INFINEON TECHNOLOGIES AG
Form 6-K
December 04, 2008

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
December 4, 2008
INFINEON TECHNOLOGIES AG

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-___.

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SIGNATURES

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This Report on Form 6-K dated December 3, 2008, contains a press release of Infineon Technologies AG, announcing the Company s results for the fourth quarter and the 2008 fiscal year.

N e w s R e l e a s e / P r e s s e i n f o r m a t i o n

KEY FIGURES FOR THE FOURTH QUARTER OF THE 2008 FISCAL YEAR*

For the fourth quarter of the 2008 fiscal year, Infineon reported revenues of Euro 1,153 million.

Infineon s EBIT was negative Euro 220 million in the quarter, compared to positive Euro 71 million in the prior quarter. Infineon s fourth quarter EBIT included net charges of Euro 253 million, of which Euro 166 million arose in connection with the company s IFX10+ cost-reduction program. Third quarter EBIT included a net gain of Euro 41 million, mainly in connection with the sale of the company s Hard Disk Drive business.

Infineon s total Segment Profit** was Euro 59 million under International Financial Reporting Standards (IFRS)** in the fourth quarter.

For the fourth quarter, net loss from continuing operations was Euro 244 million, or Euro 0.33 per share (basic and diluted).

The loss from discontinued operations, net of tax, was Euro 519 million for the fourth quarter. Basic and diluted loss per share from discontinued operations was Euro 0.69.

For the fourth quarter, Infineon reported group net loss of Euro 763 million, and basic and diluted loss per share of Euro 1.02.

in Euro million	3 months ended Sep 30, 07	year-on-year +/- in %	3 months ended Jun 30, 08	sequential +/- in %	3 months ended Sep 30, 08
Revenue	1,127	2%	1,029	12%	1,153
Organic growth on constant currency (in %)		4%		10%	
Infineon EBIT	60		71		(220)
Income (loss) from continuing operations	28		45		(244)
Loss from discontinued operations, net of tax	(308)	(68)%	(637)	19%	(519)
Net loss	(280)		(592)	(29%)	(763)
Basic and diluted earnings (loss) per share from continuing operations (in Euro)	0.04		0.06		(0.33)
Basic and diluted loss per share from discontinued operations (in Euro)	(0.41)	(68)%	(0.85)	19%	(0.69)
Basic and diluted loss per share (in Euro)	(0.37)		(0.79)	(29%)	(1.02)

Infineon EBIT included net charges of Euro 253 million in the fourth quarter, of which Euro 166 million arose in connection with the company s IFX10+ cost-reduction program, and a net gain of Euro 41 million in the third quarter, mainly in connection with the sale of the Hard Disk Drive business to LSI Corporation (LSI).

OUTLOOK FOR THE FIRST QUARTER AND THE 2009 FISCAL YEAR**

Infineon expects revenues for the first quarter to decrease by approximately 30 percent compared to the prior quarter. Infineon s total Segment Profit is anticipated to be negative in the first quarter, with a total Segment Profit margin of a negative mid-to-high teens percentage, mainly due to the sharp revenue decrease and low capacity utilization.

Infineon revenues for the 2009 fiscal year are expected to decrease by at least 15 percent compared to the 2008 fiscal year. Infineon s total Segment Profit is anticipated to decrease significantly. The company expects total Segment Profit for the 2009 fiscal year to be negative.

* All amounts are in accordance with U.S. GAAP, unless otherwise indicated.

** Please refer to page 3 of this news release for a discussion of the implementation of International Financial Reporting Standards (IFRS), the company s new organizational structure, and the company s use of the financial measure Segment Profit.

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News Release/Presseinformation

Infineon reports results for the fourth quarter and the 2008 fiscal year

Neubiberg, Germany December 3, 2008 Infineon Technologies AG (FSE/NYSE:IFX) today reported results for the fourth quarter, ended September 30, and for the full 2008 fiscal year. Infineon presents its results for the 2008 fiscal year and prior periods in accordance with U.S. GAAP, and will begin reporting its financial results in accordance with International Financial Reporting Standards for periods beginning October 1, 2008.

Results for the fourth quarter

Infineon s revenues in the fourth quarter of the 2008 fiscal year were Euro 1,153 million, up 12 percent sequentially and two percent year-over-year. The sequential increase reflects an increase of revenues in both the Communication Solutions and Automotive, Industrial & Multimarket segments. Excluding effects of currency fluctuations, primarily between the U.S. dollar and the Euro, and acquisitions and divestitures, revenues increased ten percent sequentially and four percent year-over-year.

Infineon EBIT was negative Euro 220 million in the fourth quarter, down from positive Euro 71 million in the prior quarter. Infineon EBIT in the fourth quarter included net charges of Euro 253 million, mainly in connection with the company s IFX10+ cost-reduction program. Infineon EBIT in the fourth quarter also included Euro 6 million for the amortization of acquisition-related intangible assets related mainly to the business acquired from LSI Corporation (LSI). Infineon EBIT in the prior quarter included a net gain of Euro 41 million, mainly in connection with the sale of the Hard Disk Drive (HDD) business to LSI, and Euro 7 million in amortization of such acquired intangible assets. For additional detail on net gains and charges included in Infineon EBIT, please see the table on page 13 of this release.

Infineon s total Segment Profit was Euro 59 million under IFRS in the fourth quarter. For further details and a reconciliation of Segment Profit to operating income (loss) in the condensed consolidated statements of operations, please see the table on page 17 of this release.

Net loss from continuing operations for the fourth quarter was Euro 244 million, resulting in basic and diluted loss per share from continuing operations of Euro 0.33. For the third

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quarter, net income from continuing operations was Euro 45 million, and basic and diluted earnings per share from continuing operations were Euro 0.06.

The net loss from discontinued operations was Euro 519 million for the fourth quarter. Basic and diluted loss per share from discontinued operations was Euro 0.69.

For the fourth quarter, Infineon reported group net loss of Euro 763 million, and basic and diluted loss per share of Euro 1.02.

Results for the 2008 fiscal year

Infineon s revenues in the full 2008 fiscal year were Euro 4,321 million compared to Euro 4,074 million in the prior year. Infineon EBIT was negative Euro 48 million in the 2008 fiscal year, compared to positive Euro 37 million in the 2007 fiscal year. Infineon EBIT in the 2008 fiscal year included net charges of Euro 209 million compared to net charges of Euro 42 million in the prior year. Infineon EBIT in the 2008 fiscal year also included Euro 41 million, mostly for the amortization of acquisition-related intangible assets related mainly to the business acquired from LSI.

Net loss from continuing operations for the full 2008 fiscal year was Euro 135 million, resulting in basic and diluted loss per share from continuing operations of Euro 0.18. For the 2007 fiscal year, net loss from continuing operations was Euro 37 million, and basic and diluted loss per share from continuing operations was Euro 0.05.

The net loss from discontinued operations, net of tax, was Euro 2,987 million for the 2008 fiscal year. This loss included Infineon s share in Qimonda s net loss, as well as Euro 1,303 million from the write-down of Qimonda to its net realizable value less costs to sell. Basic and diluted loss per share from discontinued operations was Euro 3.98.

For the 2008 fiscal year, Infineon reported group net loss of Euro 3,122 million, and basic and diluted loss per share of Euro 4.16, compared to group net loss of Euro 368 million for the 2007 fiscal year, and basic and diluted loss per share of Euro 0.49.

From March 31, 2008, the financial reports of Infineon focus on the continuing operations of the company. As a result of management s commitment to a plan of disposal of the company s interest in Qimonda, the assets and liabilities of Qimonda have been reclassified as held for disposal in the condensed consolidated balance sheets, and the individual line items in the condensed consolidated statements of operations reflect the results of Infineon s segments excluding Qimonda. The results of operations of Qimonda are reported in one line item titled Income (loss) from discontinued operations,

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net of tax . In addition, earnings per share as well as the statements of cash flows differentiate between continuing and discontinued operations.

Infineon s outlook for the first quarter of the 2009 fiscal year

Infineon introduced International Financial Reporting Standards (IFRS) as accounting standards for Infineon effective October 1, 2008. While the company is reporting fourth quarter results under United States Generally Accepted Accounting Standards (U.S. GAAP), the guidance for the first quarter of the 2009 fiscal year and the overall 2009 fiscal year included in this news release is in accordance with IFRS. With the publication of the results for the first quarter of the 2009 fiscal year onwards, Infineon will apply IFRS only. For ease of comparison, 2009 forecasts under IFRS presented in this release are compared to 2008 fiscal year results as reported under IFRS, rather than U.S. GAAP.

In line with the company s goal of increased efficiency, Infineon has re-organized the company along its target markets effective October 1, 2008. As a result, Infineon now operates through five operating segments: Automotive, Industrial & Multimarket, Chip Card & Security, Wireless Solutions, and Wireline Communications.

From October 1, 2008, Infineon s Management Board uses Segment Profit to assess the operating performance of the company s reportable segments and as a basis for allocating resources among the segments. For further details and a reconciliation of Segment Profit to operating income (loss) in the condensed consolidated statements of operations, please see the table on page 17 of this release.

The global financial crisis and general slow-down in the world economy are having a severe impact on demand in all of Infineon s target markets, leading to a decrease in revenues in its five operating segments in the first quarter of the 2009 fiscal year. The company expects revenues from its continuing operations in the first quarter of the 2009 fiscal year to decrease by approximately 30 percent compared to the prior quarter, mainly driven by revenue decreases in the Automotive, Wireless Solutions, and Industrial & Multimarket segments. Revenues in the Automotive and Industrial & Multimarket segments are expected to decrease compared to the fourth quarter of the 2008 fiscal year, reflecting a worsening global recession, significant production cuts in the automotive markets worldwide, inventory reductions throughout the supply chain, and a general global weakening in demand. Revenues in the Wireless Solutions segment are anticipated to be strongly negatively impacted by the weakening of global demand and, in addition, by a reduction in demand at one specific customer.

Infineon anticipates that total Segment Profit under IFRS in the first quarter of the 2009 fiscal year will decrease significantly compared to the total Segment Profit of Euro 59 million under IFRS in the fourth quarter of the 2008 fiscal year, mainly due to the sharp revenue decrease, low capacity utilization and a final quarter of temporarily higher costs, as shipments of DRAM wafers out of Infineon s 200-millimeter wafer facility in Dresden, Germany, to Qimonda have come to an end in the third quarter. Total Segment Profit margin is expected to be a negative mid-to-high teens percentage.

Infineon s outlook for the 2009 fiscal year

For the 2009 fiscal year, visibility is very limited. Infineon believes that a significant decline in global semiconductor revenues from 2008 levels cannot be ruled out. Based on the current forecast, the company expects total revenues for Infineon in the 2009 fiscal year to decrease by at least 15 percent compared to the 2008 fiscal year. The year-over-year decrease is expected to be driven in particular by the Automotive segment. In addition, significant revenue decreases are also anticipated in the Industrial & Multimarket, Chip Card & Security, and Wireline Communications segments due to the general global weakening in demand. The year-over year decrease is expected to be least severe in the Wireless Solutions segment, mainly due to ongoing gains in market share. In the Industrial & Multimarket segment, revenues are anticipated to be impacted by the disposal of the HDD business in the 2008 fiscal year.

The sharp decreases in revenue in combination with idle capacity costs caused by low capacity utilization are expected to lead to a significant decrease in Infineon s total Segment Profit in the 2009 fiscal year compared to total Segment Profit of Euro 258 million for the 2008 fiscal year. The company expects total Segment Profit for the 2009 fiscal year to be negative.

ALTIS

In August 2007, Infineon and International Business Machines Corporation signed an agreement to divest their respective shares in the joint venture ALTIS, a manufacturing facility in Essonnes, France, via a sale to Advanced Electronic Systems AG (AES). As of September 30, 2008, negotiations with AES have not progressed as previously anticipated and could not be completed. Despite the fact that negotiations are ongoing with an additional party, the outcome of these negotiations is uncertain. As a result, Infineon reclassified related assets and liabilities previously classified as held-for-sale into held-and-used in the consolidated balance sheet as of September 30, 2008, resulting in net charges of Euro 59 million.

Qimonda

In order to address the ongoing adverse market conditions in the memory products industry and to better enable it to meet its current obligations in the short term, Qimonda has intensively explored operational and strategic alternatives to raise and conserve cash. In furtherance of these goals, in October 2008 Qimonda announced a global restructuring and cost-reduction program that is intended to reposition Qimonda in the market and substantially increase its efficiencies through a wide-ranging realignment of its business. As a part of this program, in the first quarter of the 2009 fiscal year Qimonda sold its 35.6 percent interest in Inotera Memories Inc. to Micron Technology, Inc. for U.S. dollar 400 million in cash. This transaction closed in November 2008. Qimonda has announced that it intends to use the proceeds from this sale to fund its operations in the short-term.

The net book value of the Qimonda disposal group in Infineon s condensed consolidated balance sheet as of September 30, 2008 has been recorded at the estimated fair value less costs to sell of Qimonda. Under IFRS, upon disposal of its interest in Qimonda, the company would also realize losses related to unrecognized currency translation effects for the Qimonda disposal group which are recorded in equity. As of September 30, 2008, the amount of such losses recorded in shareholders equity under IFRS totalled Euro 187 million.

Infineon continues to seek to dispose of its remaining interest in Qimonda. There can be no assurance that Infineon will be successful in this regard, or that Qimonda s ongoing operational and strategic efforts will be successful in generating adequate cash or result in desired operational efficiencies and cash savings. In the event that Qimonda were to be unable to meet its obligation, Infineon may be exposed to certain significant liabilities related to the Qimonda business, including pending antitrust and securities law claims, the potential repayment of governmental subsidies received, and employee-related contingencies.

With the Qimonda shares trading at current price levels, Infineon believes that the distribution of Qimonda shares by way of a dividend in kind to Infineon shareholders is no longer practicable while, at the same time, bearing administrative costs disproportionate to the value of the shares. The company therefore is no longer considering a dividend in kind and continues to focus its efforts on a transaction with a partner. There can be no assurance that Infineon s plan to further reduce its interest in Qimonda will be successful or that Infineon will arrive at a minority shareholding in Qimonda by about the time of the 2009 Annual General Meeting.

Infineon s IFX10+ cost-reduction program

To address rising risks in the market environment and adverse currency trends, Infineon implemented its IFX10+ cost-reduction program in the third quarter of the 2008 fiscal

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year. In the fourth quarter, the company made good progress in the areas defined under IFX10+. Over the course of the fourth quarter, Infineon sold its Bulk Acoustic Wave (BAW) filters business to Avago and realized significant reductions in cost of materials as well as improved processes in the manufacturing arena. In addition, the company has reached agreements regarding or has already effected the separation with respect to approximately three-quarters of the announced workforce reduction by the end of October 2008. Under U.S. GAAP, a total of Euro 166 million in expenses related to IFX10+ was incurred in the fourth quarter of the 2008 fiscal year. In response to the dramatic weakening of the global market since August 2008, the company has identified very substantial additional savings, primarily in operating expenses, beyond the originally announced annualized savings of at least Euro 200 million by the end of the 2009 fiscal year. These additional savings, however, are likely to be more than completely offset by the simultaneous decline in Infineon s revenue expectations versus original plans. The increase in idle cost caused by the drop in capacity utilization of Infineon s manufacturing sites also contributes negatively. Infineon cannot rule out the possibility of incurring additional expenses or recording additional charges in the future in connection with IFX10+ or similar measures.

Our achievements in the fourth quarter were satisfactory in light of the extraordinary developments in the world economy and in our markets. We are, however, concerned about the prospects for the quarters to come. The financial crisis and economic slow-down have already impacted the worldwide semiconductor market, which is reflected in significantly weakened demand in all of our target markets , said Peter Bauer, CEO of Infineon Technologies AG.

With our IFX10+ program in place, we had begun to optimize our business operations before the economic slow-down started. During the downturn, we will focus on maintaining our excellent customer relationships and product portfolio and on managing our cash flows smartly. This will help to position us for improved competitiveness and rising profitability when economic growth resumes.

Segments fourth quarter performance

Automotive, Industrial & Multimarket (AIM)

Bars: Revenues in millions of Euro;
Line: Reported EBIT margin in percent with segment EBIT in millions of Euro.

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In the fourth quarter of the 2008 fiscal year, the Automotive, Industrial & Multimarket segment reported revenues of Euro 767 million, up eight percent sequentially and down six percent year-over-year. The sequential increase was mainly due to the seasonal pattern in the company s industrial business. Excluding the effects of currency fluctuations, primarily between the U.S. dollar and the Euro, and acquisitions and divestitures, segment revenues increased five percent sequentially and decreased one percent year-over-year. Segment EBIT was Euro 47 million compared to Euro 106 million in the third quarter. Included in the segment s EBIT for the fourth quarter were net charges of Euro 25 million, primarily from impairments of assets. Segment EBIT in the prior quarter included a net gain of Euro 43 million, primarily resulting from the sale of the HDD business to LSI.

Results in the Automotive business were stable compared to the prior quarter, as solid demand in the Asian automotive market offset further declines at U.S. car manufacturers and the start of a weakening of the car business in Europe. In the Industrial & Multimarket business, results increased strongly compared to the prior quarter, mainly due to seasonally strong demand for both low- and high-voltage MOSFETs in consumer, computing, and telecom products. Demand for high-power products remained strong. Revenues in the Security & ASICs business increased strongly compared to the third quarter, due to seasonality in the ASIC business and stable demand for Chip Card applications.

Communication Solutions (COM)

Bars: Revenues in millions of Euro;
Line: Reported EBIT margin in percent with segment EBIT in millions of Euro.

In the fourth quarter of the 2008 fiscal year, revenues in the Communication Solutions segment were Euro 389 million, up 24 percent compared to the prior quarter and up 22 percent year-over-year. The stronger than expected sequential revenue increase was due to seasonal strength and better than anticipated demand from an HSDPA customer. Excluding the effects of currency fluctuations, primarily between the U.S. dollar and the Euro, and the contributions from the mobile phone business acquired from LSI and the DSL CPE activities acquired from Texas Instruments, segment revenues increased 25 percent sequentially and 15 percent year-over-year. Segment EBIT for the fourth quarter improved to negative Euro 3 million, up from negative Euro 30 million in the prior quarter. Included in the fourth quarter segment EBIT was a net gain of Euro 5 million, mainly in connection with the sale of the BAW filter business to Avago in August 2008. Third quarter segment EBIT did not include any significant net gains or charges. Included in the segment EBIT for the fourth quarter was amortization of acquired intangible assets of Euro 5 million relating mainly to the mobile phone business acquired from LSI, compared to Euro 7 million for the third quarter.

Revenues in the wireless business increased significantly compared to the third quarter, mainly due to continued ramp-ups of the HSDPA mobile phone platform. Results in the broadband business decreased slightly, driven by the weakening market environment.

Other Operating Segments / Corporate and Eliminations

	3 months ended				
Revenue in Euro million	**Sep 30, 07**	**Dec 31, 07**	**Mar 31, 08**	**Jun 30, 08**	**Sep 30, 08**
Other Operating Segments	45	38	39	15	8
Corporate and Eliminations	(50)	(47)	(33)	(11)	(11)

	3 months ended				
Infineon EBIT in Euro million	**Sep 30, 07**	**Dec 31, 07**	**Mar 31, 08**	**Jun 30, 08**	**Sep 30, 08**
Other Operating Segments	(2)	(4)		1	
Corporate and Eliminations	(26)	(13)	(4)	(6)	(264)

EBIT in Other Operating Segments and Corporate and Eliminations in the fourth quarter included net charges of Euro 233 million, including Euro 166 million in connection with

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the company s IFX10+ cost-reduction program and Euro 59 million in connection with the reclassification of ALTIS. In the third quarter, EBIT in these segments did not include any significant net gains or charges.

Qimonda

In preparation for the ultimate disposal of Qimonda AG, Infineon has reclassified the assets and liabilities of Qimonda as held for disposal in its condensed consolidated balance sheets effective as of March 31, 2008. With this decision, the individual line items in the condensed consolidated statements of operations on page 11 of this release reflect Infineon s continuing operations without Qimonda. All results relating to Qimonda are reported in the line item Income (loss) from discontinued operations, net of tax .

For the fourth quarter, the net loss from discontinued operations was Euro 519 million. Basic and diluted loss per share from discontinued operations was Euro 0.69 for the fourth quarter. Infineon s beneficial ownership interest in Qimonda as of September 30, 2008 was 77.5 percent.

Major business highlights of Infineon s segments in the fourth quarter of the 2008 fiscal year can be found in this document after the financial tables.

All figures are preliminary and unaudited.

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Analyst telephone and press conferences

Infineon Technologies AG will conduct a telephone conference (in English only) with analysts and investors on December 3, 2008, at 10:00 a.m. Central European Time (CET), 4:00 a.m. Eastern Standard Time (U.S. EST), to discuss operating performance during the fourth quarter of the 2008 fiscal year. In addition, the Infineon Management Board will host a press conference with the media at 11:30 a.m. (CET), 5:30 a.m. (U.S. EST). It can be followed in German and English over the Internet. Both conferences will be available live and for download on the Infineon web site at http://corporate.infineon.com.

IFX financial and trade fair calendar (*preliminary date)

Feb 6, 2009*	Earnings Release for the First Quarter of the 2009 Fiscal Year
Feb 12, 2009*	2009 Annual General Meeting of Shareholders
Feb 17, 2009*	Analyst Presentation at the Mobile World Congress in Barcelona
Apr 30, 2009*	Earnings Release for the Second Quarter of the 2009 Fiscal Year
Jul 29, 2009*	Earnings Release for the Third Quarter of the 2009 Fiscal Year
Nov 19, 2009*	Earnings Release for the Fourth Quarter and Full 2009 Fiscal Year

New in the IFX pod cast section at www.infineon.com/podcast

Environmental Protection at Infineon
Safe batteries thanks to intelligent encryption
Increased safety by active Seatbelts

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FINANCIAL INFORMATION
According to U.S. GAAP Preliminary and Unaudited
Condensed Consolidated Statements of Operations
(According to U.S. GAAP Preliminary and Unaudited)

		3 months ended		**For the years ended**	
in Euro million	**Sep 30, 07**	**Jun 30, 08**	**Sep 30, 08**	**Sep 30, 07**	**Sep 30, 08**
Revenue	1,127	1,029	1,153	4,074	4,321
Cost of goods sold	(721)	(666)	(775)	(2,702)	(2,823)
Gross profit	**406**	**363**	**378**	**1,372**	**1,498**
Research and development expenses	(191)	(181)	(187)	(768)	(755)
Selling, general and administrative expenses	(135)	(145)	(151)	(500)	(569)
Restructuring charges	(3)	(2)	(170)	(45)	(181)
Other operating income (expense), net	(2)	43	(118)	20	(43)
Operating income (loss)	**75**	**78**	**(248)**	**79**	**(50)**
Interest income (expense), net	(7)	(12)	2	(40)	(26)
Equity in earnings of associated companies		1	1		4
Other non-operating income (expense), net	(7)	(1)	(11)	7	(16)
Minority interests	(8)	(7)	38	(14)	14
Income (loss) before income taxes, discontinued operations, and extraordinary loss	**53**	**59**	**(218)**	**32**	**(74)**
Income tax expense	(25)	(14)	(26)	(69)	(61)
Income (loss) from continuing operations	**28**	**45**	**(244)**	**(37)**	**(135)**
Loss from discontinued operations, net of tax	(308)	(637)	(519)	(296)	(2,987)
Loss before extraordinary loss	**(280)**	**(592)**	**(763)**	**(333)**	**(3,122)**
Extraordinary loss, net of tax				(35)	
Net loss	**(280)**	**(592)**	**(763)**	**(368)**	**(3,122)**

Basic and diluted earnings (loss) per share (in Euro)*:

Shares in million

Weighted average shares outstanding basic and diluted	749	750	750	749	750
Basic and diluted earnings (loss) per share from continuing operations (in Euro)	0.04	0.06	(0.33)	(0.05)	(0.18)
Basic and diluted loss per share from discontinued operations, net of tax (in Euro)	(0.41)	(0.85)	(0.69)	(0.40)	(3.98)
Basic and diluted loss per share from extraordinary loss, net of tax (in Euro)				(0.04)	
Basic and diluted loss per share (in Euro)	**(0.37)**	**(0.79)**	**(1.02)**	**(0.49)**	**(4.16)**

* Quarterly earnings (loss) per share may not add up to year-to-date earnings (loss) per share due to rounding.

Infineon EBIT

(According to U.S. GAAP Preliminary and Unaudited)

Infineon EBIT is defined as earnings (loss) before income (loss) from discontinued operations, net of tax, and before interest and taxes. The Company s management uses Infineon EBIT, among other measures, to establish budgets and operational goals, to manage the Company s business and to evaluate its performance. The Company reports Infineon EBIT because it believes that it provides investors with meaningful information about the operating performance of the Company and especially about the performance of its separate operating segments. Because many operating decisions, such as allocations of resources to individual projects, are made on a basis for which the effects of financing the overall business and of taxation are of marginal relevance, management finds a metric that excludes the effects of interest on financing and tax expense useful. In addition, in measuring operating performance, particularly for the purpose of making internal decisions, such as those relating to personnel matters, it is useful for management to consider a measure that excludes items over which the individuals being evaluated have minimal control, such as enterprise-level taxation and financing.

Infineon EBIT is determined as follows from the condensed consolidated statements of operations, without adjustment to the U.S. GAAP amounts presented:

	3 months ended			**For the years ended**	
in Euro million	**Sep 30, 07**	**Jun 30, 08**	**Sep 30, 08**	**Sep 30, 07**	**Sep 30, 08**
Net loss	**(280)**	**(592)**	**(763)**	**(368)**	**(3,122)**
- Loss from discontinued operations, net of tax	308	637	519	296	2,987
- Income tax expense	25	14	26	69	61
- Interest expense (income), net	7	12	(2)	40	26
Infineon EBIT	**60**	**71**	**(220)**	**37**	**(48)**

Segment Results
(According to U.S. GAAP Preliminary and Unaudited)

	3 months ended			For the years ended		
Revenue in Euro million	**Sep 30, 07**	**Sep 30, 08**	**+/- in %**	**Sep 30, 07**	**Sep 30, 08**	**+/- in %**
Automotive, Industrial & Multimarket	814	767	(6)	3,017	2,963	(2)
Communication Solutions[1]	318	389	22	1,051	1,360	29
Other Operating Segments[2]	45	8	(82)	219	100	(54)
Corporate and Eliminations[3]	(50)	(11)	78	(213)	(102)	52
Total	**1,127**	**1,153**	**2**	**4,074**	**4,321**	**6**

	3 months ended			For the years ended		
Infineon EBIT in Euro million	**Sep 30, 07**	**Sep 30, 08**	**+/- in %**	**Sep 30, 07**	**Sep 30, 08**	**+/- in %**
Automotive, Industrial & Multimarket	102	47	(54)	291	315	8
Communication Solutions	(14)	(3)	79	(165)	(73)	56
Other Operating Segments	(2)		+++	(12)	(3)	75
Corporate and Eliminations	(26)	(264)		(77)	(287)	
Total	**60**	**(220)**		**37**	**(48)**	

(1) Includes sales of 10 million and 1 million for the three months ended September 30, 2007 and 2008, respectively, and of 30 million and 10 million for fiscal years ended September 30, 2007 and 2008, respectively, from sales of wireless communication applications to Qimonda.

(2) Includes sales of 43 million and 1 million for the three months ended September 30, 2007 and 2008, respectively, and of 189 million and 79 million for fiscal years ended September 30, 2007 and 2008, respectively, from sales of wafers from Infineon s 200-millimeter facility in Dresden to Qimonda under a foundry agreement.

(3) Includes the elimination of sales of 53 million and 2 million for the three months ended September 30, 2007 and 2008, respectively, and of 219 million and 89 million for fiscal years ended September 30, 2007 and 2008, respectively, since these sales are not expected to be part of the Qimonda disposal plan.

	3 months ended		
Revenue in Euro million	**Jun 30, 08**	**Sep 30, 08**	**+/- in %**
Automotive, Industrial & Multimarket	712	767	8
Communication Solutions[1]	313	389	24
Other Operating Segments[2]	15	8	(47)
Corporate and Eliminations[3]	(11)	(11)	
Total	**1,029**	**1,153**	**12**

	3 months ended		
Infineon EBIT in Euro million	**Jun 30, 08**	**Sep 30, 08**	**+/- in %**
Automotive, Industrial & Multimarket	106	47	(56)
Communication Solutions	(30)	(3)	90
Other Operating Segments	1		
Corporate and Eliminations	(6)	(264)	
Total	**71**	**(220)**	

(1) Includes sales of 1 million and 1 million for the three months ended June 30, 2008 and September 30, 2008, respectively, from sales of wireless communication applications to Qimonda.

(2) Includes sales of 8 million for the three months ended June 30, 2008 from sales of wafers from Infineon s 200-millimeter-facility in Dresden to Qimonda under a foundry agreement.

(3) Includes the elimination of sales of 9 million and 2 million for the three months ended June 30, 2008 and September 30, 2008, respectively, since these sales are

not expected to be part
of the Qimonda
disposal plan.

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Infineon Net Gains and Charges

(According to U.S. GAAP Preliminary and Unaudited)

Net gains and charges for Infineon generally include asset impairments, restructuring and other related closure costs, in-process research and development write-offs, certain litigation settlement costs, and gains (losses) on sales of assets, businesses, or interests in subsidiaries, as well as other expense or income positions.

Common Stock	53,933			53,933
TOTAL	$ 430,851,697	$ 431,567,195	$	$ 862,418,892

4. INVESTMENTS

The Plan s investments that represented 5% or more of the Plan s net assets available for benefits either as of December 31, 2012 or as of December 31, 2011 are as follows:

	2012	2011
BMO Short Intermediate Fund*	$ 57,302,439	$ 62,255,322
BMO Large Cap Growth & Income Fund*	49,113,791	49,053,298
M&I Master Trust Growth Balanced Fund*	101,260,342	103,296,802
M&I Master Trust Aggressive Stock Fund*	63,235,394	67,633,680
Vanguard Institutional Index Fund	80,955,196	80,544,124
BMO Employee Benefit Stable Principal Fund*	121,166,904	125,599,368
M&I Master Trust BMO Stock Fund*	56,354,056	60,838,007

* Represents party-in-interest

During the years ended December 31, 2012 and 2011, the Plan s mutual fund investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

	2012	2011
Net appreciation (depreciation) in fair value of mutual fund investments	$ 51,443,528	$ (14,639,685)

5. INTEREST IN MASTER TRUSTS

Certain of the Plan s investment assets are held in trust accounts at the Trustee and consist of undivided interests in investments. These Master Trusts are established by the Corporation and administered by the Trustee. Use of the Master Trusts permits the commingling of the Plan s assets with the assets of the North Star Financial Corporation 401(k) Plan and the Missouri State Bank & Trust Company Retirement Savings Plan for investment and administrative purposes. Although assets of the remaining plans are commingled in the Master Trusts, the Trustee maintains supporting records for the purpose of allocating the net gain or loss of the investment account to the participating plans. The net investment income of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans.

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The Plan s investments and income (loss) in the Master Trusts as of, and for the years ended, December 31, 2012 and 2011 are summarized as follows:

	2012	2011
M&I Master Trust Aggressive Stock Fund		
Investments whose fair value is determined based on quoted market prices mutual funds	$ 63,359,896	$ 67,739,654
Net assets of the M&I Master Trust Aggressive Stock Fund	$ 63,359,896	$ 67,739,654
Plan s interest in net assets of the M&I Master Trust Aggressive Stock Fund	$ 63,235,394	$ 67,633,680
Plan s interest in M&I Master Trust Aggressive Stock Fund as a percentage of the total	99.80%	99.84%
Dividend and interest income	$ 756,218	$ 766,595
Net appreciation (depreciation) in the fair value of investments mutual funds	9,602,075	(5,390,680)
Total M&I Master Trust Aggressive Stock Fund income (loss)	$ 10,358,293	$ (4,624,085)

M&I Master Trust Growth Balanced Fund

	2012	2011
Investments whose fair value is determined based on quoted market prices mutual funds	$ 101,732,539	$ 103,737,232
Net assets of the M&I Master Trust Growth Balanced Fund	$ 101,732,539	$ 103,737,232
Plan s interest in net assets of the M&I Master Trust Growth Balanced Fund	$ 101,260,342	$ 103,296,802
Plan s interest in M&I Master Trust Growth Balanced Fund as a percentage of the total	99.54%	99.58%
Dividend and interest income	$ 2,459,089	$ 2,401,299
Net appreciation (depreciation) in the fair value of investments mutual funds	11,020,008	(3,406,494)
Total M&I Master Trust Growth Balanced Fund income (loss)	$ 13,479,097	$ (1,005,195)

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	2012	2011
M&I Master Trust Aggressive Balanced Fund		
Investments whose fair value is determined based on quoted market prices mutual funds	$ 21,096,647	$ 22,924,013
Net assets of the M&I Master Trust Aggressive Balanced Fund	$ 21,096,647	$ 22,924,013
Plan s interest in net assets of the M&I Master Trust Aggressive Balanced Fund	$ 21,055,859	$ 22,885,083
Plan s interest in M&I Master Trust Aggressive Balanced Fund as a percentage of the total	99.81%	99.83%
Dividend and interest income	$ 396,404	$ 384,944
Net appreciation (depreciation) in the fair value of investments mutual funds	2,745,484	(1,087,896)
Total M&I Master Trust Aggressive Balanced income (loss)	$ 3,141,888	$ (702,952)

M&I Master Trust Moderate Balanced Fund

	2012	2011
Investments whose fair value is determined based on quoted market prices mutual funds	$ 29,398,363	$ 26,789,794
Net assets of the M&I Master Trust Moderate Balanced Fund	$ 29,398,363	$ 26,789,794
Plan s interest in net assets of the M&I Master Trust Moderate Balanced Fund	$ 29,289,411	$ 26,691,437
Plan s interest in M&I Master Trust Moderate Balanced Fund as a percentage of the total	99.63%	99.63%
Dividend and interest income	$ 823,904	$ 697,941
Net appreciation (depreciation) in the fair value of investments mutual funds	2,526,195	(437,367)
Total M&I Master Trust Moderate Balanced Fund income	$ 3,350,099	$ 260,574

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	2012	2011
M&I Master Trust Diversified Stock Fund		
Investments whose fair value is determined based on quoted market prices mutual funds	$ 22,891,656	$ 24,653,677
Net assets of the M&I Master Trust Diversified Stock Fund	$ 22,891,656	$ 24,653,677
Plan s interest in net assets of the M&I Master Trust Diversified Stock Fund	$ 22,857,876	$ 24,622,818
Plan s interest in M&I Master Trust Diversified Stock Fund as a percentage of the total	99.85%	99.87%
Dividend and interest income	$ 328,652	$ 318,265
Net appreciation (depreciation) in the fair value of investments mutual funds	3,508,190	(1,373,915)
Total M&I Master Trust Diversified Stock Fund income (loss)	$ 3,836,842	$ (1,055,650)

M&I Master Trust BMO Stock Fund

	2012	2011
Investments whose fair value is determined based on quoted market prices common stock	$ 56,372,833	$ 60,854,499
Net assets of the M&I Master Trust BMO Stock Fund	$ 56,372,833	$ 60,854,499
Plan s interest in net assets of the M&I Master Trust BMO Stock Fund	$ 56,354,056	$ 60,838,007
Plan s interest in M&I Master Trust BMO Stock Fund as a percentage of the total	99.97%	99.97%
Dividend and interest income	$ 2,827,270	$ 1,717,193
Net appreciation in the fair value of investments common stock	6,750,917	673,115
Total M&I Master Trust BMO Stock Fund income	$ 9,578,187	$ 2,390,308

At December 31, 2012 and 2011, respectively, the Master Trust BMO Stock Fund held 911,977 and 1,089,856 shares of BMO common stock, with a cost basis of $64,667,658 and $82,552,122. During the years ended December 31, 2012 and 2011, respectively, the Master Trust BMO Stock

Fund recorded dividend income of $2,825,992 and $1,532,831 from BMO. During the year ended December 31, 2011, the Master Trust BMO Stock Fund recorded dividend income of $182,968 from M&I.

6. FEDERAL INCOME TAX STATUS

The Plan has obtained a determination letter from the IRS dated December 20, 2005, approving the Plan as qualified for tax-exempt status. The Plan has been amended since receiving the determination letter. However, the Corporation believes that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and that the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan s financial statements.

U.S. GAAP requires plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits to be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan, and has concluded that, as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The plan administrator believes the Plan is no longer subject to income tax examinations for years prior to 2009.

7. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

The Plan holds shares of mutual funds, a common collective trust, and Master Trusts managed by the Trustee. The Plan also invests in the common stock of the Corporation. These transactions qualify as party-in-interest transactions; however, they are exempt from the prohibited transactions rules under ERISA. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund (see also Note 3).

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits as reported in the financial statements to the net assets as reported on line 1(l) of the 2012 and 2011 Form 5500:

	2012	**2011**
Net assets available for benefits per the financial statements	$ 846,038,619	$ 874,894,750
Less: Amounts allocated to withdrawing participants	(460,878)	(1,515,452)
Adjustment from contract value to fair value for investment in common collective trust related to fully benefit-responsive investment contract	3,087,800	2,688,866
Net assets available for benefits per the Form 5500	$ 848,665,541	$ 876,068,164

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The following is a reconciliation of the total additions to plan assets reported in the financial statements to the total income as reported on line 2(k) of Form 5500, Schedule H, Part II for 2012 and 2011:

	2012	2011
Net decrease in net assets available for benefits per the financial statements	$ (28,856,131)	$ (46,895,770)
Adjustment from contract value to fair value for investment in common collective trust related to fully benefit-responsive investment contract:		
Current year	3,087,800	2,688,866
Prior year	(2,688,866)	(1,345,915)
Amounts allocated to withdrawing participants:		
Current year	(460,878)	(1,515,452)
Prior year	1,515,452	681,639
Net loss per the Form 5500	$ (27,402,623)	$ (46,386,632)

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SUPPLEMENTAL SCHEDULES

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M&I RETIREMENT PROGRAM

(FEDERAL EMPLOYER IDENTIFICATION NUMBER: 20-8995389; PLAN NUMBER: 007)

FORM 5500, SCHEDULE H, PART IV, LINE 4I

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

AS OF DECEMBER 31, 2012

Party-in-Interest	Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value	Cost	Current Value
*	BMO Short Intermediate Fund	Mutual Fund	(a)	$ 57,302,439
*	BMO Mid-Cap Growth Fund	Mutual Fund	(a)	36,391,937
*	BMO Mid-Cap Value Fund	Mutual Fund	(a)	15,177,504
*	BMO Large Cap Growth & Income Fund	Mutual Fund	(a)	49,113,791
*	BMO Large Cap Value Fund	Mutual Fund	(a)	16,001,029
	Vanguard Institutional Index Fund	Mutual Fund	(a)	80,955,196
	Vanguard Mid-Cap Index Fund	Mutual Fund	(a)	8,630,390
	TCW Small-Cap Growth Fund	Mutual Fund	(a)	16,771,823
	Harbor Funds International Fund	Mutual Fund	(a)	21,376,276
	Manning & Napier World Opportunities Fund, Series C	Mutual Fund	(a)	13,617,681
	PIMCO Total Return Fund	Mutual Fund	(a)	38,409,531
	Davis New York Venture Fund	Mutual Fund	(a)	23,867,376
	T. Rowe Price Growth Fund	Mutual Fund	(a)	22,691,492
*	BMO Employee Benefit Stable Principal Fund	Common Collective Trust	(a)	121,166,904
	Goldman Sachs Small-Cap Value Fund	Mutual Fund	(a)	20,476,735
*	Participant Loans	Notes Receivable from Participants (at interest rates of 3.25%-4.75%)	$	12,770,734

* Represents a party-in-interest

(a) - These investments are participant-directed; therefore, the cost is not required to be reported.

This schedule does not include investment assets held by the M&I Master Trust.

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M&I RETIREMENT PROGRAM

(FEDERAL EMPLOYER IDENTIFICATION NUMBER: 20-8995389; PLAN NUMBER: 007)

FORM 5500, SCHEDULE G, PART III

SCHEDULE OF NONEXEMPT TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 2012

Identity of Party Involved	Relationship to Plan, Employer, or Party-in-Interest	Description of Transactions (Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value)	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain (Loss)
Plan participants	Plan participants	After Plan sponsor s merger with another bank, some individuals participating in both banks 401(k) plans, which are administered by different recordkeepers, obtained multiple loans in excess of $50,000	$ 62,430	$	$	$	$ 62,430	$ 62,430	$

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

M&I RETIREMENT PROGRAM

/s/ Mary P. Wessel
Mary P. Wessel
Vice President Benefits
BMO Harris Bank N.A., its administrator

Date: June 24, 2013