



**Ordinary General Meeting 2012
of AIXTRON SE, Herzogenrath**

Report by the Executive Board on agenda item 7 in accordance with Art. 9 (1) c) ii) SE Regulation, § 221 (4) sentence 2, § 186 (4) sentence 2 German Stock Corporation Act (“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. The authorization to issue bonds with warrants and convertibles bonds resolved on May 22, 2007 and amended on May 14, 2008 will expire on May 21, 2012. For this reason the Executive Board is to be authorized to issue bonds with the approval of the Supervisory Board and Contingent Capital I 2012 is to be resolved for this purpose. The previous authorization including Contingent Capital I 2007 is to be cancelled.

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 500,000,000.00. 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 40,715,810.00, i.e. up to 40,715,810 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 (indirect subscription right). 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 Art. 9 (1) c) ii) SE Regulation, § 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 (Art. 9 (1) c) ii) SE Regulation, § 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 pre-emptive 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.

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 (for instance from authorized capital) during the term of this authorization while excluding pre-emptive rights in direct or analogous application of Art. 9 (1) c) ii) SE Regulation, § 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 issue 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 determine 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 pre-emptive 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.

- Finally, the Executive Board will be authorized, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights with respect to the bonds if the bonds are issued against non-cash contribution, in particular for the purpose of acquiring companies, parts of companies, equity interests in companies, claims (such as outstanding bonds) or other assets. The Executive Board will examine in each specific case whether it should make use of the authorization to issue bonds against non-cash contributions excluding the pre-emptive rights of shareholders and will only do so if, after considering all relevant aspects, this would be in the interest of the Company and its shareholders. This requires that the non-cash contribution has a reasonable value as compared to the value of the bond. In case of convertible bonds and/or bonds with warrants the theoretical market value determined in accordance with recognized methods would be relevant. The issue of bonds against non-cash contribution offers the Company the opportunity to use such bonds as "acquisition currency" in connection with acquisitions of companies, parts of companies, equity interests in companies or other assets if a suitable opportunity arises. In addition to authorized capital, the issue of bonds will provide the

Company with flexibility to exploit opportunities for acquisitions of companies, parts of companies, equity interests in companies or other assets without impacting the Company's cash flow, because the consideration would not have to be paid in cash to the seller. In many cases the seller insists on receiving consideration in another form. An attractive alternative could then be to offer, in place of or in addition to granting shares or making cash payments, bonds with warrants or convertible bonds. This possibility provides additional flexibility to the Company and increases its competitive chances in acquisitions. The ability to offer bonds as consideration could for instance significantly contribute towards a sustainable financing structure of the Company in case of an acquisition of outstanding claims against the Company or any of its affiliates.

The proposed authorization is restricted – without taking into account shares issued without pre-emptive rights in order to eliminate fractions and/or to protect the holders and/or creditors of option or conversion rights arising from bonds with warrants or convertible bonds against dilution – insofar as, following the exercise of option and/or conversion rights under this authorization, the sum of the shares issued without pre-emptive rights may not exceed 20 percent of the share capital existing at the time this authorization becomes effective or – if this amount is lower – existing at the time of its exercise. In calculating this limit of 20 percent of the share capital, those shares shall be included which are issued without pre-emptive rights from authorized capital, provided that an exclusion of pre-emptive rights in order to eliminate fractions and/or to protect the holders and/or creditors of option or conversion rights arising from bonds with warrants or convertible bonds against dilution is not taken into account.

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 interest 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 2012

AIXTRON SE

– Executive Board –

Paul Hyland

Wolfgang Breme

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