



**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 2013**

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) of the German Commercial Code, *HGB*, which is explained in this report as follows:

The **stated share capital** (Grundkapital) of AIXTRON SE as of December 31, 2013 amounted to EUR 112,613,445.00 divided into 112,613,445 registered shares with a proportional interest in the Company's 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 Company has issued share certificates representing multiples of shares (global share); according to § 6 para. 4 sentence 2 of the Company's Articles of Association, the 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, 2013, the following additional **capitals** were in place according to different General Meeting resolutions and have not been utilized as per December 31, 2013 with the amounts referred to below:

(EUR or number of shares)	31/12/2013	Resolution
Authorized Capital 2012 – Capital increase against cash contributions	10,422,817	16/05/2012
Authorized Capital 2011 – Capital increase against cash or non-cash contributions	30,248,813	19/05/2011
Contingent Capital I 2012 – Authorization to issue bonds with warrants and/or convertible bonds	40,715,810	16/05/2012
Contingent Capital II 2012 - Stock Option Plan 2012	4,208,726	16/05/2012
Contingent Capital II 2007 - Stock Option Plan 2007	2,927,226	22/05/2007
Contingent Capital - Stock Option Plan 2002	516,210	22/05/2002
Contingent Capital - Stock Option Plan 1999	1,926,005	26/05/1999

**Authorized Capital 2012:** Based on the resolution of the ordinary General Meeting on May 16, 2012, the Executive Board is authorized, 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 15, 2017 by up to a total of EUR 10,422,817.00 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. The Executive Board shall, however, be authorized, with the approval of the Supervisory Board, to exclude the pre-emptive rights of shareholders in order to eliminate fractions resulting from the subscription ratio. The Executive Board shall also be authorized, with the approval of the Supervisory Board, to determine the further content of the share rights and the conditions for issuing shares. So far, the Executive Board has not made any use of this authorization.

**Authorized Capital 2011:** Based on the resolution of the General Meeting on May 19, 2011, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one occasion or in partial amounts on several occasions by up to a total of EUR 40,471,946.00 against cash and/or non-cash contributions by issuing new registered no-par value shares until May 18, 2016. In principle, shareholders must be granted pre-emptive rights. However, under certain conditions, the shareholders' pre-emptive rights may be excluded in full or in part. So far, the Executive Board has made use of this authorization by issuing a total of 10,223,133 new registered no-par value shares. Thus, the authorized capital still exists in an amount of EUR 30,248,813.00.

**Contingent Capital I 2012:** Based on the resolution of the General Meeting on May 16, 2012, the share capital is conditionally increased by up to EUR 40,715,810.00 by issuing up to 40,715,810 new registered no-par value shares carrying dividend rights from the beginning of the fiscal year in which they are issued. This contingent capital increase serves the purpose of granting shares to the holders or creditors of bonds with warrants and/or convertibles bonds which will be issued against cash contributions by the Company or any company in which the Company owns a majority interest, either directly or indirectly, based on the authorization resolved by the General Meeting on May 16, 2012 (agenda item 7). Such new shares will be issued at the option and/or conversion price determined in accordance with the above authorization. The contingent capital increase will only be implemented to the extent that option and/or conversion rights arising from the bonds will be exercised and/or conversion obligations arising from the bonds will be fulfilled and to the extent that no cash compensation is granted or own shares or shares from authorized capital are used to satisfy such rights or obligations. The Executive Board shall be authorized, with the approval of the Supervisory Board, to determine the further details of implementing the contingent capital increase.

**Contingent Capital II 2012:** Based on the resolution of the General Meeting on May 16, 2012, the Company's share capital is conditionally increased by up to EUR 4,208,726.00 by issuing up to 4,208,726 no-par value registered shares. The Contingent Capital II 2012 serves the purpose of securing subscription rights arising from share options which will be issued by the Company until and including May 15, 2017 based on the authorization granted by the General Meeting on May 16, 2012. The contingent capital increase will only be implemented to the extent that the holders of such share options will exercise their option rights and the Company does not grant own shares or cash compensation in fulfillment of the share options. The shares will be issued from the Contingent Capital II 2012 at an issue price equal to the exercise price set forth in (a) (7) of agenda item 8 of the General Meeting on May 16, 2012. The new shares will carry dividend rights from the beginning of the fiscal year in which they are issued.

**Contingent Capital II 2007:** Following the exercise of subscription rights, this contingent capital amounts to up to EUR 2,927,226.00 as per December 31, 2013. It serves the purpose

of securing subscription rights arising from share options issued by the Company under the AIXTRON Stock Option Plan 2007 in the period to May 21, 2012 based on the authorization granted by the General Meeting on May 22, 2007. In fiscal year 2013, a total of 209,402 subscription rights were exercised under the terms of this stock option plan for a total nominal amount of EUR 209,402.00, i.e. corresponding to 209,402 registered no-par value shares. The contingent capital may be utilized until December 31, 2018.

**Contingent Capital** of May 22, 2002: Following a reduction resolved by the General Meeting on May 22, 2007 and following the exercise of subscription rights, this contingent capital amounts to up to EUR 516,210.00 as per December 31, 2013. It serves the purpose of fulfilling subscription rights granted to Executive Board members of the Company and to members of the management of affiliates and to employees of the Company and to employees of affiliates under stock option plans in accordance with the resolution of the General Meeting on May 22, 2002 (Stock Option Plan 2002). In fiscal year 2013, a total of 205,887 subscription rights were exercised under the terms of this stock option plan for a total nominal amount of EUR 205,887.00, i.e. corresponding to 205,887 registered no-par value shares. The contingent capital may be utilized until December 31, 2016.

**Contingent Capital** of May 26, 1999: Based on the resolution of the General Meeting on May 26, 1999 and following a reduction of the exercisable options and a corresponding reduction in fiscal year 2007, the Company's share capital is conditionally increased by up to EUR 1,926,005.00. The contingent capital increase serves the purpose of fulfilling subscription rights granted to Executive Board members of the Company and to members of the management of affiliates and to employees of the Company and to employees of affiliates under stock option plans in accordance with the resolution of the General Meeting on May 26, 1999 (agenda item 5). The contingent capital may be utilized until December 31, 2017.

In accordance with section 71 (1) no. 8 German Corporations Act, AktG, the Company is authorized until May 22, 2018, with the approval of the Supervisory Board, to purchase its **own shares** representing an amount of up to EUR 10,208,612 of the share capital and to use such own shares, with the approval of the Supervisory Board, as provided for in the underlying resolution of the General Meeting on May 23, 2013 (agenda item 7). 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 for one or several purposes. The authorization may also be implemented by dependent or majority held enterprises of the Company or on their or the Company's behalf by any third parties. At the choice of the Supervisory Board, the shares may be purchased (1) on the stock market, (2) by way of a public offer to all shareholders made by the Company or (3) by way of a public request for offers of sale to all shareholders.

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). To the extent that applicable law prescribes a majority of the share capital represented at the general meeting in order to pass a resolution, a simple majority of the share capital represented is sufficient according to Art. 22 (1) sentence 2 of the Articles of Association if this is legally permitted. According to Art. 22 (1) sentence 3 of the Articles of Association, a resolution on any amendments of the Articles of Association requires a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless otherwise prescribed by applicable law (such as § 193 (1) of the German Stock Corporation Act, AktG, for a contingent capital increase). 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 2.8 and Art. 26 of the Articles of Association).

As of December 31, 2013, about 20% of AIXTRON shares were held by private individuals, with around 80% held by institutional investors. The largest AIXTRON non-institutional shareholder was Camma B.V., Renesse (Netherlands) with 6.8% holdings in AIXTRON stock. Circa 93.2% of the shares were considered as free float according to 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 six 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, the respective 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 hold more than 50% of the Company's authorized capital. Apart from the above mentioned, there are no further changes of control provisions.

To exploit opportunities and to minimize risks, AIXTRON has established a Company-wide **risk management system** that is continuously being 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. The Whistleblower policy and procedure, as an example, helps to quickly identify critical issues allowing them to be addressed before critical exposure occurs and thereby preventing further escalation. Accurate and timely reporting is the core component of AIXTRON's risk and opportunity management. Risk managers, responsible for implementing risk reporting, have been appointed in different areas of the Company and at all subsidiaries. Project management and quality assurance systems are routinely deployed in all areas of product development where risk awareness and evaluation play a crucial role. AIXTRON deploys accounting, control, and forecasting software for the global monitoring and management of core enterprise information. Regular reporting processes ensure that information on business and market trends is regularly updated. In addition to annual budget planning, real-time forecasts are used to continuously review and update the Company's plans. As part of the Company's financial control procedures, variances between actual and budget figures are continuously identified and analyzed and they serve as the basis for corrective measures as necessary. Furthermore, 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, where required, 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 Executive Board 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. 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

their audit of the risk management early warning system. The Company's auditor confirms that the Executive Board complies with § 91(2) German Stock Corporation Act, AktG, and the measures required in this provision, 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.

Due to the listing of American Depositary Shares relating to the ordinary shares of AIXTRON SE on NASDAQ, 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, 2013, the end of its fiscal year. Management based its assessment on criteria established in the 1992 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). 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. This assessment is supported by testing and monitoring. If a test should reveal a problem, proper feedback will be given and appropriate action will be taken to resolve the issue. This internal control over the financial reporting system, designed to be dynamic, is being continually adapted to reflect the progressive development of the Company. Based on the Company's assessment, Management has concluded that AIXTRON's internal control over financial reporting was effective as of December 31, 2013 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 jointly with the Audit Committee of AIXTRON's Supervisory Board. Deloitte & Touche GmbH, an independent registered public accounting firm, has audited the Consolidated Financial Statements included in this annual report and has issued an attestation report on the effectiveness of AIXTRON's internal control over financial reporting pursuant to Section 404 of the U.S. Sarbanes Oxley Act of 2002.

Herzogenrath, April 2014

**AIXTRON SE**  
– Executive Board –

Martin Goetzeler

Wolfgang Breme

Dr. Bernd Schulte