



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

**Report of the Executive Board to the General Meeting on agenda item 9 of the agenda in accordance with § 203 (2) sentence 2 and § 186 (4) sentence 2 AktG**

In item 9 of the agenda of the Ordinary General Meeting on May 18, 2010, the Executive Board and Supervisory Board propose creating new Authorized Capital II with the possibility to exclude the pre-emptive rights of shareholders. In accordance with § 203 (2) sentence 2 in conjunction with § 186 (4) sentence 2 AktG, the Executive Board must submit a written report outlining the reasons for excluding pre-emptive rights. The proposed resolution is intended to authorize the Executive Board, with the approval of the Supervisory Board, to increase the share capital on one occasion or in partial amounts on several occasions in the period to May 17, 2015 by up to a total of EUR 10,066,717.00 against cash contributions by issuing new registered no-par value shares. Shareholders must be granted pre-emptive rights. The shares may also be underwritten by one or several credit institutions with the obligation to offer the shares to the shareholders of the Company for subscription (indirect subscription right).

The Executive Board shall, however, be authorized, with the approval of the Supervisory Board, to eliminate the pre-emptive rights of shareholders in full or in part (i) to eliminate fractions resulting from the subscription ratio; (ii) to grant 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 the right to subscribe for new shares to the extent that they would be entitled to do so after option or conversion rights have been exercised or conversion obligations fulfilled, if required for protection against dilution; (iii) if the issue price of the new shares is not significantly lower within the meaning of § 203 (1) and (2) and § 186 (3) sentence 4 AktG than the market price of the listed shares carrying the same rights when the final issue price is fixed by the Executive Board, provided the number of the new shares is limited as indicated in the resolution and as described below.

Excluding pre-emptive rights for fractions is generally accepted and necessary to ensure a practicable subscription ratio and to simplify the technical implementation by ensuring round figures and maintaining a subscription ratio based on whole numbers. This is in the Company's interests. Shares representing fractions for which pre-emptive rights are excluded will either be sold on the stock market or disposed of by other

means at best for the Company. The potential dilutive effect and the encroachment on shareholders' rights are minimal due to the limitation to fractions. For these reasons, the Executive Board and the Supervisory Board believe that excluding pre-emptive rights is objectively justified and reasonable in relation to the shareholders.

Furthermore, it will be possible to exclude pre-emptive rights for protection against dilution insofar as this is necessary to grant the holders and/or creditors of bonds with warrants or convertible bonds issued in the future the right to subscribe for new shares in the event of cash capital increases, if the conditions of the bond in question provide for this. Such bonds usually provide for protection against dilution according to which creditors are granted the same rights to subscribe for new shares in subsequent share issues cum rights as shareholders, instead of a reduction in the option or conversion price. They are therefore placed in the same position as if they had already exercised their option or conversion right or as if a conversion obligation had been fulfilled, and as if they were already shareholders. In order to be able to equip the bonds with such anti-dilution protection, it must be possible to exclude the pre-emptive rights of shareholders with respect to these shares. Ultimately, such exclusion of pre-emptive rights will facilitate placement of the bonds and is therefore in the interest of the shareholders to optimize the Company's financing structure.

Finally, the Executive Board will be authorized, with the approval of the Supervisory Board, to exclude statutory pre-emptive rights in accordance with § 186 (3) sentence 4 AktG in the event of cash capital increases if the issue price for the new shares in accordance with § 186 (3) sentence 4 AktG is not significantly lower than the market price of listed Company shares. This will enable the administration to place the new shares quickly and at a near-market price, i.e. without the discount that is as a rule required for rights issues. One of the main reasons for this is that a placement without a statutory subscription period can take place immediately after the issue price has been fixed, as a result of which it is unnecessary to factor into the issue price the risk of a change in the market price during a subscription period. Ultimately, this will generate higher issue proceeds which is in the interest of the Company. When exercising the authorization, the Executive Board will try to keep the discount as low as possible given the market conditions prevailing at the time of the placement. The discount on the market price at the time the Authorized Capital II is used will in no event be more than 5 percent of the then current market price. The shares issued in accordance with § 186 (3) sentence 4 AktG while excluding pre-emptive rights may in the aggregate not exceed 10 percent of the share capital either at the time the authorization enters into force or at the time it is exercised. In accordance with legal requirements, these stipulations take into account the need to protect shareholders against the dilution of their shareholdings. Every shareholder has the opportunity to acquire the shares required to maintain his or her proportionate interest at approximately the same conditions via the stock market, due to the fact that the new shares are issued at a near-market price and due to the size limit on the capital increase, excluding pre-emptive rights. In calculating this limit of 10 percent of the share capital, those shares shall be included which are issued or used during the term of this authorization while excluding pre-emptive rights in direct or analogous application of § 186 (3) sentence 4 AktG. In addition, in calculating

the limit of 10 percent of the share capital, those shares shall be included which are or will have to be issued in respect of subscription rights arising from bonds with warrants and/or convertible bonds, provided that the bonds were issued or will be issued based on an authorization to issue bonds that is valid during the term of this authorization while excluding pre-emptive rights in analogous application of § 186 (3) sentence 4 AktG. This will also ensure that the interests of the shareholders in terms of asset protection and voting rights are appropriately protected when Authorized Capital II is utilized while excluding pre-emptive rights in line with the legal provisions of § 186 (3) sentence 4 AktG, while giving the Company additional scope for action in the interests of all shareholders.

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 pre-emptive rights. 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 Authorized Capital II to the next General Meeting.

Herzogenrath, March 2010

**AIXTRON Aktiengesellschaft**

– The Executive Board –