferral agreements with Infineon or since Infineon already knew that Qimonda was insolvent at the time of payment. The alleged claims were put forward without being substantiated in any way. The Company will assess the validity of the claims as soon as it receives information about evidence it can base an assessment on. Should the alleged claims prove to be valid, substantial financial obligations could arise for the Company which could have a material adverse effect on its net assets, financial position and operating results.

The insolvency of Qimonda could also expose the Company to other claims arising in connection with contracts, offers, uncompleted transactions, continuing obligations, risks, encumbrances and other liabilities transferred in connection with the carve-out of the Memory business to Qimonda. The Company expects that Qimonda will not be able to fulfill its obligation to indemnify it against any such liabilities.

Certain adjustments for provisions related to potential liabilities were made in the three and nine months ended June 30, 2011. The net impact before income taxes shown as discontinued operations in the consolidated statement of operations was negative €2 million and negative €37 million.

In addition, as a result of the insolvency of Qimonda, Infineon is exposed to risks whose effects are recognized within continuing operations and described in more detail in note 16 ("*Commitments and Contingencies – Litigation and government inquiries – Qimonda Litigation*").

SALE OF THE WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

The sale of the Wireline Communications business to several Lantiq companies, affiliates of Golden Gate Private Equity Inc. ("Lantiq"), closed on November 6, 2009. The majority of the purchase price was paid at closing in the amount of €223 million. An additional €20 million of the purchase price was paid, as agreed in the contract, nine months after the closing date in August 2010.

The results of the Wireline Communications business as well as the gain on the sale are reported as "Income from discontinued operations, net of income taxes", in the Company's consolidated statement of operations for all periods presented.

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

On January 31, 2011 the Company completed the sale of the Wireless mobile phone business of the Wireless Solutions segment to Intel Corporation ("Intel") for a cash purchase price of US$1.4 billion. The sale, which covers the activities of several Infineon subsidiaries, was executed primarily as an "asset deal". All assets, patents, other intellectual property and selected liabilities allocated to the Wireless mobile phone business were specified and transferred separately. This business is being continued by the purchaser as "Intel Mobile Communications" ("IMC").

Trade receivables arising before the deal was closed were not part of the sale. Similarly, trade payables arising before closing are required to be settled by Infineon.

The Company's production landscape is largely unaffected by the transaction. Only a few items of dedicated production equipment were transferred and paid for in each case in addition to the purchase price stated above, based on the carrying amounts of the assets. Specified personnel-related liabilities – particularly pension obligations – were taken over by the purchaser. The Company will pay cash of approximately €70 million for the transfer of these liabilities to Intel. During the three month period ended June 30, 2011, Infineon paid €45 million of this amount to Intel. The remainder is expected to fall due for payment during the fourth quarter of the 2011 fiscal year.

The net proceeds from the sale were hedged by a U.S. dollar/Euro put option exercisable at a Euro/U.S. dollar exchange rate of 1.32. Net of transaction and separation costs and compensation payments due to Intel in conjunction with the transfer of liabilities, the cash inflow in the first nine months of the 2011 fiscal year from the sale amounted to €1,053 million.

The pre-tax gain on the sale of the Wireless mobile phone business recognized in the quarter ended June 30, 2011 was adjusted by €3 million. In total – taking into account all items with a profit or loss impact that have arisen since the contract was concluded in August 2010, including transaction and separation costs and the effect of the U.S. dollar hedge – the pre-tax gain amounted to €523 million.

The income tax expense on the gain arising on the sale of the Wireless mobile phone business amounted to €0 million for the three-month and €157 million for the nine-month period ended June 30, 2011. A deferred tax expense arising on the derecognition of a deferred tax asset is included in the nine months ended June 30, 2011. In the fourth quarter of the 2010 fiscal year it had been necessary to recognize a deferred tax asset of €82 million (through the consolidated statement of operations) in conjunction with the planned sale of the Wireless mobile phone business.

The results of the Wireless mobile phone business until the sale have been recognized in the consolidated statement of operations for the three and nine months ended June 30, 2011 under "Income from discontinued operations, net of income taxes". In accordance with the internal reporting, the Wireless Solutions segment is no longer reported as a segment (see note 17). Prior period amounts have been adjusted accordingly.

The company continues to sell products and render services to IMC following the sale of the Wireless mobile phone business. The results of these activities are reported as income from discontinued operations to the extent that they are limited to a set period after the sale. These activities include the performance of procurement-related services on behalf of IMC, for which the company has received upfront payments amounting to €32 million. This amount is required to be repaid to IMC after the transitional phase lasting several months (probably during the fourth quarter of the 2011 fiscal year). The results for both the three- and nine-month periods ended June 30, 2011 also include income of €9 million arising from another payment from the insolvency administrator of BenQ which was received in July 2011.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets and liabilities classified as held for sale as of September 30, 2010, primarily consist of the book values of assets and liabilities disposed of in connection with the sale of the Wireless mobile phone business. The net amounts of assets and liabilities transferred at completion of the transaction differ from those classified as "held for sale" as of September 30, 2010, because changes have occurred in these accounts in the interim period, for example as a result of increases or decreases of finished goods or the payment of personnel liabilities.

As of June 30, 2011 and September 30, 2010, the carrying amounts of the major classes of assets and liabilities classified as held for sale were as follows:

€ in millions	**June 30, 2011**	September 30, 2010
Trade and other receivables	-	3
Inventories	-	74
Other current assets	-	14
Property, plant and equipment	4	56
Goodwill and other intangible assets	-	312
Other financial assets	-	1
Other assets	-	35
Assets classified as held for sale	**4**	**495**
Current provisions	-	71
Other current liabilities	-	18
Pension plans and similar commitments	-	46
Other liabilities	-	42
Liabilities classified as held for sale	**-**	**177**

INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES

The results of Qimonda, the Wireline Communication business and the Wireless mobile phone business presented in the consolidated statement of operations as discontinued operations, net of income taxes for the three and nine months ended June 30, 2011 and 2010, respectively, consist of the following components:

€ in millions	Three months ended June 30, 2011	Three months ended June 30, 2010	Nine months ended June 30, 2011	Nine months ended June 30, 2010
Qimonda				
Estimated expenses resulting from Qimonda's application to open insolvency proceedings	(2)	(4)	(37)	(5)
Loss before tax	**(2)**	**(4)**	**(37)**	**(5)**
Income tax benefits	1	20	5	20
Qimonda's share of discontinued operations, net of income taxes	**(1)**	**16**	**(32)**	**15**
Wireline Communications Business				
Revenue	-	-	-	31
Costs and expenses	-	(1)	(1)	(27)
Profit (loss) before tax	**-**	**(1)**	**(1)**	**4**
Income tax expense	-	-	1	-
Income (loss) from operations	**-**	**(1)**	**-**	**4**
Pre-tax gain recognized on the sale of the Wireline Communications business	2	1	2	111
Income tax expense on gain	-	(11)	-	(15)
Gain on the sale of the Wireline Communications business, net of income taxes	2	(10)	2	96
Wireline Communication's share of discontinued operations, net of income taxes	**2**	**(11)**	**2**	**100**
Wireless mobile phone business				
Revenue	12	324	689	832
Costs and expenses	-	(303)	(483)	(790)
Profit before tax	**12**	**21**	**206**	**42**
Income tax expense	(1)	(3)	(26)	(6)
Income from operations	**11**	**18**	**180**	**36**
Pre-tax gain recognized on the sale of the Wireless mobile phone business	3	-	504	-
Income tax expense on gain	-	-	(157)	-
Gain on the sale of the Wireless mobile phone business, net of income taxes	3	-	347	-
Wireless mobile phone business' share of discontinued operations, net of income taxes	**14**	**18**	**527**	**36**
Income from discontinued operations, net of income taxes	**15**	**23**	**497**	**151**

4 / FINANCIAL INCOME

Financial income for the three and nine months ended June 30, 2011 and 2010 respectively is as follows:

	Three month ended June 30,		Nine months ended June 30,	
€ in millions	**2011**	2010	**2011**	2010
Interest income	10	4	24	12
Valuation changes and gains on sales of financial investments	-	(3)	-	6
Other financial income	3	4	3	6
Total	**13**	**5**	**27**	**24**

5 / FINANCIAL EXPENSE

Financial expense for the three and nine months ended June 30, 2011 and 2010 respectively is as follows:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2011**	2010	**2011**	2010
Interest expense	14	16	43	75
Valuation changes and losses on sales of financial investments	-	1	-	1
Other financial expense	-	(6)	-	3
Total	**14**	**11**	**43**	**79**

Interest expense for the three and nine months ended June 30, 2011 includes losses before tax of €1 million and €12 million, respectively, as a result of the repurchases of convertible subordinated bonds due 2014 (see note 12).

6 / INCOME TAX

Income from continuing operations before income taxes and income tax expense for the three and nine months ended June 30, 2011 and 2010 respectively are as follows:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2011**	2010	**2011**	2010
Income from continuing operations before income taxes	199	117	542	146
Income tax expense	(24)	(14)	(45)	(27)
Effective tax rate	12%	12%	8%	19%

In the three and nine months ended June 30, 2011 and 2010, the tax expense of the Company is affected by lower foreign tax rates, tax credits and changes in the valuation allowance on deferred tax assets.

7 / EARNINGS PER SHARE

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

The calculation of diluted EPS is based on the assumption of converting all potential dilutive instruments in ordinary shares resulting in a respective increase in the number of shares on the one hand and a respective decrease on the income impact of these instruments, for example interest expenses, on the other hand. The convertible bonds due 2014 are potential dilutive instruments. Written share options and put options on own shares are also potential dilutive instruments if the exercise price is lower than the average share price for the period (for the share options) or higher than the average share price for the period (for the put options on treasury shares).

The computation of earnings per share is based on the following figures:

	Three months ended June 30,		Nine months ended June 30,	
	2011	2010	**2011**	2010
Numerator (€ in millions):				
Earnings from continuing operations	175	103	497	119
Less: Portion attributable to minority interests	-	-	-	1
Earnings (€ in millions):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	175	103	497	118
Earnings from discontinued operations, net of income taxes	15	23	497	151
Less: Portion attributable to minority interests	-	-	-	-
Earnings from discontinued operations attributable to shareholders of Infineon Technologies AG	15	23	497	151
Net earnings attributable to shareholders of Infineon Technologies AG	**190**	**126**	**994**	**269**
Shares in millions:				
Weighted-average shares outstanding - basic	1,086.7	1,086.7	1,086.7	1,086.7
Adjustments for:				
Assumed conversion of convertible bonds	69.0	84.0	73.2	-
Share options	1.4	0.9	1.4	0.5
Put options on own shares	-	-	-	-
Weighted-average shares outstanding - diluted	1,157.1	1,171.6	1,161.3	1,087.2
Basic earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.16	0.10	0.46	0.11
Earnings from discontinued operations attributable to shareholders of Infineon Technologies AG	0.01	0.02	0.45	0.14
Net earnings per share attributable to shareholders of Infineon Technologies AG - basic	**0.17**	**0.12**	**0.91**	**0.25**
Diluted earnings per share (in €):				
Earnings from continuing operations attributable to shareholders of Infineon Technologies AG	0.16	0.09	0.44	0.11
Earnings from discontinued operations attributable to shareholders of Infineon Technologies AG	0.01	0.02	0.43	0.14
Net earnings per share attributable to shareholders of Infineon Technologies AG - diluted	**0.17**	**0.11**	**0.87**	**0.25**

The calculation of diluted earnings per share is based on adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG of €179,8 million and €107,9 million for the three months ended June 30, 2011 and 2010 and €511,4 million and €117,6 million for the nine months ended June 30, 2011 and 2010. The adjusted earnings reflect the pro forma reduced interest expense resulting upon the assumed conversion of the convertible bonds.

Not included in the diluted earnings per share calculation were 11.6 million and 15.2 million shares underlying employee stock options for the three months ended June 30, 2011 and 2010, respectively, and 12.8 million and 15.7 million shares underlying employee stock options for the nine months ended June 30, 2011 and 2010, respectively, because the exercise price of those stock options was greater than the average market price of the ordinary shares. Similarly, 18.0 million of the put options written on own shares in May 2011 were not taken into account in the computation during the three and nine months ended June 30, 2011 since their exercise price was lower than the average share price during the reporting period. Additionally, 0 million ordinary shares issuable upon the conversion of convertible subordinated bonds due 2014 for the three months ended June 30, 2011 and 2010, respectively, and 0 million and 84.0 million ordinary shares issuable upon the conversion of convertible subordinated bonds for the nine months ended June 30, 2011 and 2010, respectively, were not included in the computation of diluted earnings per share as their impact would have been anti-dilutive.

8 / TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following:

€ in millions	**June 30, 2011**	September 30, 2010
Third party - trade	609	648
Related parties - trade	4	3
Trade accounts receivable, gross	**613**	**651**
Allowance for doubtful accounts	(29)	(29)
Trade accounts receivable, net	**584**	**622**
Grants receivable	37	39
License fees receivable	4	6
Third party - financial and other receivables	21	12
Related parties - financial and other receivables	-	-
Employee receivables	7	6
Other receivables	175	2
Total	**828**	**687**

Other receivables as of June 30, 2011 include €173 million (September 30, 2010: €0) of German value added tax receivable assigned to the Company by IMC in conjunction with the sale of the Wireless mobile phone business and which had not been offset at June 30, 2011 against the Company's value added tax payable reported within other current liabilities.

9 / INVENTORIES

Inventories consist of the following:

€ in millions	**June 30, 2011**	September 30, 2010
Raw materials and supplies	71	58
Work-in-process	398	329
Finished goods	162	127
Total Inventories	**631**	**514**

10 / TRADE AND OTHER PAYABLES

Trade and other payables consist of the following:

€ in millions	June 30, 2011	September 30, 2010
Third party - trade	710	645
Related parties - trade	8	14
Trade payables	**718**	**659**
Related parties - other payables	15	4
Other	27	2
Total	**760**	**665**

11 / PROVISIONS

Provisions consist of the following:

€ in millions	June 30, 2011	September 30, 2010
Personnel-related obligations	235	268
Warranties and licenses	124	122
Provisions related to Qimonda	149	97
Other	156	121
Total	**664**	**608**

Provisions for personnel-related obligations include costs of incentive and bonus payments, vacation entitlements, compensation for termination of employment, early retirement, years of service awards, other personnel-related costs and related social security payments.

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

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

Further information on provisions related to Qimonda is provided in notes 3 and 16.

The total amounts of provisions are reflected in the consolidated statement of financial position as of June 30, 2011 and September 30, 2010, respectively, as follows:

€ in millions	June 30, 2011	September 30, 2010
Current	619	553
Non-current	45	55
Total	**664**	**608**

12 / DEBT

Debt consists of the following:

€ in millions	June 30, 2011	September 30, 2010
Short-term debt and current maturities:		
Loans payable to banks, weighted average rate 1.45%	-	51
Notes payable to governmental entity, due 2010	-	24
Current portion of long-term debt	83	58
Total short-term debt and current maturities	**83**	**133**
Long-term debt:		
Convertible subordinated bonds, 7.5%, due 2014	127	153
Loans payable to banks:		
Unsecured term loans, weighted average rate 2.01% (prior year 2.16%), due 2013-2015	129	110
Total long-term debt	**256**	**263**

On May 26, 2009, the Company (as guarantor), through its subsidiary Infineon Technologies Holding B.V. (as issuer), issued €196 million of new subordinated convertible bonds due 2014 at a discount of 7.2 percent in an offering to institutional investors in Europe. The bonds are convertible into ordinary shares of the Company, whereby the conversion price is currently €2.30 as adjusted in accordance with antidilution protection clauses following the Company's share capital increase in August 2009 and the dividend payment in February 2011. The bonds accrue interest at 7.5 percent per year. The principal of the bonds is unsecured and ranks pari passu with all present and future unsecured subordinated obligations of the issuer. The coupons on the bonds are secured and unsubordinated. The note holders have a negative pledge relating to future capital market indebtedness and an early redemption option in the event of a change of control. The Company may redeem the convertible bonds due 2014 after two and a half years at their nominal amount plus interest accrued thereon plus the present value of all remaining coupon payments through the maturity date, if the Company's closing share price exceeds 150 percent of the conversion price on 15 out of the previous 30 consecutive trading days. The bonds are listed on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. €31 million attributable to the conversion right of the note holders was recognized in additional paid-in capital at the date of issuance of the subordinated convertible bonds due 2014. The debt component of these convertible bonds is recorded at amortized cost using the effective interest method. During the three and nine months ended June 30, 2011, respectively, the Company made cash repurchases of notional amounts of €4 million and €40 million of its convertible subordinated bonds due 2014 for an amount of €16 million and €123 million, which resulted in losses of €1 million and €12 million before tax which were recognized in interest expense. In addition, there was a reduction of €69 million net of tax in additional paid-in capital, reflecting the repurchase of conversion options for 17.3 million shares incorporated within the bonds repurchased, measured at the current conversion price. The remaining outstanding nominal amount of the bonds of €156 million can be converted into up to 67.8 million shares based on the current conversion ratio.

The Company has established several bilateral short- and long-term credit facilities with a number of financial institutions:

€ in millions		As of June 30, 2011			
Term	Nature of financial institution commitment	Purpose/ intended use	Aggregate facility	Drawn	Available
Short-term	firm commitment	general corporate purposes, working capital, guarantees	58	-	58
Short-term	no firm commitment	working capital, cash management	106	-	106
Long-term[1]	firm commitment	project finance	277	212	65
Total			**441**	**212**	**229**

[1] Including current maturities.

13 / EQUITY

The ordinary share capital of Infineon Technologies AG amounted to €2,173,484,170 at September 30, 2010 and was sub-divided into 1,086,742,085 non-par bearer shares, each representing €2 of the Company's ordinary share capital. 3,750 new shares were issued out of Conditional Capital I during the first nine months of the 2011 fiscal year as a result of the exercise of share options. Conditional and Authorized Capital remained unchanged in all other respects.

It was resolved at the Annual General Meeting of Infineon Technologies AG held on February 17, 2011 to fully use the unappropriated profit reported by Infineon Technologies AG at the end of the 2010 fiscal year amounting to €108,674,208.50 to pay a dividend of €0.10 for each share entitled to receive a dividend.

It was resolved at the Annual General Meeting on February 17, 2011 to authorize the Company to acquire – through February 16, 2016 and within the limits stipulated by law – own shares in an amount of up to 10 percent of the Company's ordinary share capital at the date of the resolution or, if the amount is smaller, of the Company's ordinary share capital at the date on which the authorization is exercised. The Management Board can opt to acquire the own shares via the stock exchange, by means of a public offer made to all shareholders or a public request to submit sale offers or via a bank engaged to acquire the shares as part of a specific buy-back program. The Company is also authorized to acquire own shares up to 5 percent of the current share capital with the aid of equity capital derivatives. The authorization to use the own shares corresponds in the main part to the previous authorization that expired on August 11, 2010.

On May 9, 2011, Infineon Technologies AG decided to exercise the share buyback authorization granted by the Annual General Meeting on February 17, 2011. Infineon plans to return up to €300 million of capital to investors over a period extending until March 2013. The capital return may be effected through writing put options on Infineon shares, through outright repurchases of Infineon shares via the Xetra trading on the Frankfurt Stock Exchange, or through further repurchases of Infineon's outstanding convertible bonds.

Any shares bought back will be canceled to reduce the company's share capital or used for servicing employee options.

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

By June 30, 2011 Infineon had sold put options for own shares with a maximum term of nine months and for a nominal amount of €114 million. The put options correspond to a total of 18 million shares with various fixed exercise prices and require physical delivery of the shares. Premiums received for the put options amounted to €4 million and resulted in a corresponding increase of additional paid-in capital. In addition, an amount of €113 million was recognized as a so-called "synthetic" obligation in conjunction with the acquisition of own shares. The amount was measured at the present value of the settlement amount of all put options. The corresponding reduction of equity in connection with the put options is presented within equity on the line "Put options on own shares". The synthetic liabilities resulting from put options on company shares are measured at their present

value on an accrual basis and the discounted interest unwound over the term of the options. The relevant liabilities are extinguished when the put options are settled by payment of the exercise price. At that stage, the amount previously recorded as a reduction of equity is reclassified, within equity, from “Put options on own shares” to “Own shares”. If the options are not exercised, the relevant liability is derecognized and equity increased accordingly.

In conjunction with its capital return program, Infineon also repurchased subordinated convertible bonds due 2014 with a nominal amount of €4 million for approximately €16 million during the third quarter of the 2011 fiscal year. Prior to the start of the capital return program, some convertible bonds had already been purchased during the first half of the year. In total, convertible bonds with a total nominal amount of €40 million were repurchased for a consideration of €123 million during the nine-month period under report. The buybacks resulted in a pre-tax accounting loss of €12 million which is reported as an interest expense within financial expense. Additional paid-in capital was reduced by €69 million (net of tax), reflecting the conversion rights attached to the repurchased bonds.

14 / SHARE-BASED COMPENSATION

In 2010, the Company’s shareholders approved the Stock Option Plan 2010 (“SOP 2010”) which replaced the SOP 2006 Plan. Under the terms of the SOP 2010, the Company can grant up to 12 million options over a three-year period. The exercise price of each option equals 120 percent of the average closing share price during the five trading days prior to the grant date.

On December 16, 2010, the Company granted 3,024,250 options to eligible employees and 440,000 options to the Management Board under the SOP 2010. The expected vesting period of these options is approximately 5 years and the contractual term of the options is 7 years. The expenses of the first tranche under the SOP 2010 granted on December 16, 2010, have been deferred and are being recognized proportionately over the expected vesting period of approximately 5 years.

The Supervisory Board has structured the performance-related compensation of the Management Board granted through the first tranche of the SOP 2010 in such a way to foster the sustainable development of the Company and installed a cap for extraordinary performance developments in compliance with Section 87 (1) phrase 3 of the German Stock Corporation Act.

Of the 15.7 million options which were outstanding as of September 30, 2010, 1,250 and 3,750 options were exercised and 0.2 million and 6.1 million options expired in the three and nine months ended June 30, 2011.

Otherwise, there have been no significant changes to the disclosures provided in the annual report as of September 30, 2010.

Share-based compensation expense was not significant for the three and nine months ended June 30, 2011 and 2010.

15 / RELATED PARTIES

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

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

Related Party receivables consist primarily of trade, financial, and other receivables from equity method investments and related companies, and totaled €4 million and €3 million as of June 30, 2011 and September 30, 2010.

Related Party payables consist primarily of trade, financial, and other payables from equity method investments and related companies, and totaled €23 million and €18 million as of June 30, 2011 and September 30, 2010, respectively.

In the three months ended June 30, 2011 and 2010, sales to Related Parties totaled €6 million and €3 million, respectively, while purchases from Related Parties totaled €26 million and €76 million, respectively. In the nine

months ended June 30, 2011 and 2010, sales to Related Parties totaled €18 million and €18 million, respectively, while purchases from Related Parties totaled €105 million and €195 million, respectively.

16 / COMMITMENTS AND CONTINGENCIES

LITIGATION AND GOVERNMENT INQUIRIES

ANTITRUST LITIGATION

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

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

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

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

GOVERNMENT INQUIRIES

In October 2008, the Company learned that the European Commission had commenced an investigation involving the Company's Chip Card & Security business for alleged violations of antitrust laws. In September and October 2009, the Company and its French subsidiary received written requests for information from the European Commission. The Company is cooperating with the Commission in answering the requests. No reasonable estimated amount can be attributed at this time to the potential outcome of this investigation.

On June 21, 2010, the Brazil Secretariat of Economic Law of the Ministry of Justice ("SDE") announced that it had initiated an investigation related to alleged anticompetitive activities within the DRAM industry. The SDE's Notice of Investigation names the Company, various DRAM manufacturers and certain executives, and focuses on the period from July 1998 to June 2002. The SDE's Notice of Investigation is based on the investigations carried out in the United States and in Europe. The provisions recorded encompass provisions for legal expenses and those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at this time. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these proceedings.

SECURITIES LITIGATION

Between September and November 2004, seven securities class action complaints were filed against the Company and current or former officers in U.S. federal district courts, later consolidated in the Northern District of

California, on behalf of a putative class of investors that purchased the Company's publicly traded securities from March 2000 to July 2004. The consolidated amended complaint alleges violations of the U.S. securities laws and asserts that the defendants made materially false and misleading public statements about the Company's historical and projected financial results and competitive position because they did not disclose the Company's alleged participation in DRAM price fixing activities. The complaint also alleges that, by fixing the price of DRAM, defendants manipulated the price of the Company's securities, thereby injuring its shareholders.

The Company has agreed to enter into a settlement agreement resolving this lawsuit, subject to certain conditions. As part of the settlement, the Company agreed to pay US$ 6.2 million to be deposited into an escrow fund in August 2011. After final court approval, the Company will be released from claims by any class members who do not elect to opt out of the settlement. Any class member may opt out of the class prior to final approval of the settlement by the court.

The Company's directors' and officers' insurance carriers have denied coverage in the securities class action described above and the Company filed suit against the carriers in December 2005 and August 2006. The Company's claims against one D&O insurance carrier were finally dismissed in May 2007. The claim against the other insurance carrier is still pending.

PATENT LITIGATION

In October 2007, CIF Licensing LLC ("CIF"), a member of the General Electric Group, filed suit in the Civil Court of Düsseldorf, Germany against Deutsche Telekom AG alleging infringement of four European patents in Germany by certain CPE-modems and ADSL-systems (the "CIF Suit"). Deutsche Telekom has notified its suppliers, which include customers of the Company that a declaratory judgment of patent infringement would be legally binding on the suppliers. In January 2008, the Company joined the suit on the side of Deutsche Telekom. CIF then filed suit against the Company alleging indirect infringement of one of the four European patents. The Company is part of a joint defense group consisting of Deutsche Telekom, most of its suppliers and most of their respective suppliers. The Company is contractually obligated to indemnify and/or to pay damages to its customers under certain circumstances pursuant to its customer contracts. In July 2008, Deutsche Telekom, the Company and the other defendants filed actions contesting the validity of the four patents before the Federal Patent Court in Munich. In October 2008, CIF also filed suit in the Civil Court of Düsseldorf against Arcor GmbH &Co KG, Hansenet Telekommunikation GmbH and United Internet AG (all three, the "New Defendants") alleging infringement of the same four European patents. The New Defendants have notified their suppliers of the suit. All proceedings at the Civil Court in Düsseldorf have been stayed and the Company expects that they will only continue after resolution of the pending Federal Patent Court actions. No specified amount of damages has been asserted by CIF in these suits. The Federal Patent Court invalidated one of the patents on December 15, 2010 and another of the patents on January 26, 2011. CIF has filed an appeal against the ruling on both invalidated patents. The hearing for the third of the four patents has been scheduled by the Federal Patent Court in Munich for the end of November 2011. Any disclosure of the Company's estimate of potential outcomes, if such amounts could reasonably be estimated at this time, could seriously prejudice the position of the Company in these suits.

In November 2008, Volterra Semiconductor Corporation ("Volterra") filed suit against Primarion, Inc., the Company, and IF North America (jointly the "Defendants") in the United States District Court for the Northern District of California, alleging infringement of five U.S. patents by certain products offered by Primarion and claimed relief for damages, enhanced damages for willful infringement and injunctive relief. Volterra later withdrew one patent; four patents remain in the case. In May 2011, the court decided that two of the patents were infringed. This decision was anticipated by the Company, it has been preparing for appealing this outcome, and has recorded provisions for legal expenses and those liabilities and risks that the Company has believed and continues to believe are likely to materialize and that could be estimated with reasonable accuracy at the time. The appeal is expected to formally commence in Fall 2011. The suit may potentially continue on the two remaining patents in Fall 2011 as well. Any disclosure of the Company's estimate of potential outcomes could seriously prejudice the position of the Company in these suits. There can be no assurance that the provisions recorded will be sufficient to cover all of the liabilities that could ultimately be incurred in relation to this litigation. In January 2010, the Company also filed suit against Volterra in the United States District Court for the District of Delaware for infringement of four U.S. patents. The case is stayed pending outcome of the California action.

In April 2011, non-practicing entity Stragent, LLC has sued 26 parties including the Company in the Eastern District of Texas for infringement of a software patent. To date, the plaintiff has failed to properly serve Infineon Technologies AG with its complaint under international service rules. Those defendants who have been served, including Infineon Technologies North America Corp., are denying liability, including on the basis of non-infringement, invalidity, unenforceability, and other defenses. Any disclosure of the Company's estimate of

potential outcomes, if such amounts could reasonably be estimated at this time, could seriously prejudice the position of the Company in this suit.

In April 2011, the Company sued Atmel Corporation for infringement of 11 of its patents in the District of Delaware. In July 2011, Atmel responded, denying liability and countersuing the company, alleging infringement of 6 of its patents, as well as breach of a confidentiality agreement allegedly entered into by the parties during previous negotiations involving some of the patents-in-suit. Any disclosure of the Company's estimate of potential outcomes, if such amounts could reasonably be estimated at this time, could seriously prejudice the position of the Company in these suits.

QIMONDA LITIGATION

In April 2009, former employees of Qimonda's subsidiaries in the U.S. (the "Qimonda Subsidiaries") filed a complaint in the U.S. Federal District Court in Delaware against the Company, IF North America and Qimonda AG, individually and on behalf of several putative classes of plaintiffs. The suit relates to the termination of the plaintiffs' employment in connection with the Qimonda Subsidiaries' insolvency and the payment of severance and other benefits allegedly due by the Qimonda Subsidiaries. The complaint seeks to "pierce the corporate veil" and to impose liability on the Company and IF North America under several theories, although the plaintiffs do not specify a particular amount of damages attributable to the Company, IF North America, or Qimonda AG. In connection with settlements relating to the Qimonda Subsidiaries' insolvency proceedings, the District Court on June 28, 2011 dismissed the case with prejudice. Such dismissal may be vacated in the event that a signed class action settlement between the Qimonda Subsidiaries and its former employees does not receive final court approval within 90 days of the dismissal.

The Company and its subsidiary Infineon Dresden are subject to lawsuits by approximately 80 former Infineon employees who were transferred to Qimonda or Qimonda Dresden as part of the carve-out of Qimonda and who seek to be re-employed by the Company. No reasonable estimated amount can be attributed at this time to the potential outcome of any such claims. All court decisions to date have been in favor of the Company or Infineon Dresden.

The Company is named defendant in an unspecified action for a declaratory judgment brought by the Qimonda insolvency administrator on December 1, 2010 in the Regional Court Munich I. The action asserts that, in connection with the carve-out of the memory business to Qimonda AG, Infineon utilized a previously formed shell company and "economically re-established" this company (German: *"wirtschaftliche Neugründung"*) through the transfer of the memory business, and that Infineon failed to submit the declaration required in this regard to the registry court, thereby making it impossible to carry out the required assessment of Qimonda's capital structure. The administrator claims that, as a consequence of the alleged breach of this register-related legal formality, Infineon is obliged to refund to Qimonda the amount by which the actual company assets of Qimonda at the time insolvency proceedings were opened were less than Qimonda's equity capital (German: *"Unterbilanzhaftung"*, or liability for impairment of capital). The action seeks to establish a basic obligation to pay on the part of the company as the administrator does not currently consider himself to be in a position to put a concrete figure on the amount of his alleged claim. Infineon had refuted the circumstances alleged and the legal consequences deriving from these already before the action was brought and intends to defend itself vigorously against this action through all stages of the proceedings.

The Company holds rights of use in respect of Qimonda's intellectual property under the contribution agreement between the Company and Qimonda in connection with the carve-out of the memory business. The insolvency administrator has declared non-performance of this agreement. If the administrator's decision were to be upheld, the Company and its subsidiaries would no longer be licensed to use patents contributed by it to Qimonda or patents subsequently applied for by Qimonda itself and would potentially be unable to sublicense such patents in full to third parties. This could also affect contract partners of the Company with which the Company has concluded patent cross license agreements, possibly leading to compensation claims against the Company.

On January 31, 2011, the Company brought a declaratory action in this matter against the insolvency administrator before the Regional Court Munich I. The purpose of the legal action is to determine that Infineon's and its licensees' rights to the aforementioned intellectual property rights of the Qimonda Group remain valid. Prior to bringing this action, Infineon negotiated intensively with the insolvency administrator with a view to resolving this matter.

The potential consequences of the non-performance decision differ from the effects reported under "discontinued operations" (see note 3) as it affects the Company's continuing operations, because the Company could use the patents concerned itself and/or license them under patent cross license agreements with third parties. The

outcome of these negotiations would therefore be of relevance not just to historical periods, but also to future periods.

OTHER QIMONDA MATTERS

As described in note 3, the Company faces certain contingent liabilities in connection with the insolvency proceedings of Qimonda and recorded provisions and liabilities. As of June 30, 2011 and September 30, 2010, the Company recognized provisions of €149 million and €97 million respectively in connection with some of the matters described above and in note 3. In addition, liabilities of €21 million were recognized as of September 30, 2010. Most of these provisions are reported under current provisions. They also include an amount relating to prior periods, which the Company has recognized due to the efforts described above to bring about an out-of-court settlement with the insolvency administrator regarding the intellectual property rights of Qimonda. The Company expects to increase this amount further over the coming quarters and currently estimates that this will result in future charges recognized in income totaling €74 million.

The provisions recorded encompass only those liabilities and risks that the Company believes are likely to materialize and that can be estimated with reasonable accuracy at this time. 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. Presenting details of further actual amounts included in provisions for specific liabilities and risks associated with the insolvency of Qimonda could seriously prejudice the Company's legal or negotiating position, so no such disclosures are made. In addition, it is not possible at this time to estimate amounts for or present comments on liabilities and risks that could materialize but are currently considered to be unlikely to do so, and accordingly such matters are not included in provisions.

The Company evaluates the merits of the various claims in each of these matters continuously, defends itself vigorously and seeks to find alternative solutions in the best interest of the Company as it deems appropriate. If the claims made are found to have merit, the Company could face substantial financial liabilities that could negatively affect its business and its operating results, financial position and cash flows.

MISCELLANEOUS

The Company is also involved in various other legal disputes and proceedings in connection with its business activities. These may relate to products, services, patents, environmental protection issues or other matters. Based on its current knowledge, the Company does not believe that the ultimate resolution of these other pending legal disputes and proceedings will have a material adverse effect on its operating results, financial position and cash flows. It remains entirely possible, however, that this assessment may have to be revised in future and that any actual resolutions of miscellaneous legal disputes and proceedings could have material adverse effect on operating results, financial position and cash flows, particularly in the period of resolution.

PROVISIONS AND THE POTENTIAL EFFECT OF THESE MATTERS

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

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

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

OTHER CONTINGENCIES

On a group-wide basis the Company has guarantees outstanding to external parties of €87 million as of June 30, 2011.

The Company has received government grants and subsidies related to the construction and financing of certain of its production facilities. These amounts are recognized upon the attainment of specified criteria. Certain of these grants have been received contingent upon the Company maintaining compliance with certain project-related requirements for a specified period after receipt. The Company is committed to maintaining these requirements. Nevertheless, should such requirements not be met, as of June 30, 2011, a maximum of €22 million of these subsidies could be refundable. Such amount does not include any potential liabilities for Qimonda related subsidies (see note 3).

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

17 / OPERATING SEGMENT INFORMATION

SEGMENT REPORTING

The Company's business is organized in three operating segments: Automotive, Industrial & Multimarket and Chip Card & Security.

Remaining activities from sold businesses are aggregated under Other Operating Segments. Since the closing of the sale of the Wireless mobile phone business, sales and services to IMC after the transitional phase are included in this segment. Sales to Lantiq after the sale of the Wireline Communications business are also included in this segment.

Corporate and Eliminations reflects the elimination of intercompany revenues and income/expenses as well as certain corporate functions which are not allocated to the operating segments.

SEGMENT DATA

The following tables present selected segment data:

	Three months ended June 30,		Nine months ended June 30,	
€ in millions	**2011**	2010	**2011**	2010
Revenue:				
Automotive	410	333	1,156	928
Industrial & Multimarket	472	389	1,328	993
Chip Card & Security	107	110	312	292
Other Operating Segments	54	52	156	138
Corporate and Eliminations	-	1	7	2
Total	**1,043**	**885**	**2,959**	**2,353**

Revenues for the three and nine months ended June 30, 2011 and 2010 do not contain intersegment revenues.

€ in millions	Three months ended June 30, 2011	Three months ended June 30, 2010	Nine months ended June 30, 2011	Nine months ended June 30, 2010
Segment Result:				
Automotive	80	52	213	140
Industrial & Multimarket	116	85	331	188
Chip Card & Security	14	6	38	10
Other Operating Segments	3	-	12	(9)
Corporate and Eliminations	(1)	(5)	(3)	(25)
Total	**212**	**138**	**591**	**304**

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

€ in millions	Three months ended June 30, 2011	Three months ended June 30, 2010	Nine months ended June 30, 2011	Nine months ended June 30, 2010
Total Segment Result	212	138	591	304
Adjusted:				
Asset impairments, net	-	(5)	5	(9)
Share-based compensation expense	-	-	(1)	-
Acquisition-related amortization and losses	(1)	(1)	(3)	(3)
Losses in connection with the deconsolidation of ALTIS	-	4	-	(69)
Gains (losses) on sales of assets, businesses, or interests in subsidiaries	(1)	2	(1)	4
Other expense, net	(9)	(19)	(34)	(33)
Operating income	**201**	**119**	**557**	**194**
Financial income	13	5	27	24
Financial expense	(14)	(11)	(43)	(79)
Income from investment accounted for using the equity method, net	(1)	4	1	7
Income from continuing operations before income tax	**199**	**117**	**542**	**146**

SUPPLEMENTARY INFORMATION (UNAUDITED)

FORWARD-LOOKING STATEMENTS

This quarterly report includes forward-looking statements about the future of Infineon's business and the industry in which we operate. These include statements relating to future developments in the world semiconductor market, our ability to manage our costs and to achieve our cost savings and growth targets, the resolution of Qimonda's insolvency proceedings and the liabilities we may face as a result of Qimonda's insolvency, the benefits of research and development alliances and activities, the introduction of new technology at our facilities, our continuing ability to offer commercially viable products, and our expected or projected future results.

These forward-looking statements are subject to a number of uncertainties, the main ones being: general economic developments, including the sustainability of the recent positive market environment; fluctuations in demand and prices for semiconductors generally and for our products in particular, as well as for the end-products such as for instance automobiles and consumer electronics that incorporate our products; the failure to comply with delivery commitments to customers as a result of a lack of capacities (allocations); the impact and consequences of earthquakes, tsunamis or nuclear power plant catastrophes (for example on our supply chain, those of our customers and their customers with respect to materials, production plants and the demand in general); the success of our development efforts, whether on our own or with partners; the success of our efforts to introduce new production processes at our facilities; compliance with quality requirements for existing and newly developed products; the actions of competitors; the recoverability of our financial investments; the continued availability of adequate funds; the outcome of antitrust investigations and litigation matters including patent infringement claims by companies with own development and production, but also increasingly by so called "non practicing entities"; the effects of currency fluctuations, primarily between the U.S. dollar and the euro and certain risks and liabilities in conjunction with the insolvency of Qimonda; as well as the other factors mentioned herein, including under the heading "Risks and Opportunities" in the unaudited Interim Group Management Report as well as in note 16 ("Commitments and Contingencies") in the condensed notes to the unaudited consolidated financial statements, and those described in the "Report on expected developments, together with associated material opportunities and risks" section of the Group Financial Statements and Management Report for the 2010 fiscal year.

As a result, Infineon's actual results could differ materially from those contained in these forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements. Infineon does not undertake any obligation to publicly update or revise any forward-looking statements in light of developments which differ from those anticipated.

FINANCIAL CALENDAR

Fiscal Period	**Period end date**	**Results press release (preliminary)**
Fiscal Year 2011	September 30, 2011	November 16, 2011

Publication date of the second quarterly report for the 2011 fiscal year: August 3, 2011

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