



**Ordinary General Meeting 2010  
of AIXTRON Aktiengesellschaft, Herzogenrath**

**Report of the Executive Board to the General Meeting on agenda item 10 in accordance with § 221 (4) sentence 2, § 186 (4) sentence 2 AktG**

An appropriate capitalization is an essential basis for the Company's development. Bonds with warrants and convertibles bonds ("Bonds") are important instruments for financing, initially providing debt capital to the Company at favorable interest rates which may, under certain circumstances, remain with the Company in the form of equity capital. By resolution of the General Meeting on May 22, 2007 the Executive Board of AIXTRON Aktiengesellschaft has been authorized to issue such bonds with warrants and convertible bonds with the approval of the Supervisory Board. The authorization to issue bonds with warrants and/or convertibles bonds resolved by the General Meeting on May 22, 2007, as amended in connection with the conversion to registered shares by resolution of the General Meeting on May 14, 2008 (agenda item 6 h)), was based on the jurisprudence of some lower and higher courts requiring that a concrete conversion/option price be specified in such resolutions while rejecting the previous practice of determining the basis for calculating a minimum issue price. In the meantime both the German Federal Court and legislation have clarified this issue and established legal certainty, thus providing a commercially reasonable framework. In order to enable the Company to benefit from this framework, the authorization granted by the General Meeting on May 22, 2007 and amended by the General Meeting on May 14, 2008 is to be replaced and extended by a new authorization to issued bonds with warrants and/or convertible bonds with a flexible (minimum) option and/or conversion price. The Executive Board is therefore to be authorized to issue bonds with the approval of the Supervisory Board and Contingent Capital 2010 is to be resolved. Parallel thereto, the Contingent Capital I 2007 set forth in Article 4 clause 2.4 of the Articles of Association is to be cancelled because no convertible bonds or bonds with warrants were issued under the authorization granted by the General Meeting on May 22, 2007 and amended by the General Meeting on May 14, 2008 so that the Contingent Capital I 2007 has not been utilized. Such Contingent Capital I 2007 is to be replaced by Contingent Capital 2010 to be resolved by the General Meeting.

The proposed authorization will allow the Company to issue bonds with warrants and/or convertible bonds in a total nominal amount of up to EUR 1,200,000,000.00. For the purpose of satisfying option and conversion rights arising from such bonds

and/or to fulfill conversion obligations, shares with a pro rata share in the share capital of up to EUR 40,266,870.00, i.e. up to 40,266,870 shares, will be available.

The shareholders will in principle have statutory pre-emptive rights with respect to the bonds, enabling them to invest capital in the Company and to maintain their proportionate shareholding in the Company. In order to facilitate the handling, the possibility that the bonds may also be underwritten by a bank or a banking syndicate with the obligation to offer them to the shareholders for subscription is to be provided for. However, in line with statutory provisions, the Executive Board is to be authorized to exclude the pre-emptive rights of shareholders in certain circumstances with the approval of the Supervisory Board:

- Firstly, in analogous application of § 186 (3) sentence 4 AktG the Executive Board is to be authorized to exclude the shareholders' pre-emptive rights with the approval of the Supervisory Board if the bonds are issued against cash payment and the issue price of the bonds is not significantly lower than the market value which has been estimated by using accepted discounted cash flow methods (§ 221 (4) sentence 2 in conjunction with § 186 (3) sentence 4 AktG). This exclusion of pre-emptive rights is necessary for a quick placement of the bonds in a favorable market environment. The Company will then be flexible to respond quickly to favorable capital market situations and to achieve through near-market conditions better terms regarding determination of interest rate and issue price for the bonds. This would not be possible to the same extent if the statutory pre-emptive rights were not excluded. The subscription period makes it more difficult to respond to a favorable market environment quickly. Moreover, if a subscription right is granted, a successful placement with third parties is endangered or involves higher costs because of the uncertainty whether or not this right will be exercised. The interests of the shareholders will be safeguarded by issuing the bonds at an issue price that is not significantly lower than their market value so that the value of the pre-emptive right will practically be close to zero. Shareholders wishing to maintain their percentage of the share capital can achieve this by purchasing additional shares through the stock exchange.

This authorization to exclude pre-emptive rights is limited to bonds with rights to shares not exceeding an amount of 10 percent of the share capital. In calculating this limit, those shares which are issued or used as of May 18, 2010 (for instance from authorized capital) until the end of the term of this authorization while excluding pre-emptive rights in direct or analogous application of § 186 (3) sentence 4 AktG shall be included. These inclusions take into account anti-dilution protection and adequately safeguard the interests of shareholders in terms of assets and voting rights.

- In addition, it should be possible to exclude pre-emptive rights in order to be able to use fractions resulting from any issuance where in principle the shareholders would have a pre-emptive right. The exclusion of the pre-emptive right regarding fractions is reasonable and usual in order to be able to establish a

practicable subscription ratio. The costs of subscription rights trading are disproportionate as regards the benefit derived by shareholders. The potential dilutive effect is minimal due to the limitation to fractions. Bonds representing fractions for which preemptive rights are excluded will be sold at best for the Company.

- It should further be possible to exclude pre-emptive rights for protection against dilution insofar as this is necessary to grant the holders and/or creditors of option or conversion rights arising from bonds with warrants or convertible bonds which were or will be issued by the Company and/or its subsidiaries a pre-emptive right in the amount to which they would be entitled after exercise of the option or conversion rights or fulfillment of conversion obligations. In order to facilitate the placement of bonds, the terms and conditions of bonds provide as a rule for protection against dilution. One of the possibilities to ensure protection against dilution is to grant the holders and/or creditors of bonds in subsequent issues a right to subscribe for bonds. The burden on current shareholders would be limited insofar as those entitled to subscribe will be placed in such a position as if they had exercised their subscription rights and were already shareholders of the Company. When holders and/or creditors of option rights or conversion rights that already exist are granted a right of subscription, an adjustment of the option price or conversion price for such holders and/or creditors in order to protect against dilution in the event that the authorization is exercised can be prevented, if the terms and conditions of the bonds in question provide for this. Such an adjustment would be more complicated to handle and more costly for the Company. It would also be conceivable to issue bonds without protection against dilution which would, however, be significantly less attractive for the market.

There are currently no concrete plans to make use of the authorization to issue bonds with warrants and/or convertible bonds. The Executive Board will carefully examine in each specific case whether it should make use of the authorization to implement a capital increase while excluding the pre-emptive rights of shareholders with the approval of the Supervisory Board. This authorization will only be exercised if it is in the interests of the Company and therefore of its shareholders, in the opinion of the Executive Board and the Supervisory Board.

The Executive Board will report on the utilization of the authorization to the next General Meeting.

Herzogenrath, March 2010

**AIXTRON Aktiengesellschaft**

– The Executive Board –