A detailed, grayscale illustration of a microchip's surface, showing a grid of small circular pads and larger, more complex structures. The image is partially obscured by a white rectangular area on the right side.

Q2

HALF-YEAR FINANCIAL REPORT
March 31, 2015

Infineon Technologies AG

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SELECTED CONSOLIDATED FINANCIAL DATA

| € in millions; except earnings per share, Segment Result Margin and Gross margin | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Selected Results of Operations Data | | | | |
| Revenue | 1,483 | 1,051 | 2,611 | 2,035 |
| Gross margin | 32.4% | 37.9% | 34.7% | 37.3% |
| Segment Result | 198 | 146 | 366 | 262 |
| Segment Result Margin | 13.4% | 13.9% | 14.0% | 12.9% |
| Research and development expenses | 180 | 136 | 319 | 268 |
| Capital expenditure ¹ | 150 | 154 | 291 | 282 |
| Depreciation and amortization | 199 | 126 | 340 | 246 |
| Income from continuing operations | 69 | 114 | 199 | 198 |
| Income from discontinued operations, net of income taxes | - | 10 | 6 | 13 |
| Net income | 69 | 124 | 205 | 211 |
| Basic earnings per share (in euro) from continuing operations | 0.06 | 0.10 | 0.18 | 0.18 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG | 0.06 | 0.11 | 0.18 | 0.19 |
| Diluted earnings per share (in euro) from continuing operations | 0.06 | 0.10 | 0.18 | 0.18 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG | 0.06 | 0.11 | 0.18 | 0.19 |
| Selected Liquidity Data | | | | |
| Net cash provided by operating activities from continuing operations | 135 | 203 | 96 | 361 |
| Net cash used in investing activities from continuing operations | (2,220) | (216) | (1,707) | (392) |
| Therein: Proceeds from sales (purchases) of financial investments, net | (205) | (64) | 440 | (112) |
| Net cash provided by (used in) financing activities from continuing operations | 1,386 | (126) | 1,388 | (162) |
| Net change in cash and cash equivalents from discontinued operations | 4 | (6) | (136) | (5) |
| Change in cash and cash equivalents | (655) | (145) | (320) | (200) |
| Free Cash Flow from continuing operations ² | (1,880) | 51 | (2,051) | 81 |

| € in millions; except number of employees | As of | |
|---|----------------|--------------------|
| | March 31, 2015 | September 30, 2014 |
| Selected Financial Condition Data | | |
| Total assets | 8,118 | 6,438 |
| Total equity | 4,184 | 4,158 |
| Gross cash position ³ | 1,656 | 2,418 |
| Debt (short-term and long-term) | 1,832 | 186 |
| Net cash position ³ | (176) | 2,232 |
| Employees | 34,928 | 29,807 |

¹ Investments: the total amount invested in property, plant and equipment and intangible assets, including capitalized research and development expenses.

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

³ Gross cash position is defined as cash and cash equivalents and financial investments. Net cash position is defined as gross cash position less short-term and long-term debt.

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

FIRST HALF OF 2015 FISCAL YEAR:

ACQUISITION OF INTERNATIONAL RECTIFIER SUCCESSFULLY COMPLETED

INFINEON'S SIX-MONTH PERFORMANCE BOOSTED BY STRENGTH OF U.S. DOLLAR AND CONTINUING POSITIVE GLOBAL ECONOMIC TREND:

JUMP IN REVENUE COMPARED TO PREVIOUS YEAR; STRONG SECOND QUARTER

SEGMENT RESULT MARGIN AND ADJUSTED EARNINGS PER SHARE IMPROVED

NET INCOME AND EARNINGS PER SHARE SLIGHTLY DOWN AS A RESULT OF ACQUISITION-RELATED EXCEPTIONAL EXPENSES

FREE CASH FLOW AND NET CASH POSITION BOTH NEGATIVE FOLLOWING PAYMENT OF PURCHASE PRICE FOR INTERNATIONAL RECTIFIER AS WELL AS PAYMENTS IN CONJUNCTION WITH THE QIMONDA PARTIAL SETTLEMENT AND EU COMMISSION

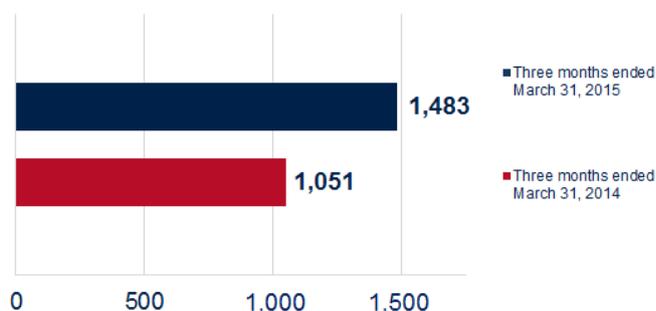
“Infineon has recorded a big revenue jump in the second quarter. Business was running very well, with additional tailwinds provided by the acquisition of International Rectifier and the strong dollar”, stated Dr. Reinhard Ploss, CEO of Infineon Technologies AG. “The signals we are receiving from our markets are generally positive. We are making good progress with the integration of International Rectifier. Our strategy is paying off and Infineon remains on growth path.”

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

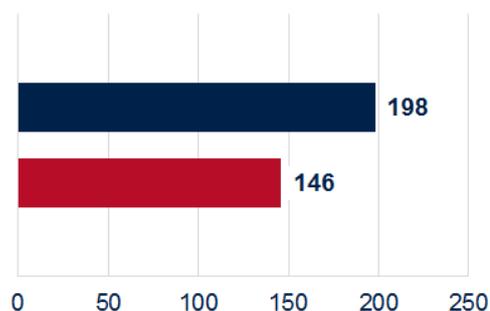
SECOND QUARTER OF 2015 FISCAL YEAR (JANUARY 1, 2015 TO MARCH 31, 2015):

- **Revenue** up 41 percent to €1,483 million compared with previous fiscal year and up 31 percent compared with preceding quarter
- **Segment Result** of €198 million recorded, an improvement of 36 percent on the previous year and 17 percent ahead of the preceding quarter
- **Segment Result Margin** of 13.4 percent (January - March 2014: 13.9 percent; October - December 2014: 15.0 percent)
- **Net income** of €69 million compared with €124 million one year earlier and €136 million in preceding quarter

Revenue [€ m]



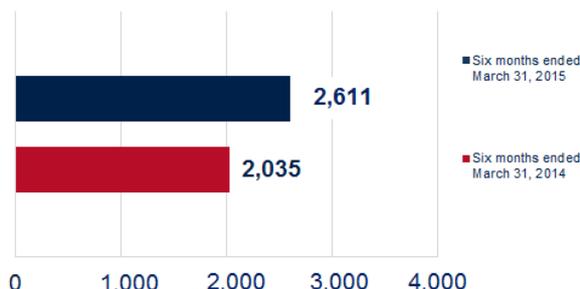
Segment Result [€ m]



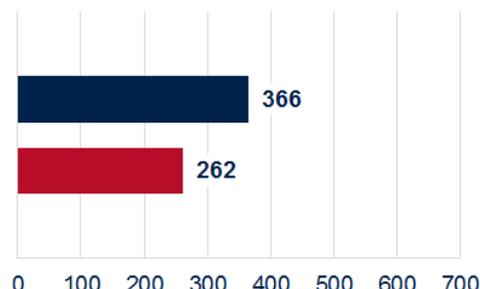
FIRST SIX MONTHS OF 2015 FISCAL YEAR (OCTOBER 1, 2014 TO MARCH 31, 2015):

- **Revenue** up by 28 percent to €2,611 million (October 2013 - March 2014: €2,035 million)
- **Segment Result** of €366 million – an increase of 40 percent compared with the €262 million reported for the same six-month period previous year
- **Segment Result Margin** of 14.0 percent, compared to 12.9 percent one year earlier
- **Net income** of €205 million, compared to €211 million in the first six months of the previous fiscal year

Revenue [€ m]



Segment Result [€ m]



- **Net cash position** stands at a negative amount of €176 million at March 31, 2015 (September 30, 2014: positive €2,232 million); gross cash position of €1,656 million at March 31, 2015 (September 30, 2014: €2,418 million)
- **Equity ratio** of 51.5 percent at March 31, 2015 compared to 64.6 percent at September 30, 2014

SIGNIFICANT EVENTS DURING THE FIRST HALF OF THE 2015 FISCAL YEAR

October 2014

ANNIVERSARY: 30 YEARS OF MICROCHIPS FROM REGENSBURG



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

November 2014

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

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

December 2014

INFINEON AND UMC SIGN MANUFACTURING AGREEMENT FOR AUTOMOTIVE APPLICATIONS

Infineon and United Microelectronics Corporation (UMC), Hsinchu (Taiwan), a leading global semiconductor foundry, agreed to extend the existing manufacturing partnership into the field of power semiconductors for automotive applications. Under the new agreement, Infineon will transfer an automotive-qualified manufacturing technology to UMC. Production start at UMC's 300-millimeter plant in Taiwan is planned for 2018.



December 2014

INFINEON NAMED "OUTSTANDING EMEA SEMICONDUCTOR COMPANY" BY GLOBAL SEMICONDUCTOR ALLIANCE (GSA)



GSA presents this award to semiconductor companies headquartered in the Europe/Middle East/Africa region that have excelled in terms of their products, vision, leadership and success in the marketplace. GSA's members comprise companies from 30 countries with operations along the entire semiconductor value chain.

January 2015

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

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



January 2015

INFINEON CLOSES ACQUISITION OF INTERNATIONAL RECTIFIER

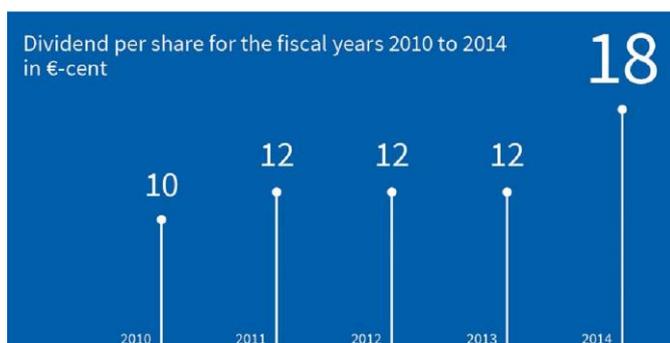


After the approval of International Rectifiers' shareholders in November 2014 with a majority of 99.5 percent of all votes and following the approval of all necessary regulatory authorities, the acquisition of International Rectifier was finally closed on January 13, 2015. International Rectifier, which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

February 2015

INFINEON RAISES DIVIDEND FROM 12 TO 18 CENTS

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



February 2015

SUPERVISORY BOARD ENLARGED TO 16 MEMBERS

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

March 2015

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

Proceeds from the issue of the euro bonds replaced the bridge financing of €800 million used to finance the acquisition of International Rectifier. "Infineon's successful Eurobond debut reflects our broad access to financing sources and ensures a balanced maturity profile," (Dominik Asam, CFO).

The bond for €300 million, which matures in three-and-a-half years, has a coupon of 1.0 percent. The bond for €500 million matures in seven years and has a coupon of 1.5 percent.

March 2015

INFINEON AND PANASONIC AGREE JOINT DEVELOPMENT OF GALLIUM NITRIDE MODULES

Under the terms of an agreement jointly signed in March 2015, the two companies will manufacture power semiconductors based on gallium nitride (GaN) as compound semiconductor material. Customers will have the added advantage of having two possible sources of supply for this highly promising technology.

The Panasonic logo, consisting of the word "Panasonic" in a bold, blue, sans-serif font.

THE INFINEON SHARE

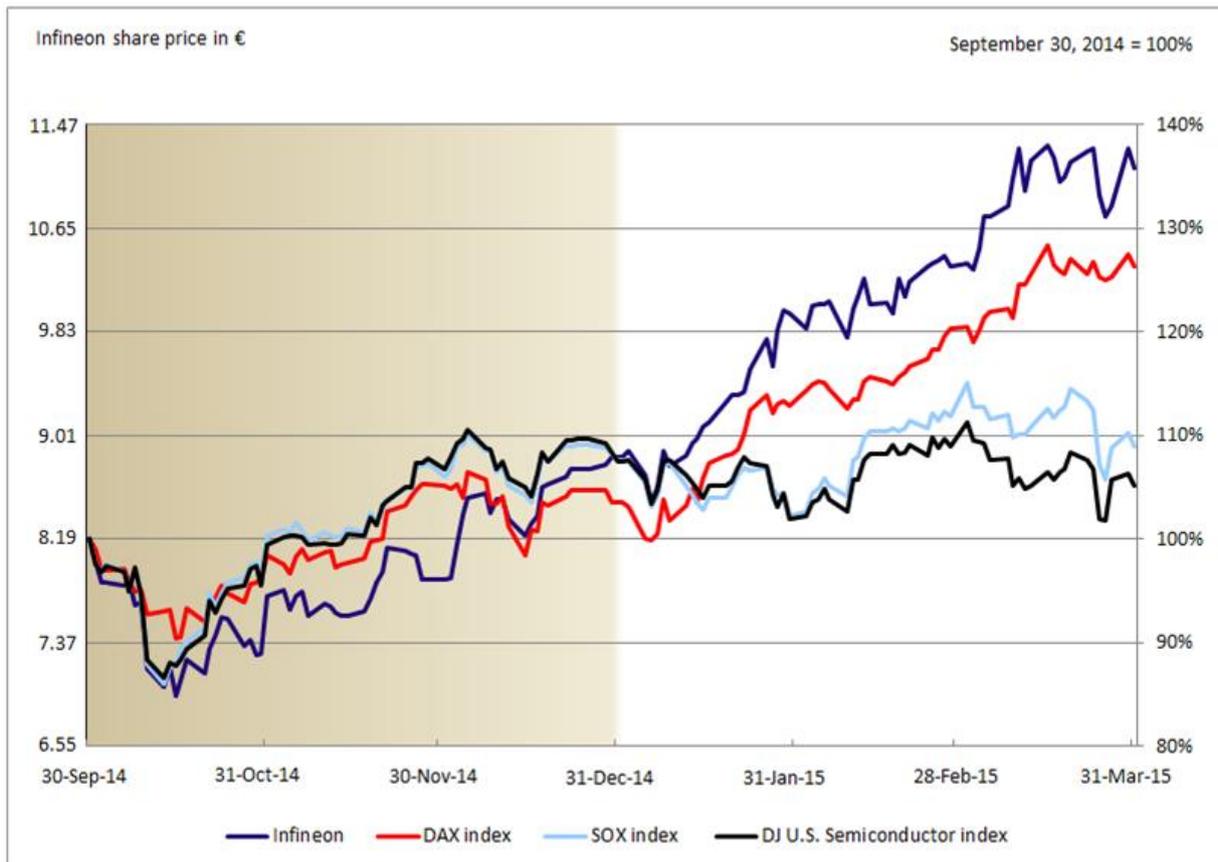
INFINEON SHARE PERFORMANCE IN SECOND QUARTER AND IN FIRST SIX MONTHS OF 2015 FISCAL YEAR

The Infineon share finished the **second quarter of the 2015 fiscal year** at a price of €11.13, a significant increase of 26 percent compared to its Xetra closing price of €8.85 at the end of the preceding quarter. After an initial price fall, the Infineon share recorded its low of €8.48 for the quarter on January 6, 2015, followed by a steady upward trend. The quarter's high of €11.31 was recorded on March 16, 2015.

The DAX also rose continuously throughout the quarter from January to March and finished with an overall gain in value of 22 percent, just short of the gain achieved by the Infineon share. By contrast, the US benchmark indices did not fare so well, with the Philadelphia Semiconductor Index (SOX) up by 1 percent and the Dow Jones US Semiconductor Index down by 2 percent.

The Infineon share also easily outperformed the various benchmark indices over the first half of the 2015 fiscal year, with a gain of 36 percent. Over the six-month period to March 31, 2015, the DAX rose by 26 percent, the Philadelphia Semiconductor Index (SOX) by 9 percent and the Dow Jones US Semiconductor Index by 5 percent.

Performance of the Infineon share, the DAX Index, the Philadelphia Semiconductor Index (SOX) and the Dow Jones US Semiconductor Index during the first six months of the 2015 fiscal year (daily closing prices)



| | Three months ended March 31, | | | Six months ended March 31, | | |
|--|------------------------------|---------------|----------|----------------------------|-----------|----------|
| | 2015 | 2014 | +/- in % | 2015 | 2014 | +/- in % |
| Infineon closing prices in Euro (Xetra) | | | | | | |
| End of the previous period | 8.85 | 7.76 | 14% | 8.19 | 7.40 | 11% |
| High | 11.31 | 8.66 | 31% | 11.31 | 8.66 | 31% |
| Low | 8.48 | 7.29 | 16% | 6.95 | 6.88 | 1% |
| End of the period | 11.13 | 8.66 | 29% | 11.13 | 8.66 | 29% |
| Weighted-average number of shares traded per day | 6,214,920 | 7,752,150 | (20%) | 7,192,116 | 7,249,556 | (1%) |
| Infineon closing prices in U.S. dollars (OTCQX) | | | | | | |
| End of the previous period | 10.65 | 10.82 | (2%) | 10.30 | 9.98 | 3% |
| High | 12.37 | 11.96 | 3% | 12.37 | 11.96 | 3% |
| Low | 10.13 | 9.90 | 2% | 8.80 | 9.24 | (5%) |
| End of the period | 11.99 | 11.96 | 0% | 11.99 | 11.96 | 0% |
| Weighted-average number of ADSs traded per day | 128,851 | 75,884 | 70% | 148,306 | 83,223 | 78% |
| Shares issued (as of March 31) | 1,128,878,164 | 1,127,596,257 | | | | |
| Therein: own shares | 6,000,000 | 6,000,000 | | | | |

DIVIDEND AND NUMBER OF SHARES

Infineon expects a reduction in the level of capital intensity – defined as the ratio of investments to revenue – from previously 15 percent to 13 percent going forward. In view of the resulting sustainable improvement in free cash flow, a significantly higher dividend was paid for the 2014 fiscal year. Moreover, Infineon is convinced that International Rectifier will also make a positive contribution to free cash flow over the economic cycle. With this in mind, the Management and Supervisory Boards presented a proposal at the Annual General Meeting that the dividend be increased by €0.06 from €0.12 to €0.18 per share. At the Annual General Meeting held in Munich on February 12, 2015 the shareholders approved the dividend proposal jointly put forward by Infineon's Management Board and Supervisory Board, resulting in €202 million being paid to shareholders on February 13, 2015. Infineon's strategy is to pursue a dividend policy that on the one hand enables shareholders to participate appropriately in growing earnings and on the other hand, in times of flat or declining earnings and/or with negative free cash flows, to keep the dividend at a constant level.

1,127,739,230 Infineon shares were in issue at the end of the 2014 fiscal year. The exercising of share options by employees increased this figure by 1,138,934 shares, so that 1,128,878,164 shares were in issue at March 31, 2015, of which 6 million continue to be held by Infineon Technologies AG.

WORLD ECONOMY AND SEMICONDUCTOR INDUSTRY

In April 2015, the International Monetary Fund (IMF) revised its January 2015 growth forecast of 3.0 percent for the calendar year 2015 slightly downwards to 2.9 percent (IMF, April 2015). Above-average growth is still predicted for the USA, although at 3.1 percent now, it is well down on the January 2015 forecast of 3.6 percent. Among other factors, the strength of the US dollar is taking its toll on the international competitiveness of US products on world markets. On the other hand, the low price of oil and low interest rates had a positive impact on the growth rate. In the Eurozone, the weaker euro is also driving growth. The IMF raised its growth forecast for the Eurozone to 1.5 percent and for Germany to 1.6 percent (in each case by 0.3 percentage points). The Japanese economy is likely to expand by just 1.0 percent in 2015 according to the IMF, whereas China is still expected to grow by 6.8 percent.

Growth in the world semiconductor market also ended up slightly weaker than expected in the first few months of 2015. The growth forecast for 2015 was therefore reduced from the previous 5.9 percent to the current 5.4 percent (market research company IHS Inc. (IHS), April 2015). According to IHS, however, the automotive semiconductor market is expected to post growth of 8.0 percent, well above the average for the market as a whole. Similarly, above-average growth of 7.0 percent is also forecast for the industrial segment. Based on IHS predictions, the automotive and industrial semiconductor segments will be two of the main engines of growth for the global semiconductor market over the long term, with the prospect of average annual growth around 6 percent for the period from 2014 to 2019.

According to IHS, the Chinese semiconductor market is set to grow by 7.0 percent in 2015. The Americas region is expected to gain 5.6 percent, whereas the experts are predicting growth of 4.8 percent for Europe, Middle East, Africa and Japan.

REVIEW OF RESULTS OF OPERATIONS

| € in millions, except earnings per share | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | 1,483 | 1,051 | 2,611 | 2,035 |
| Gross profit | 480 | 398 | 907 | 759 |
| Research and development expenses | (180) | (136) | (319) | (268) |
| Selling, general and administrative expenses | (214) | (121) | (350) | (236) |
| Other operating income and expenses, net | (1) | (6) | - | (12) |
| Operating income | 85 | 135 | 238 | 243 |
| Net financial result (financial income and expenses, net) | (16) | (2) | (15) | (9) |
| Income from investments accounted for using the equity method | 2 | - | 2 | - |
| Income tax | (2) | (19) | (26) | (36) |
| Income from continuing operations | 69 | 114 | 199 | 198 |
| Income (loss) from discontinued operations, net of income taxes | - | 10 | 6 | 13 |
| Net income | 69 | 124 | 205 | 211 |
| Basic earnings (loss) per share (in euro) | 0.06 | 0.11 | 0.18 | 0.19 |
| Diluted earnings (loss) per share (in euro) | 0.06 | 0.11 | 0.18 | 0.19 |
| Adjusted diluted earnings (loss) per share (in euro) | 0.13 | 0.11 | 0.26 | 0.19 |

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

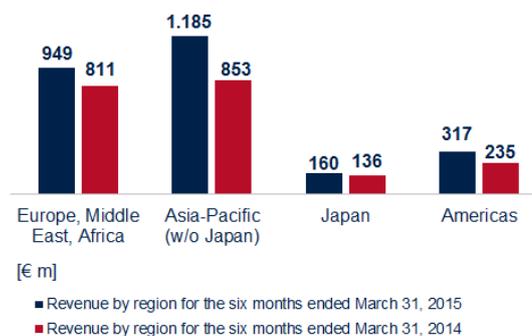
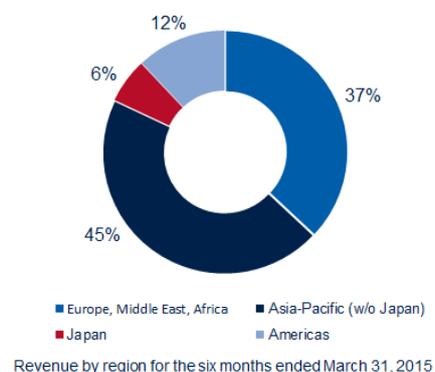
The upward trend in Infineon's business performance, including the impact of International Rectifier and the strong US dollar during the first half of the 2015 fiscal year brought about a 28 percent increase in revenue. Due to high acquisition-related expenses totaling €102 million for International Rectifier (particularly expenses recognized in conjunction with the purchase price allocation and integration-related expenses), **net income** fell by €6 million to €205 million. Earnings per share (basic and diluted) were practically unchanged at €0.18 per share (October 2013 - March 2014: €0.19). Adjusted earnings per share (diluted) improved from €0.19 to €0.26 per share (see the section "Adjusted earnings per share increased" in this chapter).

INFINEON'S REVENUE GROWS ORGANICALLY ON THE BACK OF POSITIVE BUSINESS PERFORMANCE AND STRENGTH OF US DOLLAR; INTERNATIONAL RECTIFIER ACCOUNTS FOR 35 PERCENT OF REVENUE GROWTH

Revenue for the six-month period jumped by €576 million to €2,611 million (October 2013 - March 2014: €2,035 million). Thanks to the positive global economic trend and the strength of the US dollar (average euro/US dollar exchange rate during the reporting period: 1.19; October 2013 - March 2014: 1.37), all four operating segments reported higher revenue than one year earlier (see the chapter "Segment performance"). International Rectifier contributed €199 million to the revenue growth.

IMPORTANCE OF ASIA-PACIFIC AND CHINA CONTINUES TO GROW

Infineon achieved revenue growth in all regions compared to the first six months of the previous fiscal year. Revenue generated in the Asia-Pacific region jumped by €332 million or 39 percent. With International Rectifier on board, this region has become even more important for Infineon. The Americas region, and therein in particular the USA – which remains a driving force for innovation in the networked world – saw revenue growth of €82 million or 35 percent. Asia-Pacific accounted for the largest share of Infineon's revenue in the first six-month period of the 2015 fiscal year (45 percent). With a share of 22 percent of Infineon's worldwide revenue, China accounted for the largest share of Infineon's revenue within the Asia-Pacific region (excluding Japan). The Europe, Middle East and Africa region accounted for 37 percent of Infineon's worldwide revenue in the six-month period, down from 40 percent one year earlier.



| € in millions, except percentages | Three months ended March 31, | | | | Six months ended March 31, | | | |
|-----------------------------------|------------------------------|-------------|--------------|-------------|----------------------------|-------------|--------------|-------------|
| | 2015 | | 2014 | | 2015 | | 2014 | |
| Europe, Middle East, Africa | 538 | 36% | 443 | 42% | 949 | 37% | 811 | 40% |
| Therein: Germany | 242 | 16% | 220 | 21% | 443 | 17% | 411 | 20% |
| Asia-Pacific (w/o Japan) | 663 | 45% | 422 | 40% | 1,185 | 45% | 853 | 42% |
| Therein: China | 331 | 22% | 197 | 19% | 584 | 22% | 410 | 20% |
| Japan | 89 | 6% | 67 | 7% | 160 | 6% | 136 | 6% |
| Americas | 193 | 13% | 119 | 11% | 317 | 12% | 235 | 12% |
| Total | 1,483 | 100% | 1,051 | 100% | 2,611 | 100% | 2,035 | 100% |

DROP IN GROSS MARGIN

Gross profit (revenue less cost of goods sold) for the six-month period amounted to €907 million and improved by €148 million of 19 percent compared to the €759 million reported in the same period previous year. The increase was therefore not as pronounced as the 28 percent reported growth in revenue, reflecting the fact that the cost of goods sold rose at an even more pronounced rate.

The **gross margin** fell accordingly from 37.3 percent to 34.7 percent for the comparable six-month periods. The drop, which arose despite the positive impact of a strong US dollar, was attributable primarily to the earnings impact on cost of goods sold arising in conjunction with the purchase price allocation for International Rectifier – in particular higher depreciation and amortization on intangible assets and property, plant and equipment on the one hand and the additional expense of consuming inventories revalued to their fair value on the other hand. In addition, further amounts were invested in production facilities. Overall, the cost of goods sold for the six-month period went up by 34 percent compared to the previous year.

| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|--------------------------------------|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Cost of goods sold | 1,003 | 653 | 1,704 | 1,276 |
| Change year-on-year | 54% | | 34% | |
| Percentage of revenue | 67.6% | 62.1% | 65.3% | 62.7% |
| Gross profit | 480 | 398 | 907 | 759 |
| Percentage of revenue (gross margin) | 32.4% | 37.9% | 34.7% | 37.3% |

OPERATING EXPENSES INCREASE DUE TO THE ACQUISITION OF INTERNATIONAL RECTIFIER

Operating expenses (research and development expenses and selling, general and administrative expenses) increased by €165 million to €669 million for the six-month period (October 2013 - March 2014: €504 million). In percentage terms, operating expenses corresponded to 25.6 percent of six-month revenue, compared to 24.8 percent one year earlier.

Research and development expenses, which corresponded to 12.2 percent of revenue (October 2013 - March 2014: 13.2 percent), increased in the two comparable first six-month periods by €51 million from €268 million to €319 million, mainly as a result of the first-time inclusion of International Rectifier. In addition, research and development activities were intensified and additional staff taken on with the aim of creating the basis for further growth. A total of 5,652 employees, including employees from International Rectifier, worked in research and development functions at the end of the reporting period (March 31, 2014: 4,653 employees).

| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|-----------------------------------|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Research and development expenses | 180 | 136 | 319 | 268 |
| Change year-on-year | 32% | | 19% | |
| Percentage of revenue | 12.1% | 12.9% | 12.2% | 13.2% |

Selling, general and administrative expenses corresponded to 13.4 percent of revenue in the first six months of the 2015 fiscal year (October 2013 - March 2014: 11.6 percent). In absolute terms, selling, general and administrative expenses went up by €114 million, reflecting mainly the first-time inclusion of International Rectifier, as well as the earnings impact arising from the purchase price allocation and from integration expenses in conjunction with the acquisition. Expenses also rose due to revenue growth and higher personnel-related costs.

| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|--|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Selling, general and administrative expenses | 214 | 121 | 350 | 236 |
| Change year-on-year | 77% | | 48% | |
| Percentage of revenue | 14.4% | 11.5% | 13.4% | 11.6% |

NEGATIVE IMPACT ON FINANCE RESULT FROM ADDITIONAL DEBT

The **net financial result** (financial income less financial expenses) for the first half of the 2015 fiscal year was a negative €15 million, a deterioration of €6 million compared to the negative €9 million recorded one year earlier, mainly due to higher financing expenses. External debt of approximately €1.6 billion raised to finance the purchase price payment to acquire International Rectifier resulted in higher financing expenses. Despite the lower gross cash position (see the chapter "Review of liquidity – gross cash position and net cash position") and minimal interest earned on liquidity, financial income increased from €4 million to €7 million, mainly as a result of gains on the sale of marketable securities.

EFFECTIVE TAX RATE OF 12 PERCENT

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

Based on income from continuing operations of €225 million and tax expense of €26 million, the effective tax rate for the six-month period ended March 31, 2015 was 12 percent. The rate in the corresponding period one year earlier was 15 percent, when a tax expense of €36 million arose on income from continuing operations of €234 million.

The effective tax rate was reduced in the first half of the 2015 fiscal year, mainly as a result of expenses recognized in conjunction with the purchase price allocation for International Rectifier, which gave rise to deferred tax income and a lower tax expense.

POSITIVE RESULT FROM DISCONTINUED OPERATIONS

Income from discontinued operations, net of income taxes for the first half of the 2015 fiscal year amounted to €6 million, compared with €13 million in the previous year. Income of €6 million was recognized during the six-month period under report as a result of a partial reversal of provisions previously recorded in connection with risks relating to the Qimonda insolvency. Information on risks relating to the Qimonda insolvency is provided in note 20 "Commitments and contingencies".

EARNINGS PER SHARE PRACTICALLY UNCHANGED

Net income for the first half of the 2015 fiscal year totaled €205 million, slightly down on the €211 million recorded in the previous year's corresponding period.

This small decrease in net income caused **earnings per share** to decrease slightly. Compared to earnings per share of €0.19 (basic and diluted) for the first six months of the 2014 fiscal year, the corresponding figures for the first six months of the 2015 fiscal year both amounted to €0.18.

ADJUSTED EARNINGS PER SHARE IMPROVED

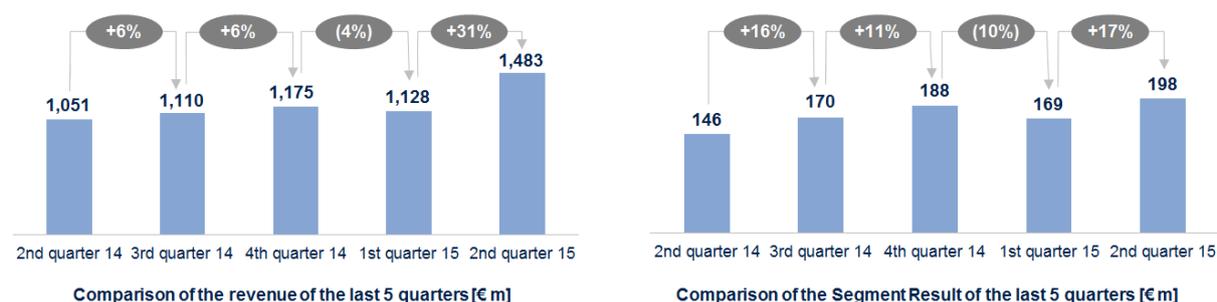
Earnings per share in accordance with IFRS (see note 7 “Earnings per share” for computation) is influenced by amounts relating to purchase price allocations for acquisitions (in particular International Rectifier) as well as by other exceptional items. In order to enable better comparability of operating performance over time, Infineon computes adjusted earnings per share (diluted) as follows:

| € in millions (unless otherwise stated) | Three months ended Mar 31, | | Six months ended Mar 31, | |
|--|----------------------------|---------|--------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| Earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 68 | 114 | 198 | 202 |
| Plus/Minus: | | | | |
| + Impairments on assets including assets classified as held for sale, net of reversals | - | - | 2 | - |
| + Impact on earnings of restructuring measures and closures, net | 1 | 3 | 2 | 7 |
| + Share-based compensation expense | 2 | 1 | 3 | 3 |
| + Acquisition-related depreciation/amortization and other expenses | 102 | - | 110 | - |
| + Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net | - | (2) | - | (2) |
| + Other income and expenses, net | 8 | 9 | 11 | 11 |
| - Tax effects on adjustments | (32) | (1) | (34) | (2) |
| Adjusted earnings from continuing operations attributable to shareholders of Infineon Technologies AG – diluted | 149 | 124 | 292 | 219 |
| Weighted-average number of shares outstanding – diluted | 1,124.4 | 1,122.5 | 1,123.4 | 1,124.2 |
| Adjusted earnings per share (in euro) – diluted¹ | 0.13 | 0.11 | 0.26 | 0.19 |

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

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

PERFORMANCE OF THE OPERATING SEGMENTS



Segment Result Margin of 14.0 percent for six-month period

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

The Power Management & Multimarket segment accounted for €253 million (44 percent) and the Automotive segment for €180 million (31 percent) of the total increase. The Industrial Power Control and Chip Card & Security segments also reported significant increases.

As a consequence of this revenue growth, the six-month Segment Result increased overall by €104 million to €366 million from €262 million one year earlier. Power Management & Multimarket recorded the biggest increase with an improvement of €63 million (61 percent of the total increase) followed by the Chip Card & Security segment with an improvement of €36 million (35 percent of the total increase). Only the Industrial Power Control segment recorded a lower Segment Result.

The six-month Segment Result Margin was 14.0 percent, compared to 12.9 percent one year earlier.

AUTOMOTIVE

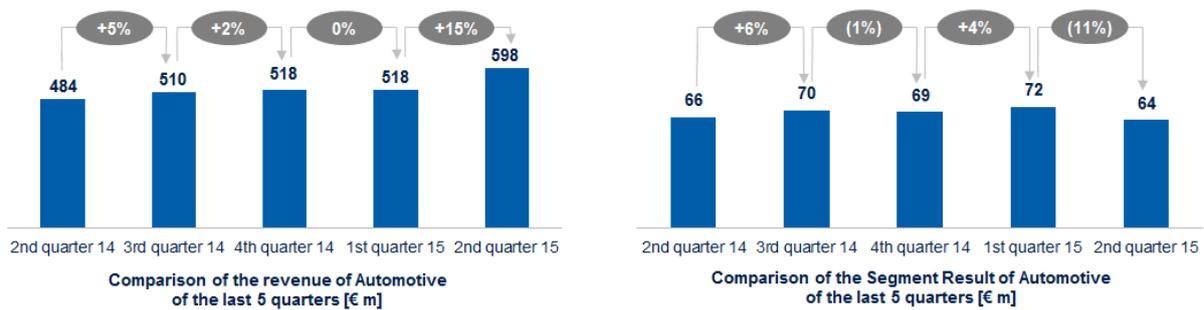
| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|-------------------------------------|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | 598 | 484 | 1,116 | 936 |
| Share of Total Revenue | 41% | 46% | 43% | 46% |
| Segment Result | 64 | 66 | 136 | 121 |
| Share of Segment Result of Infineon | 32% | 45% | 37% | 46% |
| Segment Result Margin | 10.7% | 13.6% | 12.2% | 12.9% |

The Automotive segment recorded **second-quarter** revenue totaling €598 million, an increase of €114 million or 24 percent compared to the preceding year (€484 million). The increase was attributable mainly to unchanged high demand for cars in China and North America, the first-time inclusion of International Rectifier and the positive impact of a strong US dollar. Furthermore, European automobile markets continued to recover, particularly in Western Europe. Demand for vehicles made by the German premium manufacturers grew at above-average rates across the board.

Automotive contributed a second-quarter Segment Result of €64 million, compared to €66 million one year earlier. The principal reasons for the decrease were the one-time positive impact of a change in the valuation of inventories included in the previous year's figures and higher operating expenses. The Segment Result Margin went down from 13.6 percent to 10.7 percent.

Six-month revenue totaled €1,116 million, which was €180 million or 19 percent higher than the previous year's corresponding figure of €936 million. Demand for vehicles remained strong, particularly in China and North America. The gradual recovery of Europe's car markets also contributed to higher revenue. Demand for the vehicles of German premium manufacturers grew at above-average rates in many markets, including some of the world's growth markets. In addition, completion of the acquisition of International Rectifier in the second quarter of the 2015 fiscal year and the positive impact of a strong US dollar also contributed to revenue growth for the six-month period.

Segment result improved from €121 million to €136 million, mainly due to the growth in revenue. The Segment Result Margin slipped from 12.9 percent to 12.2 percent.



Major events and developments in the Automotive segment in the first half of the 2015 fiscal year:

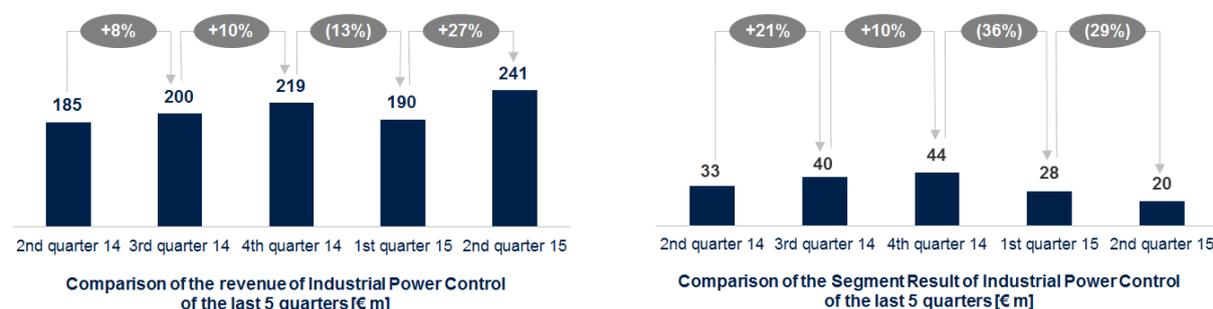
- Infineon is investing in TTTech Computertechnik AG (TTTech), Vienna (Austria), thereby consolidating its position in autonomous driving applications. In addition to this minority stake of 2.57 percent, Infineon and TTTech are extending their cooperation with a view to the joint development of new hardware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

INDUSTRIAL POWER CONTROL

| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|-------------------------------------|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | 241 | 185 | 431 | 364 |
| Share of Total Revenue | 16% | 18% | 17% | 18% |
| Segment Result | 20 | 33 | 49 | 60 |
| Share of Segment Result of Infineon | 10% | 23% | 13% | 23% |
| Segment Result Margin | 8.3% | 17.8% | 11.4% | 16.5% |

Second-quarter revenue of the Industrial Power Control segment totaled €241 million, an increase of €56 million or 30 percent compared to the previous year's €185 million. The positive performance of Industrial Power Control products across all major fields of application as well as the closed acquisition of International Rectifier contributed to the rise in revenue. Demand for products used in home appliances, photovoltaics, wind power and industrial drive applications improved significantly compared to one year earlier. Second-quarter Segment Result deteriorated by €13 million from €33 million to €20 million, giving a Segment Result Margin of 8.3 percent compared with 17.8 percent one year earlier. It was influenced by changes in the product mix and higher operating expenses.

Six-month revenue rose by €67 million or 18 percent from €364 million to €431 million, with growth achieved in all major fields of application such as home appliances, industrial drives, traction systems and renewable energy. Alongside a generally buoyant market environment, six-month revenue also benefited from the completed acquisition of International Rectifier and favorable currency developments. The Segment Result for the six-month period came in at €49 million, giving a Segment Result Margin of 11.4 percent, compared with €60 million and 16.5 percent one year earlier.



Major events and developments in the Industrial Power Control segment in the first half of the 2015 fiscal year:

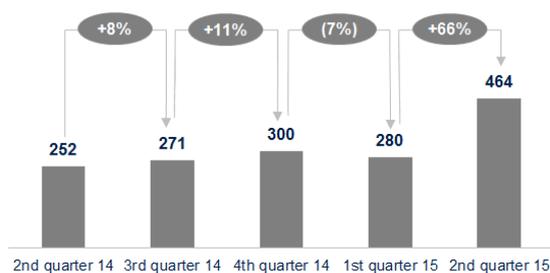
- Demand is on the rise in the high-speed passenger train, freight train and mining locomotive sector due to major projects in China. Both European and Chinese manufacturers are benefiting from this trend. Infineon, with its innovative 3.3 kilovolt, 4.5 kilovolt and 6.5 kilovolt IGBT modules, holds a leading position among the major locomotive manufacturers in both regions.
- In the field of renewable energy, after the usual seasonal downturn during the winter months, demand is picking up briskly. Among other regions, Infineon derives particular benefit from the accelerated expansion of wind energy in China. Demand is also rising continuously in the photovoltaics sector worldwide.
- In the major home appliances sector, Infineon continues to benefit from growing demand for appliances with particularly high energy efficiency based on ultra-efficient, speed-controlled drive systems. International Rectifier and our Korean subsidiary LS Power Semitech Co., Ltd. (LSPS) supply product families which are specially designed to meet the requirements of this market segment. As a result, Infineon was able to almost double revenue generated in this field compared to the second quarter of the 2014 fiscal year.

POWER MANAGEMENT & MULTIMARKET

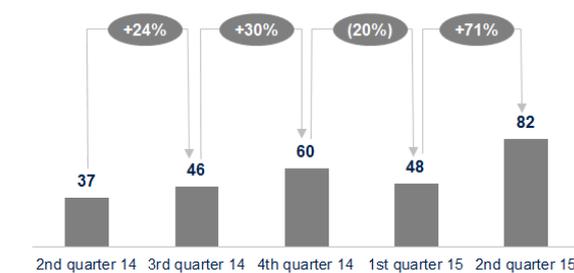
| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|-------------------------------------|------------------------------|-------|----------------------------|-------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | 464 | 252 | 743 | 490 |
| Share of Total Revenue | 31% | 24% | 28% | 24% |
| Segment Result | 82 | 37 | 129 | 66 |
| Share of Segment Result of Infineon | 41% | 25% | 35% | 25% |
| Segment Result Margin | 17.7% | 14.7% | 17.4% | 13.5% |

The Power Management & Multimarket segment recorded revenue of €464 million in the **second quarter** of the 2015 fiscal year, €212 million up on the same quarter previous year. The leap in revenue was partly due to the first-time inclusion of International Rectifier and partly to the sharp increase in demand, among other products, for semiconductors used in mobile devices and cellular base stations as a result of the worldwide introduction of the LTE standard. The Segment Result for the second quarter increased by €45 million to €82 million, giving a Segment Result Margin of 17.7 percent, 3.0 percentage points ahead of the previous year. The increase in gross margin is offset by higher operating expenses for research and development and selling activities.

The Power Management & Multimarket segment posted **six-month** revenue of €743 million, surpassing the previous year's corresponding figure of €490 million by €253 million. The Segment Result increased by €63 million from €66 million to €129 million, pushing up the Segment Result Margin for the six-month period from 13.5 percent to 17.4 percent. In particular the acquisition of International Rectifier had a positive impact on the result, as well as the higher gross profit earned on higher volumes with existing customers. Higher operating expenses for research and development and selling activities had a negative impact.



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



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

Major events and developments in the Power Management & Multimarket segment in the first half of the 2015 fiscal year:

- In the sensor technology growth market, Infineon has developed a new, ultra-high resolution, miniature MEMS (micro electro-mechanical system) pressure sensor for use in smartphones and wearables as well as Internet of Things devices. This very low-power barometric pressure sensor enables the development of new and enhanced navigation, location, health, gesture recognition and weather monitoring applications.
- Infineon and Panasonic have signed an agreement for the joint development of gallium nitride (GaN) power semiconductors, thereby enabling Infineon to strengthen its position in this highly promising future market. GaN compound semiconductor technology on the one hand enables high power density and therefore a smaller footprint and on the other hand serves as a major key for energy efficiency improvement. Power semiconductors based on GaN technology can be used in a wide range of fields from high-voltage industrial applications, such as power supplies in data centers, to low-voltage applications, such as DC/DC conversion in high-end consumer goods.
- Favorable market conditions in the mobile communication sector, driven by the worldwide expansion of LTE technology, ensured that demand for semiconductors for mobile devices and cellular network infrastructure remained brisk. Infineon reinforced its excellent market position by being awarded various projects with major smartphone and cellular network infrastructure manufacturers.
- The introduction of a new IC with digital interface to amplify signals generated by the membrane has strengthened Infineon's position in the silicon microphone market. Several major customers have confirmed

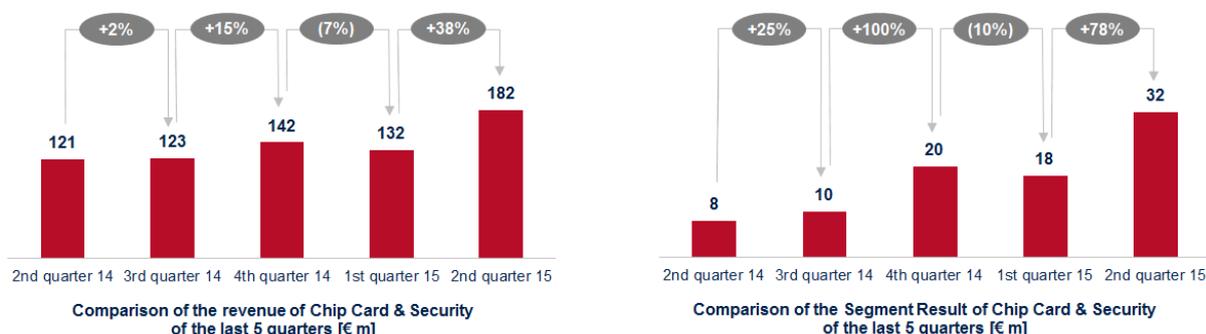
that the new product has excellent noise suppression qualities and an extremely low distortion factor, thus allowing greater sound dynamics.

CHIP CARD & SECURITY

| € in millions, except percentages | Three months ended March 31, | | Six months ended March 31, | |
|-------------------------------------|------------------------------|------|----------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue | 182 | 121 | 314 | 229 |
| Share of Total Revenue | 12% | 12% | 12% | 11% |
| Segment Result | 32 | 8 | 50 | 14 |
| Share of Segment Result of Infineon | 16% | 5% | 14% | 5% |
| Segment Result Margin | 17.6% | 6.6% | 15.9% | 6.1% |

Second-quarter revenue of the Chip Card & Security segment totaled €182 million compared to €121 million one year earlier. Revenue generated with security controllers for payment cards, governmental ID applications and mobile devices rose sharply compared with the same quarter one year earlier. Business with security chips for SIM cards also developed positively. The second-quarter Segment Result amounted to €32 million, compared to €8 million in the previous year, resulting in a Segment Result Margin of 17.6 percent (January - March 2014: 6.6 percent). Gross profit improved, thanks to increased revenue as well as favorable exchange rate factors. Selling and administrative expenses were up year-on-year, while research and development expenses were largely unchanged due to project-related factors.

Six-month revenue totaled €314 million, an increase of €85 million or 37 percent compared to the previous year's figure of €229 million. Revenue from security chips for payment cards, governmental ID applications and mobile devices rose sharply. The business of security controllers for SIM cards and authentication solutions also developed positively. The six-month Segment Result amounted to €50 million, compared to €14 million one year earlier. The Segment Result Margin for the period was 15.9 percent, compared with the previous year's 6.1 percent, reflecting a significantly improved gross profit figure, which grew at a comparably higher rate than the increase in selling expenses.



Major events and developments in the Chip Card & Security segment in the first half of the 2015 fiscal year:

- Infineon is equipping further flagship models of mobile devices with security chips. For instance, the new premium smartphones Samsung Galaxy S6 and S6 edge use the SOLID FLASH™-based SLE 97 embedded Secure Element (eSE) supplied by Infineon. Microsoft integrates OPTIGA™ TPM 2.0 chips in the Surface Pro 3 tablet, being the first tablet to be equipped with the new TPM 2.0 (Trusted Platform Module) standard.
- With the market launch of the new product families SLM 97 and SLI 97, Infineon is strengthening its position in the growing industrial automation, machine-to-machine (M2M) communication and connected car markets. Offering these products, Infineon is helping to ensure secure and reliable communication for the Internet of Things.
- Infineon's business with security chips for payment cards continues to grow strongly worldwide. The shift from magnetic stripe to chip-based payment cards is generating strong growth in the USA. Infineon is also gathering momentum in the key market China – in terms of both incoming orders and product approvals.

REVIEW OF FINANCIAL CONDITION

| € in millions, except percentages | As of | | |
|-----------------------------------|----------------|--------------------|------------|
| | March 31, 2015 | September 30, 2014 | Change |
| Current assets | 3,667 | 3,934 | (7%) |
| Non-current assets | 4,451 | 2,504 | 78% |
| Total assets | 8,118 | 6,438 | 26% |
| Current liabilities | 1,278 | 1,603 | (20%) |
| Non-current liabilities | 2,656 | 677 | +++ |
| Total liabilities | 3,934 | 2,280 | 73% |
| Equity | 4,184 | 4,158 | 1% |

REDUCTION IN CURRENT ASSETS REFLECTS LOWER GROSS CASH POSITION

Current assets went down by 7 percent or €267 million from €3,934 million as of September 30, 2014 to €3,667 million as of March 31, 2015.

Infineon's gross cash position (sum total of cash and cash equivalents and financial investments) decreased by €762 million (see "Gross cash position and net cash position" in the chapter "Review of liquidity"). By contrast, trade receivables and inventories went up by €464 million in total, mainly due to the acquisition of International Rectifier, but also in part reflecting the organic revenue growth achieved by Infineon's segments. The patents acquired in October 2014 in conjunction with the settlement reached with the Qimonda insolvency administrator (see note 20 "Commitments and contingencies") are presented as "available for sale" within current assets at a carrying amount of €21 million.

NON-CURRENT ASSETS HIGHER AS RESULT OF INTERNATIONAL RECTIFIER ACQUISITION

Non-current assets increased by 78 percent or €1,947 million to €4,451 million as of the end of the reporting period (September 30, 2014: €2,504 million), mainly due to the acquisition of International Rectifier.

Based on the preliminary purchase price allocation (see note 3 "Acquisitions"), goodwill of €783 million arose at the date of acquisition. This figure increased to €864 million as of March 31, 2015 due to exchange rate factors. Other intangible assets acquired in conjunction with the acquisition of International Rectifier, such as customer relationships and technologies, were measured at €643 million at acquisition date, while acquired property, plant and equipment were recognized at a value of €382 million.

Other investments in property, plant and equipment and intangible assets during the first half of the 2015 fiscal year totaled €270 million. Investments related mainly to the production sites in Germany (primarily Regensburg and Dresden), Malaysia (in particular Malacca) and Austria (Villach).

Depreciation and amortization on property, plant and equipment and intangible assets amounted to €340 million in the first half of the 2015 fiscal year.

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

Current liabilities stood at €1,278 million as of March 31, 2015. This figure is €325 million (20 percent) lower than at September 30, 2014 (€1,603 million)

Current provisions decreased by €275 million. Provisions relating to Qimonda went down by €247 million, primarily due to payments made in conjunction with the partial settlement reached with Qimonda's insolvency administrator (see note 20 "Commitments and contingencies"). Provisions for obligations to employees decreased by €10 million, largely reflecting the fact that payments made during the reporting period for prior-year performance-related remuneration exceeded new provisions recorded therefore during the first half of the current fiscal year.

In addition to the decrease in current provisions, other current liabilities also decreased by €74 million, mainly reflecting the payment of €83 million in conjunction with the fine imposed by the European Commission ("EU Commission") – against which Infineon has filed an appeal (see note 20 "Commitments and contingencies").

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

Non-current liabilities increased by €1,979 million to stand at €2,656 at the end of the reporting period (September 30, 2014: €677 million).

Non-current financial liabilities went up during the six-month period by €1,642 million to €1,793 million (September 30, 2014: €151 million) as a result of debt rose in conjunction with the acquisition of International Rectifier (see note 15 "Debt"). Deferred tax liabilities increased by €162 million to €167 million, mostly as a result of the increase of the carrying amounts of International Rectifier's net assets to their fair value as part of the purchase price allocation.

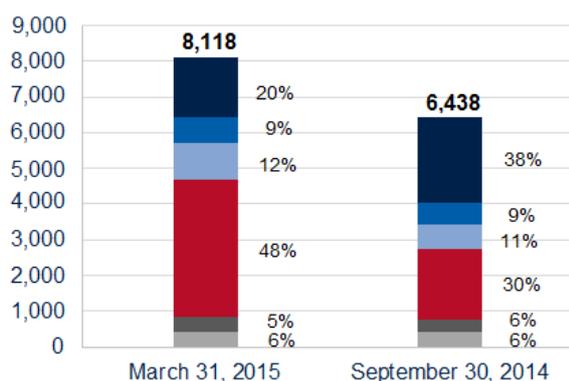
The reduction of the discount factor used to measure provisions for pensions and similar obligations resulted in the recognition of an increase in the defined benefit obligation (DBO) during the period under report, which was not fully offset by the increase in the fair value of the related plan assets. Overall, pensions and similar obligations increased by €149 million.

EQUITY VIRTUALLY UNCHANGED

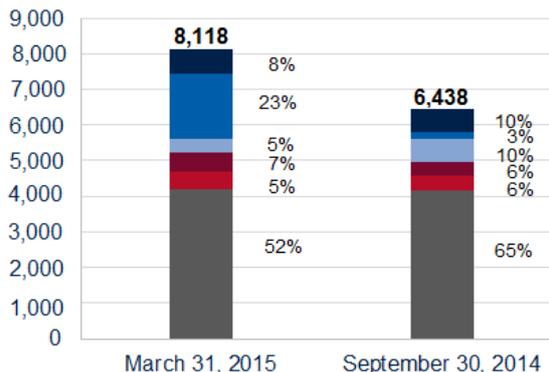
Equity stood at €4,184 million as of March 31, 2015 and was therefore virtually unchanged from the level reported as of September 30, 2014 (€4,158 million).

The equity ratio fell to 51.5 percent at the end of the reporting period (September 30, 2014: 64.6 percent), primarily as a result of debt taken on to finance the International Rectifier acquisition.

Assets [€ m]



Liabilities and Equity [€ m]



- Gross cash position
- Trade receivables
- Inventories
- Property, plant and equipment and intangible assets
- Deferred tax assets
- Other assets

- Trade payables
- Debt
- Provisions
- Pension plans and similar commitments
- Other liabilities
- Equity

REVIEW OF LIQUIDITY

CASH FLOW

| € in millions | Six months ended March 31, | |
|--|----------------------------|--------------|
| | 2015 | 2014 |
| Net cash provided by operating activities from continuing operations | 96 | 361 |
| Net cash used in investing activities from continuing operations | (1,707) | (392) |
| Net cash provided by (used in) financing activities from continuing operations | 1,388 | (162) |
| Net change in cash and cash equivalents from discontinued operations | (136) | (5) |
| Net decrease in cash and cash equivalents | (359) | (198) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 39 | (2) |
| Change in cash and cash equivalents | (320) | (200) |

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

Net cash provided by operating activities from continuing operations in the first half of the 2015 fiscal year totaled €96 million (October 2013 - March 2014: €361 million). The figure reported for the six-month period includes the payment of €104 million to settle disputes relating to the continuation of the right to use Qimonda patents as well as the payment of €83 million to the EU Commission in connection with the fine imposed in conjunction with chip card anti-trust proceedings. Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€584 million), cash-relevant changes in trade receivables and payables, provisions not relating to Qimonda, other assets and liabilities (excluding the payment to the EU commission) and inventories reduced cash and cash equivalents in total by €241 million. Income tax payments during the six-month period totaled €62 million.

Taking income from continuing operations before depreciation and amortization, interest and taxes as the starting point (€488 million), the principal factors negatively impacting cash and cash equivalents during the first half of the 2014 fiscal year were the increase in inventories (€66 million), the reduction in provisions (€25 million) and income tax payments (€23 million).

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

Net cash used in investing activities from continuing operations in the first half of the 2015 fiscal year amounted to €1,707 million, of which €1,864 million (after deduction of cash acquired) related to the acquisition of International Rectifier (see note 3 "Acquisitions"). €207 million was invested in property, plant and equipment and €84 million in intangible and other assets. Investments in other assets include an amount of €21 million for the acquisition of the Qimonda patents. In addition, €7 million was used to acquire a 9.4 percent investment in Schweizer Electronic AG, Schramberg (Germany) and €7 million to acquire a 2.57 percent investment in TTTech Computertechnik AG, Vienna (Austria). €440 million of cash was provided by the (net) sale of financial investments, mainly comprising money deposits with a term of between three and six months. The change in these items does not have any impact on Infineon's gross cash position, since the latter includes financial investments as well as cash and cash equivalents.

In the corresponding six-month period of the previous fiscal year, net cash used in investing activities from continuing operations amounted to €392 million, of which €239 million related to investments in property, plant and equipment and €112 million to the net purchase of financial investments. A total of €43 million was invested in intangible assets, mostly for internal development projects.

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

Net cash provided by financing activities from continuing operations in the first half of the 2015 fiscal year amounted to €1,388 million. Credit lines agreed with various national and international banks in August 2014 to finance the International Rectifier acquisition were drawn down in January 2015. €800 million of these amounts were repaid in March 2015 following the issue of two subordinated and unsecured bonds with a total nominal

value of €800 million. Overall, net cash inflows from these financing activities totaled €1,584 million. The dividend for the 2014 fiscal year (€202 million) was also paid during the period.

In the corresponding six-month period of the previous fiscal year, net cash used in financing activities from continuing operations amounted to €162 million, including €129 million used to pay the dividend for the 2013 fiscal year and €35 million to repurchase parts of the convertible bond which fell due in 2014.

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

Net cash used for discontinued operations in the first half of the 2015 fiscal year totaled €136 million and related to the Qimonda insolvency, of which €125 million (net of value added tax) related to payments in conjunction with the settlement reached with the Qimonda insolvency administrator. These payments were made as part of an amicable agreement reached to terminate the proceedings relating to claims pertaining to intragroup payments (which had been contested under insolvency law), and the settlement of other extra-judicial claims. The payments were also deemed to settle all other claims of the insolvency administrator, to the extent that they do not pertain to the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden.

FREE CASH FLOW

Infineon reports the free cash flow figure (defined as net cash provided by or used in operating activities and net cash used in or provided by investing activities – in both cases from continuing operations) after adjusting for cash flows related to the purchase and sale of financial investments. Free cash flow serves as an additional performance indicator, since Infineon holds part of its liquidity in the form of financial investments. This does not mean that the free cash flow calculated in this way is available to cover other disbursements, since dividend, debt-servicing obligations and other fixed disbursements are not deducted. Free cash flow should not be seen as a replacement or superior performance indicator, but rather as an additional useful piece of information over and above the disclosure of the cash flow reported in the Consolidated Statement of Cash Flows, and as a supplementary disclosure to other liquidity performance indicators and other performance indicators derived from the IFRS figures. Free cash flow includes only amounts from continuing operations and is derived as follows from the Consolidated Statement of Cash Flows:

| € in millions | Six months ended March 31, | |
|--|----------------------------|-----------|
| | 2015 | 2014 |
| Net cash provided by operating activities from continuing operations | 96 | 361 |
| Net cash used in investing activities from continuing operations | (1,707) | (392) |
| Purchases of (proceeds from sales of) financial investments, net | (440) | 112 |
| Free cash flow | (2,051) | 81 |

Acquisition of International Rectifier results in substantial negative free cash flow

Free cash flow from continuing operations in the first half of the 2015 fiscal year was a negative amount of €2,051 million, of which €1,864 million (after deduction of cash acquired) related to the acquisition of International Rectifier. The payments to the Qimonda insolvency administrator and the EU Commission had a negative impact of €208 million on free cash flow from continuing operations. Excluding these exceptional items, free cash flow from continuing operations in the first half of the 2015 fiscal year would have been a positive amount of €21 million.

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

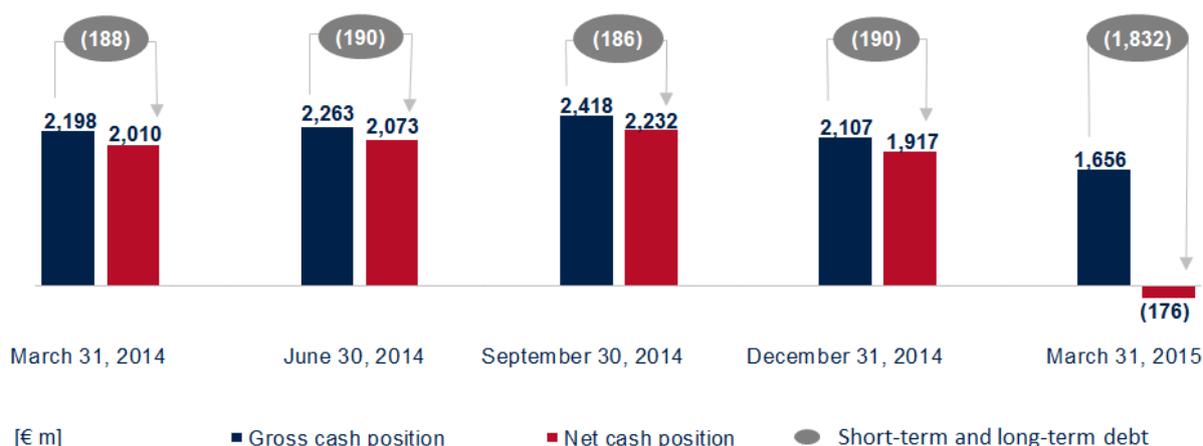
GROSS CASH POSITION AND NET CASH POSITION

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

| € in millions | March 31, 2015 | September 30, 2014 |
|--|----------------|--------------------|
| Cash and cash equivalents | 738 | 1,058 |
| Financial investments | 918 | 1,360 |
| Gross cash position | 1,656 | 2,418 |
| Less: | | |
| Short-term debt and current maturities of long-term debt | 39 | 35 |
| Long-term debt | 1,793 | 151 |
| Total debt | 1,832 | 186 |
| Net cash position | (176) | 2,232 |

The **gross cash position** at March 31, 2015 amounted to €1,656 million, down by €762 million on the €2,418 million reported at September 30, 2014. In addition to the negative free cash flow of €2,051 million described above, the gross cash position was also reduced by the dividend payment of €202 million and by payments totaling €136 million relating to the Qimonda insolvency and reported as net cash used for discontinued operations. Net debt rose amounting to €1,582 million and exchange gains of €39 million on cash and cash equivalents worked in the opposite direction.

The **net cash position**, which is defined as the gross cash position less short-term and long-term debt, turned from positive to negative and stood at a negative amount of €176 million at the end of the reporting period (September 30, 2014: €2,232 million). As a result – and in line with expectations – Infineon's capital structure in terms of net cash position (see note 26 “Capital management” of the Consolidated Financial Statements for the 2014 fiscal year) was outside the target range. Infineon remains committed to its capital structure targets and expects to be within the targeted range again by the end of the 2015 fiscal year (see “Outlook - gross cash position and net cash position”).



EMPLOYEES

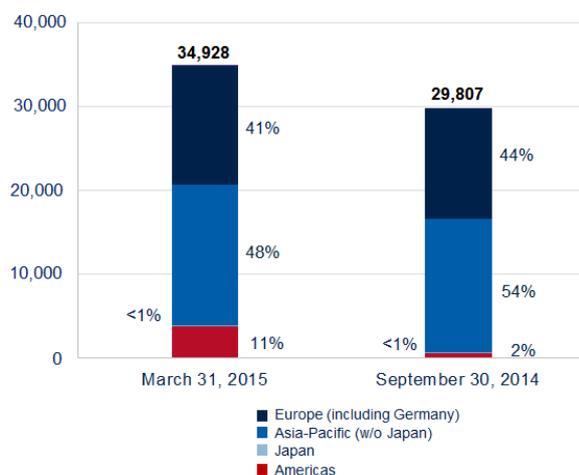
The following table shows the composition of the workforce by region, as at the relevant reporting dates of fully consolidated companies within the Infineon Group:

| Region: | As of | | Change |
|--------------------------|----------------|--------------------|------------|
| | March 31, 2015 | September 30, 2014 | |
| Europe | 14,280 | 13,179 | 8% |
| Therein: Germany | 9,237 | 8,888 | 4% |
| Asia-Pacific (w/o Japan) | 16,742 | 15,936 | 5% |
| Therein: China | 1,855 | 1,748 | 6% |
| Japan | 177 | 136 | 30% |
| Americas | 3,729 | 556 | +++ |
| Total | 34,928 | 29,807 | 17% |

The Infineon workforce grew by 5,121 employees or 17 percent during the first half of the 2015 fiscal year, of which 4,199 employees or 14 percent joined the Infineon Group in conjunction with the acquisition of International Rectifier. The number of employees in the Americas region grew particularly sharply as a result of the acquisition. The workforce also expanded in Europe and in the Asia-Pacific region for the same reason. The enlargement of the workforce not related to the acquisition took place primarily in manufacturing and R&D functions, in particular across the Asia-Pacific region and in Germany.

The proportion of the workforce in Germany fell as a consequence of the acquisition of International Rectifier. Approximately 26 percent of the Infineon workforce was employed at Infineon sites in Germany at March 31, 2015 (September 30, 2014: approximately 30 percent).

Employees by region



EVENTS AFTER THE END OF THE REPORTING PERIOD

On May 5, 2015 Infineon officially announced that it will be discontinuing manufacturing operations at Techview in Singapore by the end of the calendar year. Production in Newport, Wales, will be running at full capacity until the end of calendar year 2016 and will then be phased out in 2017. In parallel, we are looking for a buyer to take over and continue to operate the factory.

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

On April 20, 2015 Infineon completed the sale of its investment (34 percent) in Cryptomathic Holding ApS (Cryptomathic), Arhus (Denmark), for €4 million. The sale of the investment in Cryptomathic, previously accounted for using the equity method, gave rise to a negligible pre-tax gain (€0 million).

OUTLOOK

Following the completion of the acquisition of International Rectifier on January 13, 2015, Infineon has updated the forecasts made in the 2014 Annual Report to include International Rectifier.

TARGET VALUES FOR PERFORMANCE INDICATORS FOR THE 2015 FISCAL YEAR

The following table shows the updated values of Infineon's key performance indicators for the 2015 fiscal year, including International Rectifier, compared to the original outlook:

| € , except percentages | Outlook FY 2015 Annual Report 2014 | Outlook FY 2015 (including International Rectifier) |
|--|--|---|
| Principal performance indicators | | |
| Segment Result Margin | About 14% (at the mid-point of the planned range for revenue growth) | About 15% (at the mid-point of the planned range for revenue growth) |
| Free cash flow from continuing operations | Between €0 and €100 million | Between a negative amount of €1.6 billion to €1.7 billion |
| RoCE | Slight decrease compared to previous fiscal year | Sharp decrease compared to previous fiscal year |
| Supplementary performance indicators | | |
| Growth and profitability performance indicators | | |
| Change in revenue compared to previous year | Increase by 8% plus/minus 2 percentage points | Increase by 36% plus/minus 2 percentage points |
| Gross margin | About the same as in FY 2014 | Considerable decrease compared to 38.1% in the 2014 fiscal year |
| Research and development expenses | Growth in line with or slightly above revenue growth | Growth in line with or slightly below revenue growth |
| Selling, general and administrative expenses | Growth in line with or slightly above revenue growth | Growth considerably above revenue growth |
| Liquidity performance indicators | | |
| Gross cash position | In the range of 40 - 50% relative to revenue, therefore above the target of 30 - 40% | In the range of 30 - 40% relative to revenue, therefore within the target of 30 - 40% |
| Net cash position | Net cash position (Gross cash position higher than debt) | Net cash position (Gross cash position higher than debt) |
| Working capital | Increase to €350 to €450 million | Increase to €500 to €600 million |
| Investments | About €700 million | About €800 million |

CHANGE IN ASSUMED EURO/US DOLLAR EXCHANGE RATE

As a globally operating organization, the Infineon Group generates revenue not only in euros, but also in foreign currencies, predominantly US dollars. Similarly, it also incurs costs in US dollars and in currencies roughly correlated to the US dollar. The impact of non-euro denominated revenue and costs will not be balanced, even after the acquisition of International Rectifier. For this reason, fluctuations in exchange rates, particularly between the euro and the US dollar, influence the amounts reported for revenue and earnings. The updated outlook for the 2015 fiscal year assumes a euro/US dollar exchange rate of 1.10 for the second half of the fiscal year.

YEAR-ON-YEAR INCREASE IN REVENUE EXPECTED

As a result of the acquisition of International Rectifier, a strong operating performance and for Infineon a favorable development in the euro/US dollar exchange rate, revenue is expected to grow year-on-year by 36 percent (plus or minus 2 percentage points). All four of Infineon's segments – Automotive, Industrial Power Control, Power Management & Multimarket and Chip Card & Security – will contribute to revenue growth. In absolute terms, slightly lower revenue is expected to be posted for Other Operating Segments in the 2015 fiscal year, reflecting further decreases in deliveries and services provided to Lantiq and IMC.

GROSS MARGIN EXPECTED TO DECREASE IN THE 2015 FISCAL YEAR

The gross margin in the 2014 fiscal year was 38.1 percent. For the 2015 fiscal year a considerable decrease in gross margin is expected.

OPERATING EXPENSES EXPECTED TO INCREASE

Operating expenses are expected to increase in the 2015 fiscal year. Research and development expenses are likely to increase in line with or slightly below revenue growth. Selling, general and administrative expenses are likely to increase considerably above revenue growth.

SEGMENT RESULT MARGIN AROUND 15 PERCENT EXPECTED

Based on its forecasts of revenue and expenses, Infineon expects the Segment Result Margin in the 2015 fiscal year to be about 15 percent, at the mid-point of the planned range for revenue growth.

The acquisition of International Rectifier has already had a positive impact on adjusted earnings per share in the current 2015 fiscal year (see "Adjusted earnings per share improved" in the chapter "Review of results of operations"). Synergy benefits are expected to create additional earnings growth potential over and above the restructuring benefits already realized by International Rectifier. By the 2017 fiscal year at the latest, International Rectifier's contribution to the Group's margin should, at a minimum, correspond to Infineon's target of 15 percent for the Segment Result Margin over the economic cycle.

NON-SEGMENT RESULT

Infineon expects the non-segment result for the 2015 fiscal year to be a negative amount of around €300 million, attributable mainly to acquisition-related expenses. The non-segment result in the 2014 fiscal year was a negative amount of €95 million.

FINANCIAL RESULT

Infineon has taken on additional debt to finance the acquisition of International Rectifier. Financial liabilities total €1,832 million at March 31, 2015. This figure compares with cash and cash equivalents and financial investments amounting to €1,656 million. Increased interest expense on the higher financial liabilities, the cost of issuing the two bonds and minimal interest earned on liquidity means that the finance result for the 2015 fiscal year will decrease year-on-year to a negative double-digit million amount. The financial result for the 2014 was a net expense of €9 million.

INCOME TAXES

The cash-flow-relevant tax rate of the Infineon Group in the 2015 fiscal year, measured as a percentage of earnings, excluding the impact of the purchase price allocation in connection with the International Rectifier acquisition, will be about 15 percent, comprising cash-flow-relevant foreign taxes and cash-flow-relevant taxes in Germany. In Germany, Infineon's current tax expense is based on the applicable "minimum taxation" rules, under which only 40 percent of taxable profits arising in Germany are subject to current tax as a result of the utilization of tax loss carry-forwards. This results in an effective tax rate for Germany of about 12 percent.

ROCE

The return on capital employed (RoCE) is expected to decrease sharply compared to the previous fiscal year, mainly as a consequence of the acquisition of International Rectifier and the related higher level of capital employed. The negative impact resulting from the purchase price allocation (in particular rising depreciation and amortization) and integration expenses will result in lower net income. RoCE in the 2014 fiscal year was 20.3 percent.

FREE CASH FLOW FROM CONTINUING OPERATIONS

Free cash flow from continuing operations for the 2015 fiscal year is expected to be a negative amount of between €1.6 to €1.7 billion, after taking into consideration the purchase price payment for International Rectifier, the payment made in connection with the Qimonda partial settlement relating to the Qimonda patents and payment of the fine imposed by the European Commission. Adjusted for the exceptional items discussed above, a positive free cash flow of between €350 million and €500 million is expected for the 2015 fiscal year as a whole.

GROSS CASH POSITION AND NET CASH POSITION

Infineon is pursuing the long-term target of maintaining a gross cash position of between 30 and 40 percent of revenue. Further targets are to maintain a net cash position and to keep gross debt to a maximum level of two times EBITDA. As a result of the acquisition of International Rectifier, the actual figures at March 31, 2015 are in part below the target range (see "Review of liquidity – gross cash position and net cash position" for an analysis of these key performance indicators at March 31, 2015). Infineon expects that it will be back within the target range by the end of the 2015 fiscal year.

WORKING CAPITAL EXPECTED TO INCREASE

As a result of the acquisition of International Rectifier, the increase business volumes in the 2015 fiscal year and the reduction in current liabilities following the payment of the agreed settlement amount of €260 million to the Qimonda insolvency administrator and the fine of €83 million to the EU Commission, working capital is expected to increase to an amount of between €500 and €600 million in the 2015 fiscal year.

INVESTMENTS AND DEPRECIATION/AMORTIZATION

Investments of about €800 million are planned for the 2015 fiscal year (defined by Infineon as the sum of purchases of property, plant and equipment, purchases of intangible assets and capitalized development costs). This figure includes investments in plant and equipment at existing operating factories and in intangible assets including capitalized development costs. Other significant investments included are €60 to €70 million earmarked to prepare the second manufacturing facility in Kulim (Malaysia) for volume production, and approximately €21 million for the purchase of Qimonda patents in conjunction with the settlement reached with the insolvency administrator of Qimonda AG. Not included in the amount of €800 million is a planned figure of about €30 million earmarked to acquire strategic minority investments, which do not fall within the definition of investments as applied by Infineon.

Depreciation and amortization in the 2015 fiscal year will increase to about €750 million (2014 fiscal year: €514 million), mainly as a result of acquisition-related depreciation and amortization.

RISKS AND OPPORTUNITIES

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

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

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

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

CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| € in millions | Note | Three months ended March 31, | | Six months ended March 31, | |
|--|----------|------------------------------|-------------|----------------------------|-------------|
| | | 2015 | 2014 | 2015 | 2014 |
| Revenue | | 1,483 | 1,051 | 2,611 | 2,035 |
| Cost of goods sold | | (1,003) | (653) | (1,704) | (1,276) |
| Gross profit | | 480 | 398 | 907 | 759 |
| Research and development expenses | | (180) | (136) | (319) | (268) |
| Selling, general and administrative expenses | | (214) | (121) | (350) | (236) |
| Other operating income | | 4 | 6 | 10 | 11 |
| Other operating expenses | | (5) | (12) | (10) | (23) |
| Operating income | | 85 | 135 | 238 | 243 |
| Financial income | 5 | 2 | 2 | 7 | 4 |
| Financial expenses | 5 | (18) | (4) | (22) | (13) |
| Gain from investments accounted for using the equity method | | 2 | - | 2 | - |
| Income from continuing operations before income taxes | | 71 | 133 | 225 | 234 |
| Income tax | 6 | (2) | (19) | (26) | (36) |
| Income from continuing operations | | 69 | 114 | 199 | 198 |
| Income (loss) from discontinued operations, net of income taxes | | - | 10 | 6 | 13 |
| Net income | | 69 | 124 | 205 | 211 |
| Attributable to: | | | | | |
| Non-controlling interests | | 1 | - | 1 | - |
| Shareholders of Infineon Technologies AG | | 68 | 124 | 204 | 211 |
| Basic earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: | | | | | |
| Basic earnings per share (in euro) from continuing operations | 7 | 0.06 | 0.10 | 0.18 | 0.18 |
| Basic earnings per share (in euro) from discontinued operations | 7 | - | 0.01 | - | 0.01 |
| Basic earnings per share (in euro) | 7 | 0.06 | 0.11 | 0.18 | 0.19 |
| Diluted earnings per share (in euro) attributable to shareholders of Infineon Technologies AG: | | | | | |
| Diluted earnings per share (in euro) from continuing operations | 7 | 0.06 | 0.10 | 0.18 | 0.18 |
| Diluted earnings per share (in euro) from discontinued operations | 7 | - | 0.01 | - | 0.01 |
| Diluted earnings per share (in euro) | 7 | 0.06 | 0.11 | 0.18 | 0.19 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|--|------------------------------|------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | 69 | 124 | 205 | 211 |
| Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial gains (losses) on pension plans and similar commitments | (149) | - | (149) | - |
| Total items that will not be reclassified to profit or loss | (149) | - | (149) | - |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Currency translation effects | 150 | (3) | 157 | (5) |
| Net change in fair value of hedging instruments | (99) | 3 | (38) | 2 |
| Net change in fair value of available-for-sale financial assets | 2 | - | (1) | - |
| Total items that may be reclassified subsequently to profit or loss | 53 | - | 118 | (3) |
| Other comprehensive income (loss), net of tax | (96) | - | (31) | (3) |
| Total comprehensive income, net of tax | (27) | 124 | 174 | 208 |
| Attributable to: | | | | |
| Non-controlling interests | 2 | - | 2 | - |
| Shareholders of Infineon Technologies AG | (29) | 124 | 172 | 208 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2015 AND 2014 (UNAUDITED) AND SEPTEMBER 30, 2014

| € in millions | Note: | March 31, 2015 | March 31, 2014 | September 30, 2014 |
|--|-------|----------------|----------------|--------------------|
| ASSETS: | | | | |
| Cash and cash equivalents | | 738 | 327 | 1,058 |
| Financial investments | | 918 | 1,871 | 1,360 |
| Trade receivables | 8 | 739 | 529 | 581 |
| Inventories | 9 | 1,013 | 674 | 707 |
| Income tax receivable | | 10 | 7 | 7 |
| Other current assets | 10 | 228 | 184 | 221 |
| Assets classified as held for sale | | 21 | - | - |
| Total current assets | | 3,667 | 3,592 | 3,934 |
| Property, plant and equipment | | 2,028 | 1,605 | 1,700 |
| Goodwill and other intangible assets | | 1,827 | 198 | 250 |
| Investments accounted for using the equity method | | 36 | 34 | 35 |
| Deferred tax assets | | 395 | 322 | 378 |
| Other non-current assets | 11 | 165 | 148 | 141 |
| Total non-current assets | | 4,451 | 2,307 | 2,504 |
| Total assets | | 8,118 | 5,899 | 6,438 |
| LIABILITIES AND EQUITY: | | | | |
| Short-term debt and current maturities of long-term debt | 15 | 39 | 21 | 35 |
| Trade payables | 12 | 677 | 560 | 648 |
| Short-term provisions | 14 | 315 | 644 | 590 |
| Income tax payable | | 60 | 55 | 69 |
| Other current liabilities | 13 | 187 | 210 | 261 |
| Total current liabilities | | 1,278 | 1,490 | 1,603 |
| Long-term debt | 15 | 1,793 | 167 | 151 |
| Pension plans and similar commitments | | 537 | 244 | 379 |
| Deferred tax liabilities | | 167 | 3 | 5 |
| Long-term provisions | 14 | 75 | 51 | 70 |
| Other non-current liabilities | | 84 | 67 | 72 |
| Total non-current liabilities | | 2,656 | 532 | 677 |
| Total liabilities | | 3,934 | 2,022 | 2,280 |
| Shareholders' equity: | 16 | | | |
| Ordinary share capital | | 2,258 | 2,255 | 2,255 |
| Additional paid-in capital | | 5,222 | 5,411 | 5,414 |
| Accumulated deficit | | (3,447) | (3,696) | (3,502) |
| Other reserves | | 182 | 6 | 64 |
| Own shares | | (37) | (37) | (37) |
| Put options on own shares | | - | (62) | (40) |
| Equity attributable to shareholders of Infineon Technologies AG | | 4,178 | 3,877 | 4,154 |
| Non-controlling interests | | 6 | - | 4 |
| Total equity | | 4,184 | 3,877 | 4,158 |
| Total liabilities and equity | | 8,118 | 5,899 | 6,438 |

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | 69 | 124 | 205 | 211 |
| Minus: income from discontinued operations, net of income taxes | - | (10) | (6) | (13) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 199 | 126 | 340 | 246 |
| Income tax | 2 | 19 | 26 | 36 |
| Net interest result | 16 | 2 | 19 | 8 |
| Gains on disposals of property, plant and equipment | - | (2) | - | (2) |
| Dividends received from associated companies | 1 | - | 1 | - |
| Impairment charges | - | - | 2 | - |
| Deferred income taxes | - | - | - | - |
| Other non-cash result | - | 2 | (3) | 3 |
| Change in trade receivables | (147) | (78) | (55) | (13) |
| Change in inventories | 37 | (21) | (9) | (66) |
| Change in trade payables | (4) | 46 | (78) | (8) |
| Change in provisions | 36 | 43 | (155) | (25) |
| Change in other assets and liabilities | (36) | (39) | (131) | 9 |
| Interest received | 2 | 2 | 5 | 4 |
| Interest paid | (2) | (1) | (3) | (6) |
| Income tax paid | (38) | (10) | (62) | (23) |
| Net cash provided by operating activities from continuing operations | 135 | 203 | 96 | 361 |
| Net cash provided by (used in) operating activities from discontinued operations | 4 | (6) | (136) | (4) |
| Net cash provided by (used in) operating activities | 139 | 197 | (40) | 357 |

INFINEON TECHNOLOGIES HALF-YEAR FINANCIAL REPORT MARCH 31, 2015
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|--------------|----------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Purchases of financial investments | (495) | (535) | (630) | (808) |
| Proceeds from sales of financial investments | 290 | 471 | 1,070 | 696 |
| Purchases of other equity investments | (7) | - | (14) | - |
| Acquisition of businesses, net of cash acquired | (1,864) | - | (1,864) | - |
| Purchases of intangible assets and other assets | (24) | (24) | (84) | (43) |
| Purchases of property, plant and equipment | (126) | (130) | (207) | (239) |
| Proceeds from sales of property, plant and equipment and other assets | 6 | 2 | 22 | 2 |
| Net cash used in investing activities from continuing operations | (2,220) | (216) | (1,707) | (392) |
| Net cash used in investing activities from discontinued operations | - | - | - | (1) |
| Net cash used in investing activities | (2,220) | (216) | (1,707) | (393) |
| Net change in short-term debt | 2 | - | 1 | - |
| Net change in related party financial receivables and payables | - | (1) | - | (1) |
| Proceeds from the issuance of long-term debt | 2,385 | 1 | 2,394 | 3 |
| Repayments of long-term debt | (807) | (6) | (812) | (10) |
| Repurchase of convertible subordinated bonds | - | - | - | (35) |
| Change in cash deposited as collateral | - | 7 | (1) | 7 |
| Proceeds from the issuance of ordinary shares | 8 | 1 | 8 | 1 |
| Proceeds from the issuance of put options on own shares | - | 1 | - | 2 |
| Dividend payments | (202) | (129) | (202) | (129) |
| Net cash provided by (used in) financing activities from continuing operations | 1,386 | (126) | 1,388 | (162) |
| Net cash provided by financing activities from discontinued operations | - | - | - | - |
| Net cash provided by (used in) financing activities | 1,386 | (126) | 1,388 | (162) |
| Net decrease in cash and cash equivalents | (695) | (145) | (359) | (198) |
| Effect of foreign exchange rate changes on cash and cash equivalents | 40 | - | 39 | (2) |
| Cash and cash equivalents at beginning of period | 1,393 | 472 | 1,058 | 527 |
| Cash and cash equivalents at end of period | 738 | 327 | 738 | 327 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| € in millions; except for number of shares | Note | Ordinary shares issued | | | | Other |
|--|-----------|------------------------|--------------|----------------------------|---------------------|------------|
| | | Shares | Amount | Additional paid-in capital | Accumulated deficit | |
| Balance as of October 1, 2013 | 16 | 1,081,083,034 | 2,162 | 5,549 | (3,907) | 14 |
| Net income | | - | - | - | 211 | - |
| Other comprehensive income (loss) for the period, net of tax | | - | - | - | - | (5) |
| Total comprehensive income (loss) for the period, net of tax | | - | - | - | 211 | (5) |
| Dividends | | - | - | (129) | - | - |
| Issuance of ordinary shares: | | | | | | |
| Exercise of stock options | | 341,287 | 1 | - | - | - |
| Exercise of conversion rights | | 46,171,936 | 92 | 7 | - | - |
| Share based compensation | | - | - | 3 | - | - |
| Put options on own shares | | - | - | 2 | - | - |
| Other changes in equity | | - | - | (21) | - | - |
| Balance as of March 31, 2014 | | 1,127,596,257 | 2,255 | 5,411 | (3,696) | 9 |
| Balance as of October 1, 2014 | | 1,127,739,230 | 2,255 | 5,414 | (3,502) | 26 |
| Net income | | - | - | - | 204 | - |
| Other comprehensive income (loss) for the period, net of tax | | - | - | - | (149) | 157 |
| Total comprehensive income (loss) for the period, net of tax | | - | - | - | 55 | 157 |
| Dividends | | - | - | (202) | - | - |
| Issuance of ordinary shares: | | | | | | |
| Exercise of stock options | | 1,138,934 | 3 | 7 | - | - |
| Share based compensation | | - | - | 3 | - | - |
| Put options on own shares | | - | - | - | - | - |
| Other changes in equity | | - | - | - | - | - |
| Balance as of March 31, 2015 | | 1,128,878,164 | 2,258 | 5,222 | (3,447) | 183 |

INFINEON TECHNOLOGIES HALF-YEAR FINANCIAL REPORT MARCH 31, 2015
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS ENDED MARCH 31, 2015 AND 2014

| reserves | | | | | | |
|---|---|-------------|---------------------------|---|---------------------------|--------------|
| Unrealized gains (losses) on securities | Unrealized gains (losses) on cash flow hedges | Own shares | Put options on own shares | Total equity attributable to shareholders of Infineon Technologies AG | Non-controlling interests | Total equity |
| 3 | (8) | (37) | - | 3,776 | - | 3,776 |
| - | - | - | - | 211 | - | 211 |
| - | 2 | - | - | (3) | - | (3) |
| - | 2 | - | - | 208 | - | 208 |
| - | - | - | - | (129) | - | (129) |
| - | - | - | - | 1 | - | 1 |
| - | - | - | - | 99 | - | 99 |
| - | - | - | - | 3 | - | 3 |
| - | - | - | (62) | (60) | - | (60) |
| - | - | - | - | (21) | - | (21) |
| 3 | (6) | (37) | (62) | 3,877 | - | 3,877 |
| 3 | 35 | (37) | (40) | 4,154 | 4 | 4,158 |
| - | - | - | - | 204 | - | 204 |
| (1) | (38) | - | - | (31) | - | (31) |
| (1) | (38) | - | - | 173 | - | 173 |
| - | - | - | - | (202) | - | (202) |
| - | - | - | - | 10 | - | 10 |
| - | - | - | - | 3 | - | 3 |
| - | - | - | 40 | 40 | - | 40 |
| - | - | - | - | - | 2 | 2 |
| 2 | (3) | (37) | - | 4,178 | 6 | 4,184 |

CONDENSED NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

1 BASIS OF PRESENTATION

The condensed Interim Consolidated Financial Statements of Infineon for the three and six months ended March 31, 2015 and 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Interim Consolidated Financial Statements have been prepared in accordance with IAS 34, “Interim Financial Reporting”. Accordingly, certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted. Although the Consolidated Statement of Financial Position as of September 30, 2014 presented herein was derived from audited financial statements, not all related disclosures required by IFRS for these are included. The Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements prepared in accordance with IFRS, as adopted by the EU, for the 2014 fiscal year. With the exception of the changes described in note 2 due to standards adopted for the first time, the accounting policies applied preparing the accompanying Interim Consolidated Financial Statements are consistent with those used for the 2014 fiscal year.

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

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

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

Deviations in amounts presented may occur due to rounding.

2 ACCOUNTING POLICIES

FINANCIAL REPORTING RULES APPLIED FOR THE FIRST TIME

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

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

VALUATION

PENSION PLANS AND SIMILAR COMMITMENTS:

IAS 34, “Interim Financial Reporting” requires a mid-year adjustment to the valuation of pension plans and similar commitments if market conditions have changed unexpectedly and significantly. Financial market interest rate developments in the six months ended March 31, 2015 have resulted in a significant reduction in the discount rates used in the valuation of defined benefit plans resulting in a considerable effect on the defined benefit obligation of the defined benefit plans. The discount rate for domestic defined benefit plans decreased to 1.3 percent (30 September 2015: 2.4 percent). A counter effect arose from the increase in the fair value of plan assets so that the total adjustment to pension plan commitments as of March 31, 2015 amounted to €149 million which was recorded as an actuarial loss on pension plans and similar commitments in Other Comprehensive Income.

3 ACQUISITIONS

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

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

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

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

| € in millions | (preliminary) |
|--|---------------|
| Cash and cash equivalents | 556 |
| Trade receivables | 88 |
| Inventories | 266 |
| Other current assets | 22 |
| Property, plant and equipment | 382 |
| Intangible assets | 643 |
| Deferred tax assets | 10 |
| Other non-current assets | 20 |
| Total assets | 1,987 |
| Trade payables | 98 |
| Short-term provisions | 20 |
| Other current liabilities | 25 |
| Deferred tax liabilities | 174 |
| Long-term provisions | 3 |
| Other non-current liabilities | 18 |
| Total liabilities | 338 |
| Net assets acquired | 1,649 |
| Goodwill | 783 |
| Purchase price | 2,432 |
| Paid in cash and cash equivalents during the six months ended March 31, 2015 | 2,420 |
| Acquired cash and cash equivalents | (556) |
| Net cash outflow for the acquisition | 1,864 |

The analysis and valuation of the assets and liabilities acquired is not finalized as at the date of publication of these Interim Consolidated Financial Statements. Accordingly the balances reported in these Interim Consolidated Financial Statements as at March 31, 2015 should be considered preliminary.

According to a preliminary valuation, goodwill arising from the acquisition totals €783 million which is not deductible for tax purposes. This goodwill from the acquisition of International Rectifier is primarily attributable to synergies and cost benefits arising from economies of scale.

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

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

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

FINANCIAL EFFECT OF THE ACQUISITION

The amount of revenue and the net result from International Rectifier which has been taken into account in the Consolidated Statement of Operations for the reporting period since the acquisition date is as follows:

| € in millions | |
|----------------|------|
| Revenue | 199 |
| Loss after tax | (41) |

If International Rectifier had been consolidated since October 1, 2014, Infineon would have recorded revenues of €2,879 million and a profit after tax of €156 million in the Consolidated Statement of Operations during the reporting period.

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

4 DIVESTITURES AND DISCONTINUED OPERATIONS

QIMONDA — DISCONTINUED OPERATIONS

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

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

As a result of recent developments, adjustments to individual provisions in connection with the insolvency of Qimonda were required in the six months ended March 31, 2015 which resulted in a gain after tax of €6 million. The partial settlement agreed with the Qimonda administrator on September 11, 2014 and effected on October 9, 2014 (see note 20 "Commitments and Contingencies") had no effect on profit in the three and six months ended March 31, 2015.

The patents acquired under the partial settlement with the intention of resale are disclosed in the Consolidated Statement of Financial Position under "assets classified as held for sale" with a value of €21 million as determined according to IFRS 13 as at March 31, 2015.

The payment to the Qimonda administrator of €260 million in connection with the concluded partial settlement is disclosed in the Consolidated Statement of Cash Flows as follows for the three and six months to March 31, 2015:

- €104 million in "Net cash provided by (used in) operating activities from continuing operations" for the settlement of the dispute over the continuation of useage rights of the Qimonda patents,
- €21 million in "Net cash provided by (used in) investing activities from continuing operations" for the acquisition of the Qimonda patents, and
- €135 million in "Net cash provided by (used in) operating activities from discontinued operations" for the termination by mutual consent of the proceedings contesting certain payments under insolvency law, the settlement of further out of court claims, as well as all other claims made by the administrator to the extent that these do not relate to the proceedings in connection with the alleged activation of a shell company and the liability for impairment of capital, as well as the residual liability of Qimonda Dresden. €10 million of value added tax was refunded by the tax authority In the three months ended March 31, 2015.

SALE OF THE WIRELESS MOBILE PHONE BUSINESS — DISCONTINUED OPERATIONS

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

Subsequent income totaled €3 million in the six month period ended March 31, 2014.

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

SALE OF THE WIRELINE COMMUNICATIONS BUSINESS — DISCONTINUED OPERATIONS

On November 6, 2009, the Wireline Communications business was sold to various companies which are affiliates of Golden Gate Private Equity Inc. (Lantiq). In the three and six month periods ended March 31, 2014 €10 million of subsequent income arose as a result of the release of a provision in connection with the sale.

INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES

The results of Qimonda, Wireline Communications, and the Wireless mobile phone business presented in the Consolidated Statement of Operations as “income from discontinued operations, net of income taxes” in the three and six months ended March 31, 2015 and 2014, consist of the following:

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|-----------|----------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Qimonda's share of discontinued operations, net of income taxes | - | - | 6 | - |
| Wireline Communications business' share of discontinued operations, net of income taxes | - | 10 | - | 10 |
| Wireless mobile phone business' share of discontinued operations, net of income taxes | - | - | - | 3 |
| Income (loss) from discontinued operations, net of income taxes | - | 10 | 6 | 13 |

5 FINANCIAL INCOME AND EXPENSES

Financial income for the three and six months ended March 31, 2015 and 2014 comprises the following:

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|----------|----------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Interest income | 2 | 2 | 3 | 4 |
| Valuation changes and gains on sales of financial investments | - | - | 4 | - |
| Total | 2 | 2 | 7 | 4 |

Financial expenses for the three and six months ended March 31, 2015 and 2014 comprises the following:

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|--------------------------|------------------------------|----------|----------------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Interest expenses | 18 | 4 | 22 | 12 |
| Other financial expenses | - | - | - | 1 |
| Total | 18 | 4 | 22 | 13 |

Interest expenses for the three and six months ended March 31, 2015 include among other things €7 million related to the amortization of transaction costs in connection with the bridge financing of €800 million for the acquisition of International Rectifier, which was repaid on March, 12 2015 with the proceeds from the issuance of two unsubordinated unsecured bonds (see note 15).

6 INCOME TAX

Income from continuing operations before income taxes and income tax expenses for the three and six months ended March 31, 2015 and 2014, respectively, are as follows:

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|------|----------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| Income from continuing operations before income taxes | 71 | 133 | 225 | 234 |
| Income tax expenses | (2) | (19) | (26) | (36) |
| Effective tax rate | 3% | 14% | 12% | 15% |

In the three and six months ended March 31, 2015 and 2014 Infineon's tax expenses are affected by foreign tax rates, non-deductible expenses, tax credits and changes in the valuation allowances on deferred tax assets.

In the three and six months ended March 31, 2015 the income from continuing operations before income taxes is particularly affected by expenses arising from the purchase price allocation in connection with the acquisition of International Rectifier. These expenses lead to deferred tax income which reduces the effective tax rate.

7 EARNINGS PER SHARE

Basic earnings per share are calculated as the earnings divided by the weighted average number of shares outstanding during the reporting period. The calculation of the diluted earnings per share is based on the assumption that all potentially dilutive instruments are converted into ordinary shares – with the consequence of a corresponding increase in the number of shares on the one hand, and a corresponding reduction in the charge on earnings for these instruments, such as interest expenses, on the other.

Basic and diluted earnings per share are calculated as follows:

| € in millions (unless otherwise stated) | Three months ended March 31, | | Six months ended March 31, | |
|---|------------------------------|----------------|----------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| Earnings attributable to shareholders of Infineon Technologies AG – basic | 68 | 124 | 204 | 211 |
| Adjustment for interest expenses on convertible bond | - | - | - | 4 |
| Earnings attributable to shareholders of Infineon Technologies AG – diluted | 68 | 124 | 204 | 215 |
| Weighted-average number of shares outstanding (in millions): | | | | |
| - Ordinary share capital | 1,128.2 | 1,122.7 | 1,128.0 | 1,105.7 |
| - Adjustment for own shares | (6.0) | (6.0) | (6.0) | (6.0) |
| Weighted-average number of shares outstanding – basic | 1,122.2 | 1,116.7 | 1,122.0 | 1,099.7 |
| Adjustments for: | | | | |
| - Effect of potential conversion of convertible bond | - | 4.6 | - | 23.3 |
| - Effect of stock options and performance shares | 2.2 | 1.2 | 1.4 | 1.2 |
| Weighted-average number of shares outstanding – diluted | 1,124.4 | 1,122.5 | 1,123.4 | 1,124.2 |
| Basic and diluted earnings per share ¹ (in euro): | | | | |
| Earnings per share (in euro) from continuing operations | 0.06 | 0.10 | 0.18 | 0.18 |
| Earnings (loss) per share (in euro) from discontinued operations, net of income taxes | - | 0.01 | - | 0.01 |
| Earnings per share – basic and diluted | 0.06 | 0.11 | 0.18 | 0.19 |

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

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

- In the three months ended March 31, 2015 and 2014 10.9 million and 11.7 million, respectively, and in the six months ended March 31, 2015 and 2014 11.8 million, respectively, [stock options and performance shares](#) issued to members of the Management Board and employees were not taken into account either because their exercise price was higher than the average share price during the reporting period, or the performance hurdle was not reached.
- In the three months ended March 31, 2015 and 2014 0.7 million and 8.7 million, respectively, and in the six months ended March 31, 2015 and 2014 2.7 million and 5.1 million, respectively, [put options](#) written on own shares were not taken into account since their exercise price was lower than the average share price during the reporting period. As at March 31, 2015 there were no put options on own shares outstanding (see note 16).

8 TRADE RECEIVABLES

Trade receivables consist of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|---|----------------|--------------------|
| Trade accounts receivables, third party | 746 | 584 |
| Trade accounts receivables, related parties | 3 | 4 |
| Trade accounts receivables, gross | 749 | 588 |
| Allowance for doubtful accounts | (10) | (7) |
| Trade accounts receivables, net | 739 | 581 |

9 INVENTORIES

Inventories consist of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|------------------------------|----------------|--------------------|
| Raw materials and supplies | 117 | 76 |
| Work in progress | 564 | 414 |
| Finished and purchased goods | 332 | 217 |
| Total | 1,013 | 707 |

Inventories at March 31, 2015 and September 30, 2014 are stated net of write-downs of €111 million and €79 million, respectively.

10 OTHER CURRENT ASSETS

Other current assets consist of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|---|----------------|--------------------|
| VAT and other receivables from tax authorities | 92 | 50 |
| Prepaid expenses | 53 | 45 |
| Grants receivables | 27 | 34 |
| Third party – financial and other receivables | 11 | 9 |
| Derivative financial instruments | 3 | 41 |
| Related party – financial and other receivables | - | 1 |
| Other | 42 | 41 |
| Total | 228 | 221 |

11 OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|---|----------------|--------------------|
| Cash deposited as collateral | 76 | 75 |
| Prepaid expenses | 25 | 23 |
| Investments in other equity investments | 20 | 5 |
| Long-term receivables | 6 | 5 |
| Grants receivables | 1 | 5 |
| Securities | - | 16 |
| Other | 37 | 12 |
| Total | 165 | 141 |

“Restricted cash” as of March 31, 2015 and September 30, 2014 mainly consists of a rental deposit in connection with the Campeon head office of €75 million.

12 TRADE PAYABLES

Trade payables consist of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|---------------------------------|----------------|--------------------|
| Trade payables, third party | 669 | 636 |
| Trade payables, related parties | 8 | 12 |
| Trade payables | 677 | 648 |

13 OTHER CURRENT LIABILITIES

Other current liabilities consist of the following:

| € in million | March 31, 2015 | September 30, 2014 |
|--|----------------|--------------------|
| Payroll obligations to employees | 97 | 73 |
| Deferred income | 19 | 13 |
| VAT and other taxes payables | 17 | 9 |
| Advanced payments | 14 | 18 |
| Deferred government grants | 7 | 11 |
| Derivative financial instruments with negative fair values | 6 | 3 |
| Accrued interest | 4 | - |
| Related parties – other payables | 1 | 1 |
| Obligation to acquire own shares | - | 40 |
| Fine from the chip card antitrust proceedings | - | 83 |
| Other | 22 | 10 |
| Total | 187 | 261 |

The obligation to acquire own shares in connection with Infineon’s capital returns program amounts to €40 million as of September 30, 2014 and corresponds to the discounted exercise value at issue date plus interest up to the

end of the reporting period, of put options on Infineon Technologies AG shares outstanding as at September 30, 2014. There were no further put options outstanding as of March 31, 2015 (see note 16).

14 PROVISIONS

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

| € in millions | March 31, 2015 | September 30, 2014 |
|-------------------------------|----------------|--------------------|
| Personnel costs | 222 | 232 |
| Warranties | 60 | 75 |
| Provisions related to Qimonda | 65 | 312 |
| Other | 43 | 41 |
| Total | 390 | 660 |
| Thereof short-term | 315 | 590 |
| Thereof long-term | 75 | 70 |

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

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

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

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

15 DEBT

Debt consists of the following:

| € in millions | March 31, 2015 | September 30, 2014 |
|---|----------------|--------------------|
| Loans payable to banks, weighted average rate 4.41% | 7 | - |
| Current maturities of long-term debt | 32 | 35 |
| Short-term debt and current maturities of long-term debt | 39 | 35 |
| Loans payable to banks: | | |
| Unsecured loans, weighted average interest rate 1.78% (previous year: 1.25%), due 2016–2023 | 1,001 | 151 |
| Bond €300 million, coupon 1.00%, due 2018 | 297 | - |
| Bond €500 million, coupon 1.50%, due 2022 | 495 | - |
| Long-term debt | 1,793 | 151 |
| Total | 1,832 | 186 |

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

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

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

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

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

The bonds are listed on the Luxemburg Stock Exchange.

As of March 31, 2015 the term loan in the amount of US\$934 million was outstanding. The €792 million proceeds from the issuance of the two senior, unsecured bonds described above were used to repay a substantial portion of the €800 million bridge financing in March 2015.

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

Other financial liabilities as of March 31, 2015 primarily consist of project financing at Infineon Technologies Austria AG. In addition, Infineon has established several independent financing arrangements in the form of both short- and long-term credit facilities, in order to finance operating business requirements.

16 EQUITY

The ordinary share capital of Infineon Technologies AG stood at €2,257,756,328 as of March 31, 2015 divided into 1,128,878,164 no par value registered shares, of which 6 million were own shares held by the Company. As of September 30, 2014 the ordinary share capital stood at €2,255,478,460 divided into 1,127,739,230 no par value registered shares, each representing €2 of the Company's ordinary share capital. 1,138,934 new shares were issued in the first half of the 2015 fiscal year (thereof 1,111,634 in the second quarter) as a result of the exercise of employee stock options.

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

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

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

As of March 31, 2015, the Company had issued put options on own shares with a value of €85 million, all of which had expired as of March 31, 2015. In the first half of the 2015 fiscal year no put options were issued. As of September 30, 2014 put options on 6 million shares with an exercise amount of €40 million were outstanding. The premium of €3 million received for issued put options led to a corresponding increase in additional paid-in capital.

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

| In each case stated in millions | Exercise value in € | Underlying number of shares |
|---|------------------------|--------------------------------|
| Outstanding put options as of October 1, 2013 | - | - |
| Put options issued during the 2014 fiscal year | 85 | 14 |
| Less: put options expired in the 2014 fiscal year | (45) | (8) |
| Less: put options exercised in the 2014 fiscal year | - | - |
| Outstanding put options as of September 30, 2014 | 40 | 6 |
| Put options issued during the 2015 fiscal year | - | - |
| Less: put options expired in the 2015 fiscal year | (40) | (6) |
| Less: put options exercised in the 2015 fiscal year | - | - |
| Outstanding put options as of March 31, 2015 | - | - |

17 SHARE-BASED COMPENSATION

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

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

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

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

There are no significant changes to the stock option plans and performance share plan presented in the Consolidated Financial Statements as at September 30, 2014. The expenses incurred for share-based compensation were minimal in the three months and six months periods ending March 31, 2015 and 2014 (see note 21).

18 RELATED PARTIES

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

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

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

Related companies receivables and payables as of March 31, 2015 and September 30, 2014 consist of the following:

| € in millions | March 31, 2015 | | September 30, 2014 | |
|-----------------------------|---------------------|-------------------------|---------------------|-------------------------|
| | at-equity companies | other related companies | at-equity companies | other related companies |
| Trade and other receivables | 2 | 1 | 3 | 1 |
| Financial receivables | - | - | - | 1 |
| Trade and other payables | 7 | 1 | 10 | 2 |
| Financial payables | - | 1 | - | 1 |

Sales and service charges to and purchases from related companies for the three and six months ended March 31, 2015 and 2014 consist of the following:

| € in millions | Three months ended March 31, | | | |
|---------------------------|------------------------------|-------------------------|---------------------|-------------------------|
| | 2015 | | 2014 | |
| | at-equity companies | other related companies | at-equity companies | other related companies |
| Sales and service charges | 1 | 1 | 4 | - |
| Purchases | 20 | 7 | 19 | 10 |

| € in millions | Six months ended March 31, | | | |
|---------------------------|----------------------------|-------------------------|---------------------|-------------------------|
| | 2015 | | 2014 | |
| | at-equity companies | other related companies | at-equity companies | other related companies |
| Sales and service charges | 3 | 1 | 9 | 1 |
| Purchases | 36 | 11 | 39 | 16 |

In the three and six months ended March 31, 2015 and 2014 there were no transactions between Infineon and related persons which fall outside the scope of the existing employment, service or appointment terms, or the contractual arrangements for their remuneration.

CHANGES IN THE SUPERVISORY BOARD

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

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

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

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

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

19 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

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

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

The following table shows the amounts allocated to each measurement level as of March 31, 2015:

| € in millions | Total | Fair value by category | | |
|---------------------------|------------|------------------------|-----------|-----------|
| | | Level 1 | Level 2 | Level 3 |
| 2015 fiscal year | | | | |
| Financial assets | | | | |
| Current assets: | | | | |
| Financial investments | 63 | - | 63 | - |
| Other current assets | 3 | - | 3 | - |
| Non-current assets: | - | - | - | - |
| Other non-current assets | 39 | 26 | - | 13 |
| Total | 105 | 26 | 66 | 13 |
| Financial liabilities | | | | |
| Current liabilities: | | | | |
| Other current liabilities | 6 | - | 6 | - |
| Total | 6 | - | 6 | - |

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

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

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

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

No reclassification within the fair value hierarchy was carried out.

20 COMMITMENTS AND CONTINGENCIES

LITIGATION AND GOVERNMENT INQUIRIES

ANTITRUST LITIGATION

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

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

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

PROCEEDINGS IN RELATION TO QIMONDA

All significant assets, liabilities and business activities attributable to the memory business (Memory Products) were carved out from Infineon and transferred to Qimonda in the form of a non-cash contribution with economic effect from May 1, 2006. Qimonda filed an application at the Munich Local Court to commence insolvency proceedings on January 23, 2009. On April 1, 2009, the insolvency proceedings formally opened. The insolvency of Qimonda has given rise to various disputes between the administrator and Infineon.

Partial Settlement on September 11, 2014

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

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

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

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

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

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

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

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

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

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

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

Provisions relating to Qimonda

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

As described above, Infineon faces certain risks in connection with the insolvency proceedings relating to the assets of Qimonda and that entity's subsidiaries. As a result, Infineon recorded provisions in connection with some of the abovementioned matters totaling €65 million and €312 million as of March 31, 2015 and September 30, 2014, respectively. Of the provisions recorded as of March 31, 2015, €39 million has been provided in connection with the residual liability as former shareholder of Qimonda Dresden. For the defense of the

proceedings still pending for the alleged activation of a shell company and liability for impairment of capital, the Company has recorded a provision of €22 million as of March 31, 2015. Remaining provisions in connection with the Qimonda insolvency total €4 million as of March 31, 2015.

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

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

OTHER

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

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

PROVISIONS FOR LEGAL PROCEEDINGS AND OTHER UNCERTAIN LEGAL POSITIONS

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

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

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

CONTINGENT LIABILITIES ARISING FROM LEGAL DISPUTES AND OTHER UNCERTAIN LEGAL POSITIONS

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

OTHER CONTINGENCIES

In total, Infineon has guarantees outstanding to external parties as of March 31, 2015 amounting to €100 million.

In the course of investing activities, Infineon receives government subsidies in the form of grants and allowances related to the construction and financing of certain of its production facilities. Grants are also received for selected research and development projects. These amounts are recognized upon the achievement of specified criteria. Certain of these grants have been received contingent upon Infineon complying with certain project-related requirements, such as creating a specified number of jobs over a defined period of time. Infineon is committed to fulfilling these requirements. From today’s perspective, Infineon expects to be able to comply with these requirements. Nevertheless, should such requirements not be met, as of March 31, 2015, a maximum of €49 million of subsidies received could be refundable. This amount does not include any potential liabilities for Qimonda-related subsidies.

Infineon, through certain of its sales and other contracts may, in the normal course of business, be obligated to indemnify its counterparties under certain conditions for warranties, patent infringement or other matters. The maximum amount of potential future payments under these types of agreements cannot be reliably estimated, since the potential obligation is contingent on events that may or may not occur in future, and depends on specific facts and circumstances related to each agreement. Historically, payments made under these types of agreements have not had a material effect on Infineon’s financial condition, liquidity position and results of operations.

21 SEGMENT INFORMATION

IDENTIFICATION OF SEGMENTS

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

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

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

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

SEGMENT DATA

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|--------------------------------|------------------------------|--------------|----------------------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue: | | | | |
| Automotive | 598 | 484 | 1,116 | 936 |
| Industrial Power Control | 241 | 185 | 431 | 364 |
| Power Management & Multimarket | 464 | 252 | 743 | 490 |
| Chip Card & Security | 182 | 121 | 314 | 229 |
| Other Operating Segments | 4 | 6 | 9 | 11 |
| Corporate and Eliminations | (6) | 3 | (2) | 5 |
| Total | 1,483 | 1,051 | 2,611 | 2,035 |

Revenue for the three and six month periods ended March 31, 2015 and 2014 does not contain any inter-segmental revenue.

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|--------------------------------|------------------------------|------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Segment Result: | | | | |
| Automotive | 64 | 66 | 136 | 121 |
| Industrial Power Control | 20 | 33 | 49 | 60 |
| Power Management & Multimarket | 82 | 37 | 129 | 66 |
| Chip Card & Security | 32 | 8 | 50 | 14 |
| Other Operating Segments | 2 | 2 | 4 | 3 |
| Corporate and Eliminations | (2) | - | (2) | (2) |
| Total | 198 | 146 | 366 | 262 |

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

| € in millions | Three months ended March 31, | | Six months ended March 31, | |
|--|------------------------------|------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Segment Result | 198 | 146 | 366 | 262 |
| Plus/minus: | | | | |
| Impairments on assets including assets classified as held for sale, net of reversals | - | - | (2) | - |
| Impact on earnings of restructuring measures and closures, net | (1) | (3) | (2) | (7) |
| Share-based compensation expenses | (2) | (1) | (3) | (3) |
| Acquisition-related depreciation/amortization and other expenses | (102) | - | (110) | - |
| Gains (losses) on sales of assets, businesses, or interests in subsidiaries, net | - | 2 | - | 2 |
| Other income and expenses, net | (8) | (9) | (11) | (11) |
| Operating income | 85 | 135 | 238 | 243 |
| Financial income | 2 | 2 | 7 | 4 |
| Financial expenses | (18) | (4) | (22) | (13) |
| Gain from investments accounted for using the equity method, net | 2 | - | 2 | - |
| Income from continuing operations before income taxes | 71 | 133 | 225 | 234 |

Of the €102 million “acquisition-related depreciation/amortization and other expenses” incurred in the three months ended March 31, 2015, €54 million are attributable to cost of goods sold, €6 million to research and development expenses and €42 million to selling, general and administrative expenses.

Of the €110 million “acquisition-related depreciation/amortization and other expenses” incurred in the six months ended March 31, 2015, €54 million are attributable to cost of goods sold, €6 million to research and development expenses and €50 million to selling, general and administrative expenses.

Neubiberg, May 11, 2015

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

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

Neubiberg, May 11, 2015

Dr. Reinhard Ploss

Dominik Asam

Arunjai Mittal

REVIEW REPORT

To the Supervisory Board of Infineon Technologies AG, Neubiberg

We have reviewed the condensed interim consolidated financial statements of the Infineon Technologies AG, Neubiberg – comprising statement of operations, statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and condensed notes to the interim consolidated financial statements - together with the interim group management report of the Infineon Technologies AG, Neubiberg, for the period from October 1, 2014 to March 31, 2015 that are part of the half-year financial report according to § 37 w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union (EU), and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, May 11, 2015

KPMG AG

Wirtschaftsprüfungsgesellschaft

Braun

Wirtschaftsprüfer

Wolper

Wirtschaftsprüfer

SUPPLEMENTARY INFORMATION (UNAUDITED)

FORWARD LOOKING STATEMENTS

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

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

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

FINANCIAL CALENDAR

| Fiscal Period | Period end date | Results press release (preliminary) |
|-------------------------------------|------------------------|--|
| Third Quarter Fiscal Year 2015 | June 30, 2015 | July 30, 2015 |
| Fourth Quarter and Fiscal Year 2015 | September 30, 2015 | November 26, 2015 |
| First Quarter Fiscal Year 2016 | December 31, 2015 | February 2, 2016 |
| Second Quarter Fiscal Year 2016 | March 31, 2016 | May 3, 2016 |

Publication of half-year financial report March 31, 2015: May 12, 2015

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

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Half-Year Financial Report of 2nd Quarter 2015