



**Explanatory Report by the Executive Board  
regarding the information pursuant to  
§§ 289 (4) and 315 (4) of the German Commercial Code (HGB)  
for Fiscal Year 2007**

In the Management Report of the Company and the Group Management Report the Executive Board disclosed information pursuant to §§ 289 (4) and 315 (4) HGB, which is explained in this report as follows:

The Company's stated share capital (Grundkapital) as of December 31, 2007 amounts to EUR 90,444,213.00 divided into 90,444,213 ordinary bearer shares with a proportional interest in the share capital of EUR 1.00 per no-par value share. Each no-par value share represents a proportionate share in AIXTRON's stated share capital of EUR 1.00 and carries one vote at the Company's annual general meeting. All no-par value bearer shares are fully paid in. The Company has issued a share certificate representing multiples of shares (global share); shareholders do not have the right to the issue of a share certificate representing their share(s).

There are no voting or transfer restrictions on AIXTRON's shares based on Company Law.

There are no classes of shares endowed with special control rights.

The Company does not have an employee share participation program that directly grants shares to employees; however, the Company has certain stock option programs in place that grant employees the right to purchase AIXTRON shares.

The Supervisory Board appoints and removes the members of the Executive Board, who may serve for a maximum term of five years before being reappointed.

The articles of association of the Company may be amended by a resolution of the general meeting; any such amendment will become effective upon its registration in the commercial register. The general meeting is required to resolve any amendments of the articles of association with a simple majority of the votes cast, i.e. of the share capital represented at the general meeting, except any amendments in respect of which the law prescribes a higher majority of the share capital. The articles of association do not provide for any additional requirements for amending the articles of association (section 179 (2) sentence 3 of the German Stock Corporation Act – "AktG").

**Authorized Capital I**

In accordance with the resolution of the General Meeting passed on May 18, 2005, the Executive Board is authorized to increase the share capital of the Company, with the

approval of the Supervisory Board, on one or several occasions until May 17, 2010 by up to a total of EUR 35,919,751.00 by issuing new no-par value shares against cash and/or non-cash contributions ("Authorized Capital I"). Shareholders must be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude the statutory pre-emptive rights of shareholders in full or in part (1) to eliminate fractions; (2) in the case of capital increases against non-cash contributions to grant shares to be used in the acquisition of companies, parts of companies, or equity interests in companies, or for the acquisition of other assets.

#### Authorized Capital II

In accordance with the resolution of the General Meeting passed on May 18, 2005, the Executive Board is authorized to increase the share capital, with the approval of the Supervisory Board, on one or several occasions until May 17, 2010 by up to a total of EUR 8,979,937.00 by issuing new no-par value shares against cash contributions ("Authorized Capital II"). Shareholders must be granted pre-emptive rights. However, the Executive Board is authorized, with the approval of the Supervisory Board, to exclude statutory pre-emptive rights of shareholders in full or in part (1) to eliminate fractions; (2) to grant holders of warrants or convertible bonds that were or will be issued by the Company and/or its subsidiaries the right to subscribe for new shares to the extent that they are entitled to do so after option or conversion rights have been exercised or conversion obligations fulfilled; (3) if the issue price of the new shares is not significantly lower within the meaning of section 203 (1) and (2) and section 186 (3) sentence 4 of the AktG than the market price of the same class of listed shares carrying the same rights when the final issue price is fixed by the Executive Board. However, this authorization is only valid provided that the shares issued, while excluding pre-emptive rights in accordance with section 186 (3) sentence 4 of the AktG, do not exceed a total of 10% of the existing share capital at the time of the resolution on this authorization and at the time this authorization is exercised. The disposal of own shares shall be counted towards the restriction to 10% of the share capital if they are acquired on the basis of a General Meeting authorization valid at the time this authorization enters into force and disposed of in accordance with section 71 (1) no. 8 and section 186 (3) sentence 4 of the AktG. Those shares issued to satisfy conversion and/or option rights arising from convertible bonds shall also be counted towards the restriction to 10% of the share capital if the convertible bonds were issued on the basis of an authorization to issue convertible bonds valid at the time this authorization enters into force and pre-emptive rights were excluded in accordance with section 186 (3) sentence 4 of the AktG.

#### Conditional Capital 1 (1997)

The Company's share capital was conditionally increased by up to EUR 44,160.00 as of December 31, 2003, on the basis of the resolution authorizing the Executive Board, passed by the General Meeting on October 24, 1997. The conditional capital serves to provide no-par value shares to holders of convertible bonds making use of their conversion rights. After a conversion during fiscal year 2007, the share capital was increased by EUR 480.00. After

the execution of this conversion, the capital ("Conditional Capital 1) was conditionally increased by EUR 43,680.00.

#### Conditional Capital 2 (1999)

After a reduced number of exercisable options and the subsequent reduction of the Conditional Capital 2 during fiscal year 2007, the Company's share capital is conditionally increased by up to EUR 1,926,005.00. The conditional capital increase serves to grant options to members of the Executive Board and employees of AIXTRON AG and also to members of the management and employees of affiliated companies under the stock option plans in accordance with the General Meeting's resolution of May 26, 1999 on agenda item 5 ("Conditional Capital 2").

#### Conditional Capital 3 (2002)

On the basis of the authorizing resolution passed by the General Meeting on May 22, 2002, the share capital was conditionally increased up to EUR 25,931,452.00 ("Conditional Capital 3"). Since the conversion rights or warrants accompanying the convertible bonds and bonds with warrants issued by AIXTRON AG expired on May 21, 2007, the Conditional Capital 3 was abrogated with consent of the General Meeting dated May 22, 2007.

#### Conditional Capital 4 (2002)

Following a reduction of the conditional capital passed by the General Meeting on May 22, 2007 (to EUR 3,134,560.00) and the execution of stock options (644,336 shares), the Company's share capital is conditionally increased by up to EUR 2,490,224.00 ("Conditional Capital 4"). The conditional capital increase serves to grant options to members of the Executive Board of AIXTRON AG and members of the management of affiliated companies, as well as to employees of AIXTRON AG and of affiliated companies under the stock option plans in accordance with the General Meeting's resolution of May 22, 2002 (Stock Option Plan 2002).

#### Conditional Capital I 2007

Based on the authorizing resolution passed by the General Meeting on May 22, 2007, the share capital of the Company is conditionally increased by up to EUR 35,875,598.00 ("Conditional Capital I 2007"). The Conditional Capital I 2007 serves the purpose of granting shares to the holders or creditors of warrants and/or convertible bonds. By resolution of the General Meeting passed on May 22, 2007, the Executive Board is authorized, with the approval of the Supervisory Board, to issue, through the Company or any companies in which the Company owns a majority interest either directly or indirectly ("subordinated group companies") warrants and/or convertible bonds in a total nominal amount of up to EUR 500,000,000.00 with or without a term restriction, once or several times until May 21, 2012, and to assume a guarantee for such bonds issued by subordinated group companies and to grant option or conversion rights to the holders or creditors of bonds for up to a total of 35,875,598 no-par value bearer shares of the Company representing a pro rata amount of up

to EUR 35,875,598.00 of its share capital, subject to the terms and conditions of the bonds.

#### Conditional Capital II 2007

Based on the resolution passed by the General Meeting on May 22, 2007, the share capital is further conditionally increased by EUR 3,919,374.00 ("Conditional Capital II 2007"). The Conditional Capital II 2007 serves the purpose of granting shares to the holders of stock options issued under the AIXTRON Stock Option Plan 2007 ("SOP 2007"). Under the SOP 2007, up to 3,919,374 stock options may be issued by the Company on or before May 21, 2012. In fiscal year 2007, the Executive Board, with the approval of the Supervisory Board, issued 759,100 options, granting the right to subscribe to 759,100 shares of AIXTRON AG.

#### Authorization to repurchase own shares

In accordance with section 71 (1) no. 8 AktG, the Company is authorized, with the approval of the Supervisory Board, to purchase own shares representing an amount of up to EUR 8,979,937.00 of the share capital in the period until November 21, 2008. This authorization may not be used by the Company for the purpose of trading in own shares. The authorization may be exercised in full or in part, once or several times by the Company. The own shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company.

If a change of control situation exists, Wolfgang Breme, Member of the Executive Board, is entitled to terminate the service relationship with AIXTRON with a notice period of three months to the end of the month and to resign from his post on the termination date. Mr. Breme shall then be entitled to receive a settlement in accordance with the stipulations of his service contract with AIXTRON AG. A change of control situation exists if a third party or a group of third parties who contractually combine their shares in order to act subsequently as a third party, holds more than 50% of the Company's stated share capital be it directly or indirectly.

No further material agreements exist that require a change of control due to a takeover bid. There are no further compensation agreements of the company with members of the Executive Board or with employees for such change of control situations.

Aachen, March 2008

**AIXTRON Aktiengesellschaft**

- The Executive Board -