



**Explanatory Report by the Executive Board
regarding the information pursuant to
§§ 289 (4 and 5) and 315 (4) of the German Commercial Code (HGB)
for Fiscal Year 2009**

In the Management Report of the Company and the Group Management Report the Executive Board disclosed information pursuant to §§ 289 (4 and 5) and 315 (4) HGB, which is explained in this report as follows:

The Company's **stated share capital (Grundkapital)** as of December 31, 2009 amounted to EUR 100,667,177 divided into 100,667,177 registered shares with a proportional interest in the share capital of EUR 1.00 per no-par value registered share. Each no-par value share represents the proportionate share in AIXTRON's stated share capital and carries one vote at the Company's annual shareholders' meeting. All registered shares are fully paid in. The shares are represented by multiples of shares (global share); according to Art. 6 clause 4, sentence 2 of the Articles of Association 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 registered shares that are related to the Company's Articles of Association. There are no classes of securities endowed with **special control rights**. Nor are there any provisions for **control of voting rights**, if employees participate in the share capital without directly exercising their voting rights.

As per December 31, 2009, the following additional capitals were in place according to different General Meeting resolutions and have not been utilized as per December 31, 2009 with the amounts referred to below:

Capitals (EUR or number of shares)	31/12/2009	Resolution date
Authorized Capital I - Capital increase for cash or contribution in kind with existing shareholders' pre-emptive rights and authorization to exclude pre-emptive rights	35,919,751	18/05/2005
Authorized Capital II - Capital increase for cash with existing shareholders' pre-emptive rights and authorization to exclude pre-emptive rights	0	18/05/2005
Conditional Capital 2 - Stock Options Program 1999	1,926,005	26/05/1999
Conditional Capital 4 - Stock Options Program 2002	1,247,197	22/05/2002
Conditional Capital I 2007 - Authorization to potentially issue convertible notes or warrants in future	35,875,598	22/05/2007
Conditional Capital II 2007 - Stock Options Program 2007	3,919,374	22/05/2007

The **Authorized Capital I** did not change during the year 2009. Thus, as per December 31, 2009, 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. 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 to eliminate fractions, or in certain cases of capital increases against non-cash contributions.

The **Authorized Capital II**, resolved upon by the General Meeting on May 18, 2005 and effective until May 17, 2010, was utilized in full in 2009; on October 28, 2009, the Executive

Board decided, with the consent of the Supervisory Board, to increase the Company's share capital by issuing 8,979,937 new no-par value registered shares, for cash. Shareholders' subscription rights were excluded for this transaction. The new shares were placed with institutional investors via an accelerated bookbuilding process. The placement was concluded on October 29, 2009 at a placement price of EUR 17.75 per share. The gross proceeds from the capital increase amounted to approximately EUR 159.4m.

Conditional Capital of May 26, 1999: After a reduced number of exercisable options and the subsequent reduction of the conditional capital during fiscal year 2007, the Company's share capital is conditionally increased by up to EUR 1,926,005.00 in accordance with the resolution passed by the General Meeting on May 26, 1999. 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. The conditional capital may be utilized until December 31, 2017.

Conditional Capital of May 22, 2002: Following a reduction of the conditional capital resolved by the General Meeting on May 22, 2007, and the execution of stock options, the Company's share capital is conditionally increased to up to EUR 1,247,197.00 as per December 31, 2009. 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). The conditional capital may be utilized until December 31, 2016.

The **Conditional Capital I 2007** still exists unchanged. It 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 registered 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.

The Company's share capital is further conditionally increased by up to EUR 3,919,374.00, an amount unchanged as per December 31, 2009. This **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"), based on a resolution passed by the General Meeting on May 22, 2007. Under the SOP 2007, up to 3,919,374 stock options may be issued by the Company on or before May 21, 2012. Under the 2009 tranche of the AIXTRON stock option plan 2007, 778,850 new stock options were granted in fiscal year 2009. Until December 31, 2009, no SOP 2007 stock options had yet been exercised.

In accordance with section 71 (1) no. 8 German Corporations Act, AktG, the Company is authorized until November 19, 2010, with the approval of the Supervisory Board, to purchase its **own shares** representing an amount of up to EUR 9,089,46.60 of the share capital. 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 shares may be purchased (1) on the stock market or (2) by way of a public offer to all shareholders made by the Company.

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 (§181 (3) German Stock Corporation Act, AktG). According to §§133, 179 (1) sentence 1 of the German Stock Corporation Act (AktG), a general meeting resolution on any **amendment to the Articles of Association** generally requires a simple majority of the votes cast and a 75% majority of the share capital represented at the shareholders' meeting. However, according to §179 (2) sentence 2 of the German Stock Corporation Act (AktG) the Articles of Association may provide for a different capital majority, however, in the case of an amendment of the purpose of the enterprise, only for a larger capital majority. According to Art. 22 clause 1 of the Articles of Association, the general meeting may 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 where 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 (§179 (2) sentence 3 of the German Stock Corporation Act, AktG). The Supervisory Board is authorized to amend and restate the Articles of Association in accordance with the scope of the respective capital increase from authorized and contingent capital; the Supervisory Board is further authorized to resolve amendments of and supplements to the Articles of Association solely relating to the wording (Art. 4 clause 2.7 and Art. 26 of the Articles of Association).

As of December 31, 2009, about 21% of **AIXTRON shares** were held by private individuals, with around 79% held by institutional investors. The largest AIXTRON shareholders were Fidelity Management & Research, Boston/USA with 8% (from August 26 through October 8, 2009 more than 10%) and Camma GmbH, Aachen/Germany with near 8% holdings in AIXTRON stock. 92% of the shares are considered as free float according to the Deutsche Börse's definition.

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

If a "**change of control**" situation exists, the individual members of the Executive Board are entitled to terminate their service relationship with AIXTRON with a notice period of three months to the end of the month and to resign from their post on the termination date. Upon termination of the services as a result of a change of control, such member of the Executive Board will receive a severance pay in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the service contract, however, not exceeding an amount equal to twice the annual compensation. 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, directly or indirectly holds more than 50% of the Company's authorized capital. Apart from the above mentioned provisions, there are no further change of control provisions.

To exploit opportunities and to minimize risks, AIXTRON has established a Company wide flexible **risk management system** that can be continuously adapted to the evolving business environment and business processes. A large number of systems and procedures for monitoring, analyzing, and documenting business risks and opportunities are deployed at several levels of the organization. Within the scope of this risk management, the Executive Board analyzes the Company's net assets, financial position, and results of operations on a continuous basis. The frequent exchange of knowledge and experiences at all hierarchy levels worldwide ensures the constant and efficient flow of information as well as rapid decision-making. The Executive Board informs and includes the Supervisory Board in all key decisions at least once every quarter, and normally at shorter intervals. The Audit Committee of the Supervisory Board meets regularly with the Chief Executive Officer and the Chief

Financial Officer to discuss, analyze, and monitor financial issues arising in the course of the Company's business activities. Internal guidelines governing risk management, insider trading, and the disclosure of share price sensitive information ensure compliance with all applicable laws and the implementation of the corporate governance recommendations specified in the German Corporate Governance Code. Furthermore, the Company's Supervisory Board is informed about the status, plausibility, and further development of the risk management system by the Executive Board on an ongoing basis. In addition, it is the Company's auditor's duty, to inform the Supervisory Board about the audit of the risk management early warning system. The Company's auditor confirms that the Executive Board complies with § 91, Section 2 German Companies Act, AktG and the herein required measures, especially the installation of an appropriate risk management system, that enables the company to detect developments, that could potentially endanger the continuity of the company.

AIXTRON's Management is responsible for establishing and maintaining adequate **internal control over financial reporting** (as defined in the Securities and Exchange Act of the US Code of Federal Regulations, Title 17, Chapter II, §240.13a-15(f) or 15d-15(f)) to provide reasonable assurance regarding the reliability of its financial reporting and the preparation of financial statements for external purposes. Internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AIXTRON; (ii) provide reasonable assurance that all transactions are recorded as necessary to permit the preparation of AIXTRON's Consolidated Financial Statements and the proper authorization of receipts and expenditures of AIXTRON are being made in accordance with authorization of AIXTRON's Management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AIXTRON's assets that could have a material effect on AIXTRON's Consolidated Group Financial Statements. Management assessed AIXTRON's internal control over financial reporting as of December 31, 2009. Management's assessment included evaluation of such elements as the design and operating effectiveness of key financial reporting controls, process documentation, accounting policies and AIXTRON's overall control environment. Based on the Company's assessment, Management has concluded that AIXTRON's internal control over financial reporting was effective as of December 31, 2009 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. AIXTRON's Management reviewed the results of Management's assessment with the Audit Committee of AIXTRON's Supervisory Board.

Herzogenrath, March 2010

AIXTRON Aktiengesellschaft

- The Executive Board -