

AIXTRON

ROADMAP TO SUCCESS

ANNUAL REPORT 2009



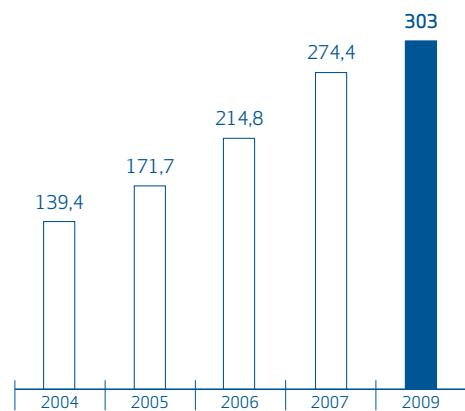
1983 1986 1989 1992 1995 1998 2001 2004 2007 2010 →

KEY FINANCIALS

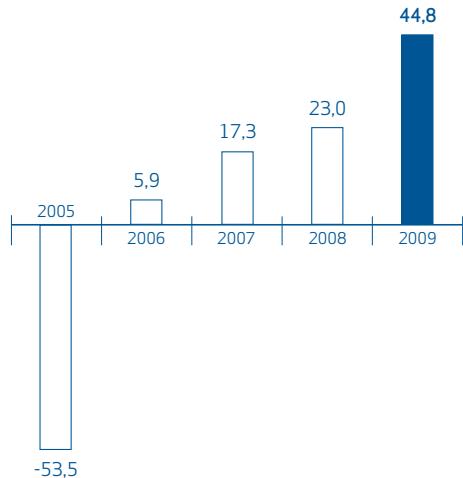
(million EUR)	2009	2008	2007	2009 - 2008
Revenues	302.9	274.4	214.8	10%
Gross profit	134.7	112.9	85.0	19%
Gross margin	44%	41%	40%	3 pp
Operating result (EBIT)	62.7	32.5	20.6	93%
EBIT-margin	21%	12%	10%	9 pp
Net result	44.8	23.0	17.3	95%
Net result margin	15%	8%	8%	7 pp
Net result per share - basic (EUR)	0.49	0.26	0.20	88%
Net result per share - diluted (EUR)	0.48	0.25	0.19	92%
Free cash flow*	75.8	2.6	24.4	2.915%
Equipment Order Intake	370.1	250.8	247.7	48%
Equipment Order Backlog (end of period)	203.8	105.0	132.0	94%

* Operating CF + Investing CF + Changes in Cash Deposits

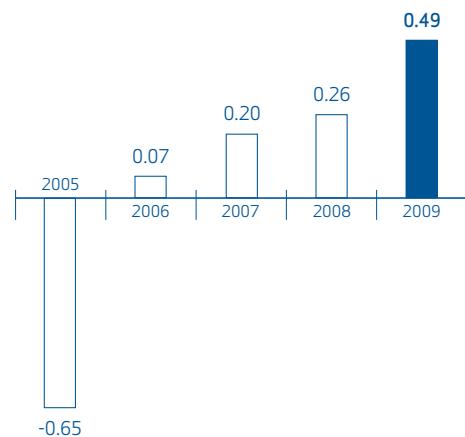
REVENUES IN MILLION EUR



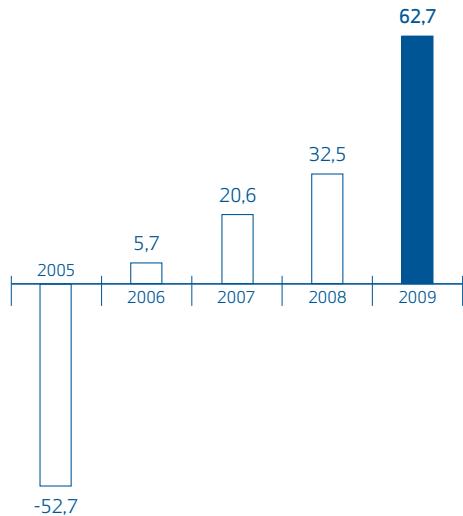
NET RESULT IN MILLION EUR



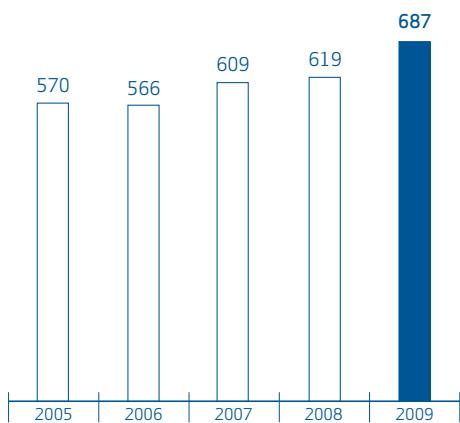
NET RESULT PER SHARE IN EUR



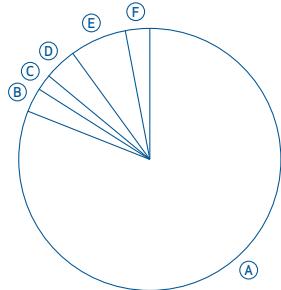
OPERATING RESULT (EBIT) IN MILLION EUR



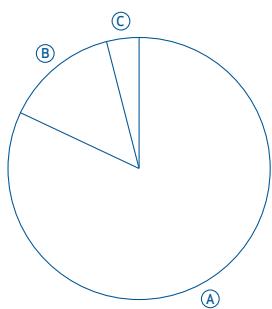
NUMBER OF EMPLOYEES PER DECEMBER 31, 2009



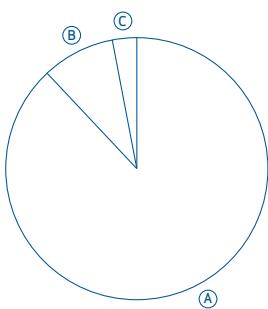
REVENUE BY APPLICATION IN 2009



REVENUES BY REGION IN 2009



REVENUES BY TECHNOLOGY IN 2009



(A)	Asia	87%
(B)	Europe	10%
(C)	USA	4%

(A)	Compound Semiconductor Equipment and other Equipment (OVPD, SiC)	86%
(B)	Spare Parts & Service	10%
(C)	Silicon Semiconductor Equipment	4%

ROADMAP TO SUCCESS

ANNUAL REPORT 2009

AIXTRON 2009

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FUTURE-LINKED TECHNOLOGIES FUTURE-ENABLING PROCESSES FUTURE-ORIENTED MARKETS

FUTURE-ORIENTED INVESTMENT

Your investment in AIXTRON allows you to participate in the success of a market-led and globally established technology leader in one of the acknowledged key growth areas of the future: the semiconductor* equipment industry.

Our deposition systems, used for the manufacture of complex compound*, silicon and organic semiconductors, are the key-enabling technology for a variety of highly innovative and energy-efficient applications that are already shaping our daily lives and will progressively do so in the future. The devices our customers produce are being increasingly used for displays lighting applications, RFID chips*, memory and logic chips*, lasers, solar cells and many more optoelectronic devices that already play a prominent role in the financial, retail, industrial and consumer electronics we all depend on as consumers.

Since our foundation 26 years ago, we have been consistently working on the development and continuous improvement of our deposition technology with a clear view to the future. Our success is largely due to our forward-looking corporate strategy being focused on the value of an extensive research and development program combined with strong customer relationships and intelligent marketing analysis.

The platform products we offer the market are designed to provide profitable and extendable technology to our customers who are looking for systems that allow continual improvement, modular customization, optimal process control, and service support that matches the highly demanding market conditions that they compete in. Coupled with a strong and disciplined management team and solid financial base, we believe that our willingness to make forward-looking decisions will ensure the company's long-term growth potential in the future and create lasting value for your portfolio.

*Explanation of all terms: see glossary



fig. A



fig. B

EXPECTATIONS ARE RUNNING HIGH IN THE LIGHTING INDUSTRY: 130 "LIGHT YEARS" AFTER EDISON,
THE INCANDESCENT IS ON THE WAY OUT – THE LED IS THE LIGHT-SOURCE OF THE FUTURE.

BELIEVE IN YOUR IDEAS

CREATE A VISION

AIXTRON creates the key-enabling technologies that support arguably the most exciting and challenging markets the world has ever seen. We believe that a market-led engineering approach will secure our company's future by maintaining our focus on continuously developing solutions that sustain and open up new applications for the industry we serve.

The pioneering founders of AIXTRON (established in 1983) had the vision and drive to see the potential of the early gas-phase deposition (MOCVD*) systems being employed at universities and research organizations in the late 70s and further developed the technology to the point where it could be deployed in a more commercial environment.

This MOCVD compound semiconductor* process quickly became the key-enabling technology and it subsequently enabled the development of an entirely new mass market with considerable end-market potential for the production and use of LEDs* in laptops, monitors, televisions, automotive lighting, street and general lighting*, and many other applications. AIXTRON has played a significant role in the evolution of this complex market from its earliest beginnings. To date, AIXTRON has delivered more than 2,000 deposition systems to customers all around the world, further strengthening our MOCVD technology and market leadership.

Coupled with our activities in silicon, organic, silicon carbide and carbon nanotube* semiconductors, we believe that we have one of the industry's most comprehensive collection of expertise and experience in complex material deposition that you could find anywhere and we will build further on that foundation during 2010.

*Explanation of all terms: see glossary



fig. A



fig. B

THE DEVELOPMENT OF PC-TECHNOLOGY IS VERY DYNAMIC AND HOLDS ENORMOUS POTENTIAL: THE USE AND APPEARANCE OF FUTURE COMPUTERS WILL BE A COMPLETELY DIFFERENT EXPERIENCE.

TRACK THE TRENDS CLOSELY

ANALYZE THE PRESENT - ANTICIPATE THE FUTURE

AIXTRON has an important and responsible role to play in defining the future.

Semiconductors are dependent on three essential control components; the chemistry, the process and the equipment. We can debate if the chemistry or the process comes first, but unquestionably; the equipment must meet the optimal needs of both. To be able to deliver that optimal key-enabling equipment technology, the AIXTRON team has to be able to understand the challenges and options available to the other two components.

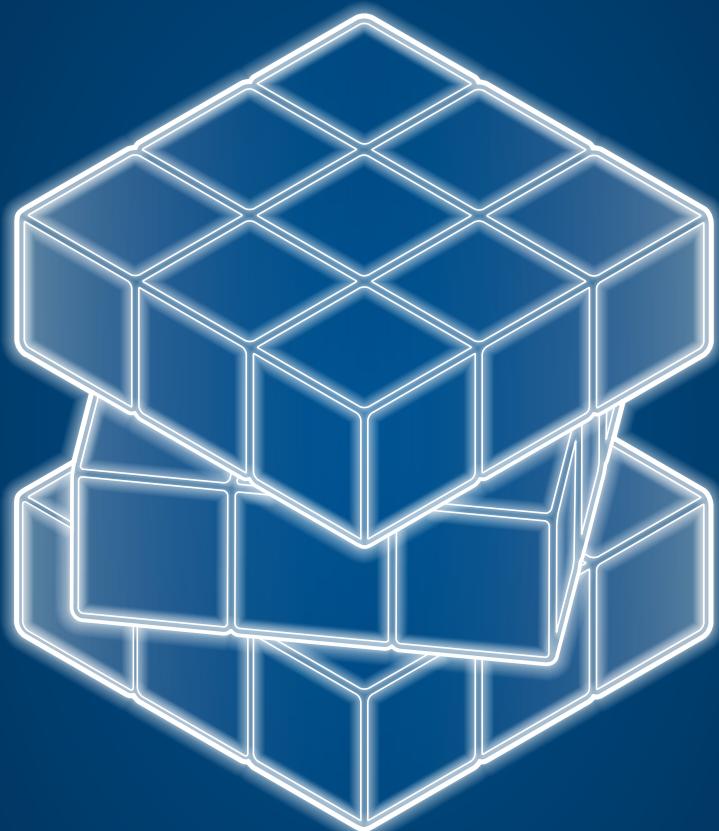
We have to track and predict the technical direction those solutions will come from. We also have to track and predict, in parallel, the appropriate market trends if the resulting technology solutions provide the answers the market is looking for. Some of the end-markets we serve, such as the memory and logic markets, are already well established commodity markets looking for incremental improvements. Some markets, such as LEDs, have emerged as a sustainable market but require more applications for critical mass. Other markets, such as that we serve with our PVPD* systems for e-paper* applications are only just emerging - and finally, the Research and Development ("R&D") market for e.g. carbon nanotubes, using our PECVD* technology, may not gain commercial traction for several years yet.

To ensure that we have a clear view of the potential of new material combinations and processes, we collaborate regularly with universities, customers and research institutes on research into promising new areas of interest. Market-led engineering depends on a regular, close and attentive dialogue with both the customer and scientific communities.

After the listening comes the analysis and the focus: Once we have understood the direction and momentum of the trend, we have to convert that understanding into a focused R&D roadmap with clear objectives. We are fortunate in having a matrix of technologies available across the group in a number of areas of excellence, all of which can be employed, regardless of location, to give a project the optimal mix of focus and expertise to be successful.

It is how effectively we use the synergy effects of these areas of excellence that gives us the competitive edge we need to remain the market leader we are.

*Explanation of all terms: see glossary



IT'S NOT MAGIC, BUT JUST A WELL-THOUGHT-OUT, SYSTEMATIC APPROACH THAT BRINGS THE FACES INTO THE RIGHT SEQUENCE. AND THIS IS HOW WE HAVE STRUCTURED OUR COMPANY PROCESSES TO DELIVER THE "MAGIC" OUR CUSTOMERS EXPECT.

THINK SYSTEMATICALLY

REMAIN FLEXIBLE

AIXTRON approaches its work systematically and aims to integrate efficiency into each design from the earliest concept stage – as you might expect of a leading edge equipment company. However complex our systems technologies may be, our systems platforms are designed to be fully modular and extendible in the sense that each generation comes with a high degree of commonality with what went before.

The advantages of this modular approach are obvious: it enables a high level of flexibility, efficiency and profitability for our production team. For our customers, it facilitates shorter and stable delivery times, more cost-efficient maintenance and an improved cost of ownership and reliability.

The modularity of the design and the supplier base we have developed over the last few years delivers a high degree of flexibility for our production operations. This allows us to respond rapidly to changes in market demand; an essential quality in the challenging end-markets we serve.

We are already capable of consistently delivering more than 100 systems per quarter and are currently removing the obstacles that would prevent us from delivering up to 150 systems a quarter, should the market show that level of demand. It remains essential that the delivery of our systems is performed within the time and quality expectations set by our customers.

We believe that this aspect of our business is an additional driver for high value creation and sustained profitable growth.



ATTUNED TO OUR CUSTOMERS, PRECISE SPECIFICATIONS REQUIRE THE DISCIPLINED USE OF PRECISE INSTRUMENTS AND PRECISE OBJECTIVES. AIXTRON ENGINEERS FOCUS ON THE DEVELOPMENT OF OUR CORE COMPETENCES WITHOUT DISTRACTION, DIVERGENCE OR DISRUPTION.

CONCENTRATE ON YOUR STRENGTHS

STAY FOCUSED

AIXTRON specializes in deposition equipment. We are a “pure-play” complex material deposition company. This is our core competence and where we invest the vast majority of our time and resources to maintain our market leadership.

AIXTRON’S acknowledged leadership in expertise and experience has grown steadily over the last 26 years. We are active in a variety of technology markets where the deposition process is the key-enabling production step.

We are focused on three strategic end-markets where our leading technologies for material coating can be applied: compound semiconductors, organic semiconductor materials and silicon semiconductors. Other, longer-term promising areas of technology are also emerging, such as carbon nanotubes.

We have a clear view of our strengths in our core competence of complex material deposition and plan to exploit them to the full. We are not tempted by “downstream” opportunities that might lead us to compete with our customers. We know what we are good at and intend to get even better.

As the worldwide leader in MOCVD systems with a global market share of over 60%, we deliver to our customers the key-enabling technology they need to develop and produce the microelectronic and optoelectronic applications for which there is so much consumer demand. We can only succeed if we enable our customers to be successful.



TO ACHIEVE EXCELLENT OUTPUT WE RELY ON A STABLE FOUNDATION: OUR EMPLOYEES' KNOW HOW AND SKILLS HAVE ENABLED AIXTRON TO BECOME THE GLOBAL MARKET LEADER IN THE MOCVD INDUSTRY.

YOUR STRENGTH IS IN YOUR EMPLOYEES

KEEP THE PIONEERING SPIRIT STRONG

AIXTRON has managed to retain a strong sense of the pioneering spirit and commitment one might usually associate with a “start-up” culture even after more than a quarter century.

As you might expect we ask a lot of our employees and they invariably respond with an extraordinary enthusiasm. We identify closely with our customers' needs and maintain a high level of personal ownership towards customer satisfaction. We aim to provide the conditions that allow our employees to make use of their ideas and skills in our company and to play an active role in shaping their own work approach. We encourage them to express their own ideas to actively promote creative innovation.

Within this environment, we have a large number of employees who have been with the company for many years, enabling us to benefit from their long-term experience and expertise. We are very proud to have the biggest concentration of highly qualified compound semiconductor specialists that you could find anywhere in the world. It is a considerable intellectual asset that we value greatly. The expertise, commitment and enthusiasm of our employees is undoubtedly the key to our success.

We currently have more than 600 employees worldwide. We aim to offer them a wide variety of opportunities for advancement, including encouraging them, where appropriate, to spend time working abroad. We believe that this provides them with a first-hand understanding of markets and customers and integrates their technical knowledge with the benefits of their own practical experiences in front of the customer.

We are also very active in the area of training and we offer attractive prospects to those motivated to do so. Through internship programs and thesis work, we also give external students the opportunity to gain practical experience and to get to know our company. Over the years, we have gained many valuable employees through these programs.



IN 1983 AIXTRON STARTED AS A SPIN-OFF FROM RWTH AACHEN AND QUICKLY FOUND THE GLOBAL MARKET.
TODAY WE HAVE A WORLD-WIDE PRESENCE AND ARE ACTIVE LOCALLY WITH BRANCHES IN ALL
OF THE MOST IMPORTANT MARKETS.

THINK GLOBALLY

LISTEN CAREFULLY

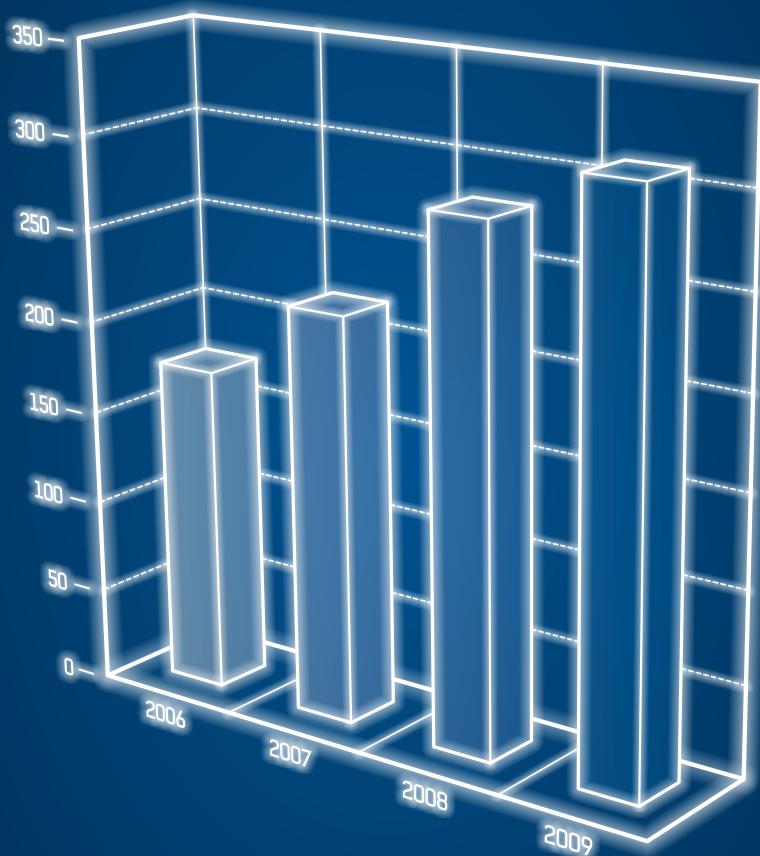
AIXTRON aims to be systematic, consistent and forward-looking in the operation of its global network of activities. We constantly seek to get a better understanding of the individual needs and wishes of our customers and to this end, we are very close to our customers all over the globe:

Our head office, including research, design and manufacturing, is located in Herzogenrath (Germany) and our principal design and manufacturing subsidiaries are in Cambridge (UK), Lund (Sweden) and in Sunnyvale (California, US). Our principal end-market sales, installation and service subsidiaries are located in China, Japan, Korea, Taiwan and the United States. Moreover, we have agency agreements with companies in Australia, India, Israel, Italy, Poland, Russia and Singapore.

We work closely with universities and research institutes as part of our global research and development network. Our laboratories in Herzogenrath and Aachen (Germany), for example, have close ties to many universities, including the nearby university, the Rheinisch-Westfälische Technische Hochschule (RWTH) Aachen, one of the best technical universities in Germany.

We typically take part in around 100 trade fairs and conferences every year. At these events we exchange valuable experiences with representatives of leading research institutions, maintain contacts with the industry and discuss potential ways of improving our systems with end-users. In our user forums, which were visited by more than 700 participants in 2009, we maintain an intensive dialog with our customers and research partners, because their knowledge and experience is an important driver of innovation for our company.

We work hard to maintain close contact with our investors, as the continuous expansion of our IR communication demonstrates: online and offline through which we aim to provide the transparent communication that investors expect today. The Executive Board was engaged in direct discussions with investors on more than 80 days during 2009, and AIXTRON was represented at some of the most important national and international investor conferences. The conversion of our shares into registered shares in 2008 not only provided greater transparency of our shareholder structure, but also enabled more direct communication with AIXTRON's shareholders.



OUR SALES VOLUME INCREASES STEADILY, SUPPORTED BY NEW APPLICATIONS: TODAY IT IS THE HIGHEST EVER SEEN IN AIXTRON'S HISTORY.

BELIEVE IN YOUR SUCCESS

UNLOCK THE POTENTIAL

AIXTRON has established a successful business model that strikes a solid balance between the strength of our technological innovation and the prudence of good business practice.

Our recent success demonstrates that this considered approach works in the most challenging of markets in the most difficult of times: The current order and revenue volumes are at the highest level in the history of AIXTRON.

Our recent capital increase, executed in 2009, generated additional cash to support the growth and ambition of AIXTRON: We will use some of the funds raised to intensify and focus our research and development plans on promising new growth market applications and new innovative technologies. We will also use these funds to strengthen our balance sheet and support the working capital requirements of growing and vibrant market demand.

Moreover, our business success in 2009 has been confirmed and rewarded not only by our customers, but has also been recognized by the global financial markets. Our shares are listed on the Prime Standard* of the Frankfurt Stock Exchange, in the form of American Depository Shares on the NASDAQ* Global Market, and in various indices like the TecDAX®, the Dow Jones STOXX® 600 Index, the NASDAQ Composite Index and the Natura Stock Index. In the period from January 1, 2009 to December 31, 2009 the AIXTRON share price rose by 400%, making it one of the most successful global semiconductor equipment companies during 2009.

We view this outstanding performance in 2009 as both an incentive and an obligation to continue our ongoing success story. We start 2010 with a very healthy order book and with a full pipeline of products in R&D and consequently remain optimistic that AIXTRON will emerge from the global recession even stronger than we went into it.

ALWAYS ONE STEP AHEAD

SINCE 1983

// 1983 //

AIXTRON is founded from RWTH Aachen Technical University.

// 1985 //

The first AIXTRON MOCVD system is installed.

// 1988 //

AIXTRON wins "Innovationspreis der deutschen Wirtschaft".

// 1989 //

Exclusive license from Philips for Planetary Reactors.

// 1990 //

Delivery of the first MOCVD multi-wafer reactors.

// 1994 //

First deposition system for blue LEDs.

// 1995 //

AIXTRON becomes the MOCVD global market leader (VLSI).

// 1997 //

Initial public offering on the Frankfurt Stock Exchange.

// 2000 //

Exclusive license from UDC for OVPD* technology.

// 2005 //

First PVPD system for e-paper applications. Acquisition of Genus, Inc., Sunnyvale.

// 2007 //

Acquisition of Nanoinstruments Ltd., Cambridge.

// 2009 //

AIXTRON achieves highest revenue and profit in the company's history.

INVESTMENT //

INVESTMENT //

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INVESTMENT //

DEAR SHAREHOLDERS,

After a very difficult start to the year, caused by fiscal uncertainty and recessionary fears at that time, fiscal year 2009 has turned out to be a very special year for AIXTRON and one of the best years in the Company's history. Unlike many companies around the world, at the beginning of the year we were in good enough shape to be able to forecast a break-even year at worst, principally because of the flexible business model we have developed over the last few years. Following a dramatic turnaround in order demand, that same flexible business model enabled us to rapidly respond to the rising levels of orders and consequently revenues grew steadily throughout the year, reaching record heights in the second half of 2009.

The consequent development of our share price meant that AIXTRON was one of the world's most successful stock market performers in the semiconductor equipment space, rising from an opening price of EUR 4.70 at the beginning of 2009 to EUR 23.50 at the end of 2009. This represented an increase of 400%, valuing the company at EUR 2.4bn.

The very high level of demand for our products in 2009, perhaps amply demonstrates the major contribution AIXTRON technology has made to the implementation of LED technology in various end market sectors and the degree to which our flexible approach makes profitable growth possible. As the world technology and market leader in production equipment for the manufacture of LEDs, our key-enabling compound semiconductor technology allows us to play a prominent and supportive partnership role for our customers and as a result we benefited significantly from rising demand for LED technology for backlighting in notebooks and LCD TVs during 2009. The forward-looking decisions we made more than 5 years ago, namely to re-engineer our system technology into configurable modules and the decision to re-engineer our manufacturing processes and supply chain structure have played a decisive part in our ability to react quickly and profitably to rapid changes in market conditions. LED technology also now, at long last, seems to be making tangible inroads into the obstacles delaying the development of general lighting applications. The potential and speed at which this significant new market could now develop was one of the main factors behind the Company's decision to raise capital in October 2009.

We will, once again, make the necessary forward-looking investment decisions to ensure that we have the appropriate new technology and infrastructure in place to ensure that AIXTRON remains the leading player in this marketplace during a period of projected growth. The goal is that we will maintain our position as the technology and market leader, as we go into the next chapter of this market's development and going forward; we expect, and are prepared for; shorter product

life cycles as a matter of course as well as new and increased competition. We are not daunted by this prospect. We have the biggest concentration of compound semiconductor experience and expertise that you would find anywhere in the world. We are the market leader in this market because we are the technology leader. Our recent announcement of our intention to recruit another 100 engineers reinforces our determination to continue to offer the best possible technical solutions to our customers in a very exciting growth period for our industry,

Achievement of the revenue forecast we have given for 2010, would mean that we would deliver record sales for the third year in a row and it is our firm intention that we will be able to present a similar positive and profitable report to our shareholders next year. The growth we are enjoying today is based in large part on demand for machines used in the production of LEDs. However, we remain confident, not only on the future prospects of these applications, but also on our ability to deliver complex deposition solutions to the other end markets we serve, when those markets develop.

AIXTRON has a remarkable range of technologies and expertise at its disposal and it is our objective, as managers of your company, to ensure that the decisions we make today keep a firm eye on the potential of the future as well as the rewards of today. The success we are reaping today comes as a result of positive forward-looking decisions we have made in the past. However, whilst we will continue to focus on opportunities for profitable growth in the short term, it will not be at the expense of supporting the longer term decisions that will secure our future. In conclusion; looking back into 2009, it is clear that the rapid return to growth was only possible through the outstanding effort of the entire AIXTRON team and the commitment of our suppliers.

On behalf of the entire Executive Board, I would like to extend our sincere thanks to all of them for their efforts and would also like to thank the Supervisory Board for their continued active support and encouragement. Finally, I would also like to specially thank you, our shareholders, once again for your confidence and your interest in our company. On behalf of the Executive Board of AIXTRON AG; I would like to express our gratitude to you for your continued and loyal support.

HERZOGENRATH, MARCH 2010

AIXTRON AG



PAUL HYLAND
PRESIDENT & CHIEF EXECUTIVE OFFICER

INVESTMENT //

EXECUTIVE BOARD OF AIXTRON AG



FROM LEFT TO RIGHT:

WOLFGANG BREME // EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Born in 1960, married, 2 children

EDUCATION: Business Graduate. 2002–2005: Executive Board Member & CFO of technotrans AG. Before 2002: board member and other leading positions at various international technology companies.**PAUL HYLAND // PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Born in 1953, married, 4 children

EDUCATION: Businessman, Engineer. 2000–2002: Managing Director Thomas Swan. Previously: Managing Director of various international technology companies.**DR. BERND SCHULTE // EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER**

Born in 1962, married, 3 children

EDUCATION: Physics Graduate and Ph.D. Since 1993: different management positions at AIXTRON.

PIXTRON

INVESTMENT //

THE AIXTRON STRATEGY

// ALWAYS ONE STEP AHEAD – SINCE 1983

// MARKET-LED ENGINEERING REQUIRES VISION, INTELLIGENCE AND EFFICIENT EXECUTION

As a technology company, active in an extremely dynamic and challenging market environment, it is essential for AIXTRON to proactively anticipate market developments and customer requirements ahead of time, in order to have the right products available when the market and customers demand them. AIXTRON has continuously pursued this forward-looking market-led strategy to enable the company to become and remain a significant and leading player in the targeted markets. AIXTRON has achieved Market leadership through Technology leadership.

In 1983, the year AIXTRON was founded, the LED market existed on a small research scale and was limited to just a few low volume applications. However, even at that early stage, the AIXTRON founders had a clear vision of the huge future market potential of LEDs capable of serving a variety of different mass applications. This vision started to become a meaningful reality with the arrival of a Gallium Nitride (GaN) process that gave LED manufacturers access to the entire color spectrum for the first time. Shortly afterwards AIXTRON brought to the market its first mass production system for blue LEDs. In the course of time, the AIXTRON Management could see that as the industry evolved and developed, the equipment manufacturing processes AIXTRON employs had to be extremely flexible in order to effectively serve the emerging LED market needs. A new production facility, opened in 2000, remains, even now, the focal point for many of the operational initiatives the Company has developed to give us the business model we have today.

Another key element of that flexibility was the introduction of a new modular and configurable design of the AIXTRON MOCVD mass production systems in December 2005. Only with the introduction of this new 'common platform' design, was it then possible to outsource each of the functional modules to specialist third party suppliers, enabling the Operations function to move from a pure manufacturing operation to a final assembly and test operation.

The real value of the decision to redesign the AIXTRON systems, is only being really appreciated externally now as both revenue volumes and profitability climb. Structured and carefully considered decisions taken well in advance of the evident need require both vision and courage on occasions, but have proved to be highly beneficial to the sustainable business model, today's success is built on.

The same forward-looking strategy applies to acquisitions made by AIXTRON. By acquiring the competitor Thomas Swan in 1999 for example, AIXTRON is able today to offer a choice of two different deposition technologies on the same common platform: either the Close Coupled Showerhead® or the Planetary Reactor®, offering vertical and horizontal deposition options, providing both choice and extendibility. This flexible technical approach has supported AIXTRON in gaining market share.

The acquisition of the Swedish company; Epigress, has enabled AIXTRON to develop a promising position in the emerging silicon carbide electronics market. Through the acquisition of Genus in 2005, AIXTRON Management aims to position the company for entry into the increasingly important developing convergence of the silicon and the compound semiconductor industries.

In 2007, the acquisition of Nanoinstruments was a seed investment into the highly promising area of Carbon Nanostructures which although still in the very early research stage of development is perceived as having significant potential as a next-generation solution for electronic, display and insulation applications.

Market-led design and the precise timing of product introductions are also crucial elements for success. AIXTRON's first generation of common platform mass production compound systems was launched in December 2005 and specifically timed in anticipation of the market's requirements for the emerging application of LED backlighting for notebook- or larger LCD screens and has since the launch been the best selling AIXTRON production system. Remaining a "pure-play" deposition company is central to the Company's strategy of maintaining market leadership through technology leadership and achieving that through the development of leading edge "core-competence" in complex material deposition. Staying highly focused and concentrated on what the Company does best, enables the Company to concentrate on its core strengths, avoid distractions and provides the opportunity to address new market opportunities based on those strengths.

Some examples of the leverage of core "know-how" into different markets are; the PECVD deposition systems for the production of Carbon Nanotubes which AIXTRON sells to leading research facilities worldwide. These deposition systems combine AIXTRON'S original CVD and showerhead know-how with the PECVD technology acquired through the acquisition of Nanoinstruments in 2007. The PVPD deposition system, sold to Plastic Logic Ltd, for the production of their new Que-Reader electronic paper application, is an enhancement of both AIXTRON'S original organic deposition know-how and showerhead technology, acquired when the company bought Thomas Swan in 1999.

For a technology company, it is absolutely necessary to make decisions in time to drive the development and delivery of products or technologies needed in the future. To support the vision that Management has of the medium term opportunities the Company can address, AIXTRON successfully raised nearly EUR 160 million of capital in October 2009. The funds received will mainly be used to prepare the Company for a more competitive market environment by strengthening the balance sheet to finance anticipated growth and to ramp up R&D activities to strengthen the technology base and specifically to accelerate the company's development roadmap to ensure AIXTRON'S continued market leadership. 2010 will see an increase in the number of R&D staff and product development activities in anticipation of future market needs.

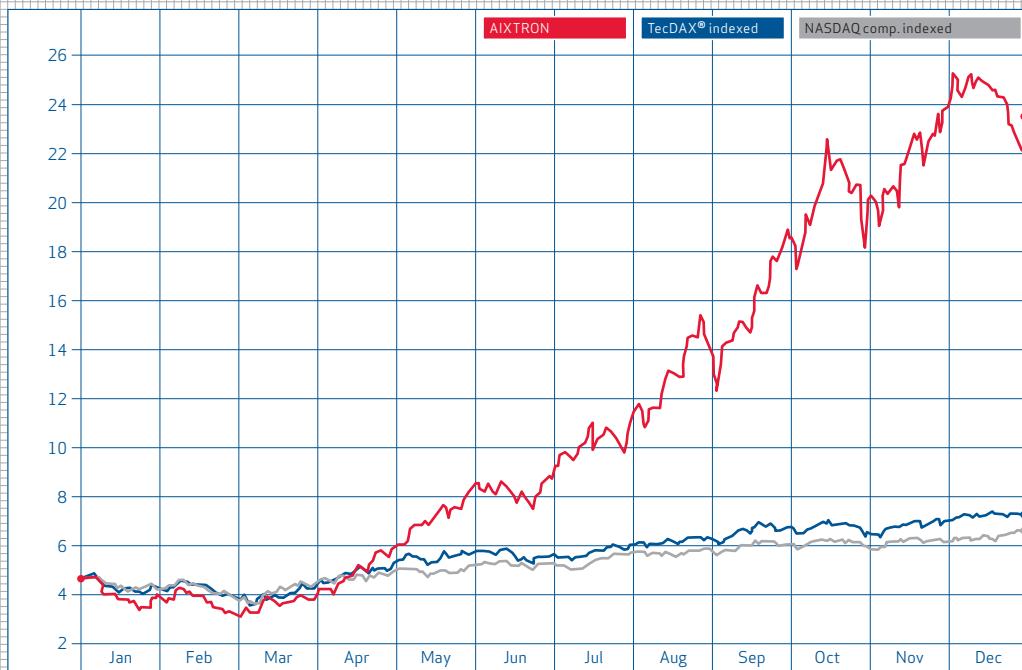
AIXTRON'S Management has successfully managed the transition of the company from being engineering-led to a high-tech company that is now a market-led and engineering-driven business, focused on the needs of its customers.

The principal objective is to use its forward-looking strategy to develop the right products at the right time for anticipated market requirements and to exceed customers' expectations and demands as they develop.

Management's focus is on maximizing the leverage of AIXTRON'S core deposition technologies into as many profitable end markets as possible. Strong focus on the Company's strengths has prevented AIXTRON from being distracted by short term issues and has enabled the Company to maintain a clear view of those longer term perspectives that Management believes will create longer term value for the business and shareholders.

We believe that by pursuing a forward-looking, market-led and focused strategy and by employing considered and prudent business judgment in all we do, that we will maintain our competitive edge and stay "Always one step ahead".

DEVELOPMENT OF SHARE PRICE IN EUR



KEY SHARE DATA

XETRA in EUR, NASDAQ in USD	2009		2008		2007	
	Shares/ XETRA	ADS/ NASDAQ	Shares/ XETRA	ADS/NASDAQ	Shares/ XETRA	ADS/NASDAQ
Closing Price (end of period)	23.50	33.53	4.76	6.81	9.51	14.00
Period High Price	25.29	38.24	10.39	16.08	9.91	14.80
Period Low Price	3.15	3.88	2.92	3.53	3.31	4.45
Average daily trading volume (EUR, USD)	14,878,415	4,353,314	6,305,757	1,087,934	6,471,655	659,939
Average daily trading volume (number of shares, ADS)	1,016,748	170,069	895,424	97,120	1,007,362	68,617
Number of shares issued (end of period)	100,667,177		90,894,616		90,444,213	
Market capitalization (end of period), million EUR, million USD	2,365.68	3,375.37	432.7	619.0	860.1	1,266.2

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INVESTMENT //

THE AIXTRON SHARE

In strong contrast to the high degree of uncertainty in the economy and the equity market we saw at the very beginning of the year, we concluded fiscal year 2009 with one of the best fiscal performances in the Company's history.

The global financial turmoil that developed during 2008 quickly turned into one of the most dangerous economic crises in living memory. AIXTRON'S customers had to cope with low capacity utilization levels and almost zero visibility, which understandably led to a general reluctance to commit to capital equipment investments. In contrast to our usual practice, at the beginning of the year, AIXTRON Management was unable to publish a specific revenue and earnings forecast for 2009, such was the lack of business visibility. Nevertheless, Management felt suitably confident enough to predict that the Company would break even, which at that point in time, was calculated to be dependant on achieving revenues of EUR 170m in the year. Opening the year at a price of EUR 4.70, the stock traded throughout the quarter close to the lows of the previous 12 months, reaching the lowest point during 2009 of EUR 3.15 on March 2nd, 2009. However, two positive business developments emerged towards the end of the first quarter which acted as a catalyst to the subsequent recovery of the stock price. The first factor was that one prominent Korean TV manufacturer launched an LED backlit LCD TV – a flat screen TV with LED technology as a replacement backlighting product – and subsequently backed up this strategic move with some substantial investments in LED manufacturing equipment. The second factor was the speed at which nearly all other competing TV manufacturers made statements of intent and consequent investment plans to take a similar course of action. We saw an almost immediate recovery in the AIXTRON stock price following this news, which was further consolidated when the first quarter results were published, whereupon AIXTRON published full year guidance of revenues of EUR 200-220m and an EBIT of 10-11% as a result of the improved visibility levels of AIXTRON customers.

Progressively through the second quarter of 2009, nearly all AIXTRON customers in Asia reported rising capacity utilization levels, and the new strategic investors that had made the initial investments during the first quarter, continued to expand their LED production capacities. These market factors, in conjunction with statements made by AIXTRON Management indicating that the Company believed that order intake levels had bottomed out in Q1, further supported the positive share price development throughout the second quarter.

Those established LED manufacturers who had been severely affected by the recessionary inventory de-stocking activities in 2008, also reported sustained capacity utilization increases and began to make further investments in this period to expand capacity. The sustainability of this rising demand was principally due to the quicker than expected global rollout and consumer enthusiasm for LCD flat screen TVs with LED backlighting. As a result of that ongoing positive development, AIXTRON posted rising order intake and revenue levels in the second quarter results and Management was yet again able to increase the Company's full year guidance to revenues of EUR 230–250m and an EBIT target of 12–13%.

Passing the EUR 1 billion market capitalization resulted in several major investment funds showing much greater interest in AIXTRON, including Fidelity, one of the largest funds in the world, who subsequently invested in AIXTRON stock, becoming its largest shareholder, holding 8% of the total shares as of December 31st. At the end of August, AIXTRON was included in the Dow Jones STOXX® 600 Index due to the company's increased market capitalization and trading volumes. The 600 index stocks are ranked by their free float market capitalization levels and include companies from across 18 countries in the European economic region. By the end of September, the AIXTRON share had increased further on market opinions and speculation that the LEDs could be utilized in the general illumination market faster than previously expected. By mid October, the market capitalization value of AIXTRON had increased to EUR 2 billion.

Due to a desire to strengthen the balance sheet for working capital purposes and to support the decision to accelerate R&D work planned in the Company's development roadmap, the Management obtained Supervisory Board approval to initiate a capital increase on the eve of the release of the third quarter results on October 28, 2009. The capital increase, of 8.9m shares, was completely subscribed and completed in less than one working day, with shares being placed with institutional investors via an accelerated book building process. The placement price was EUR 17.75 per share and consequently, the gross proceeds for the Company from the capital increase amounted to approximately EUR 159.4 million. The funds raised are intended by Management to support increased research and development activities and to finance expected Company growth.

The increased levels of order intake and revenue reported in the third quarter figures and the further increase in the full year guidance to EUR 280m and 18% EBIT were very positively received by the market, fuelling further growth in the share price, despite the dilutive effect of the capital increase.

The AIXTRON share was one of the world's top-performing semiconductor equipment stocks in 2009. During the course of fiscal year 2009, the share price rose by 400% and closed the trading year at EUR 23.50 (January 2, 2009: EUR 4.70) and a market capitalization of EUR 2.4 billion. The highest closing price of the year was EUR 25.29 and was reached on December 1, 2009. The technology index TecDAX®, went up by 55 % from 525.5 points on December 31, 2008 to 817.6 points at the end of 2009. The NASDAQ composite index improved by 44% from 1,577.03 points on December 31, 2008 to 2,269.15 points on the last trading day in 2009.

INVESTOR RELATIONS

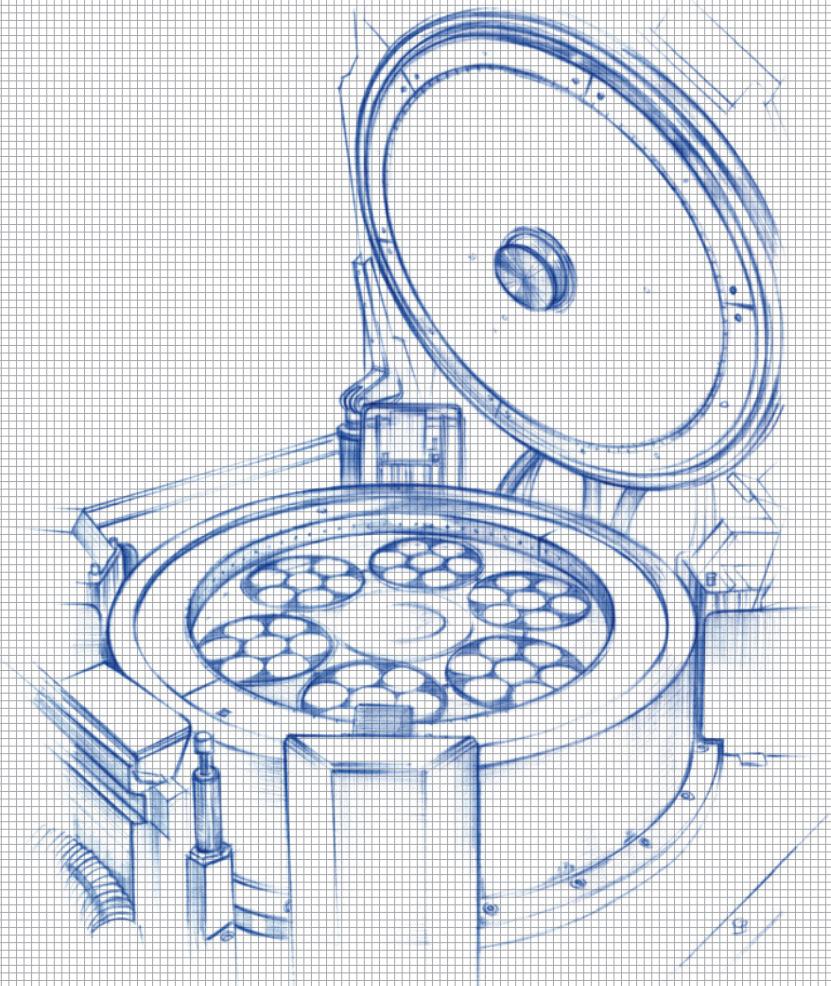
As of the end of 2009, 22 financial analysts (2008: 18 analysts) regularly published financial analyses on the Company. AIXTRON remains listed in the form of American Depository Shares in the Global Select market segment of the NASDAQ technology exchange in the US and continues to comply with the strict US transparency requirements.

AIXTRON remains committed to providing its shareholders and capital markets with accurate, timely, and relevant information about the strategic and financial aspects of its business and to complying with the principles of good corporate governance. AIXTRON regularly provides up-to-date information about its financial results, strategies and about product, sector and market trends at many of the largest investor conferences and roadshows in the world's major financial centers. In the 2009 fiscal year, the Company's Executive Board members spent more than 80 man-days at investor roadshows and conferences, and hosted more than 400 one-on-one meetings and conference calls with leading analysts and investors.

SHAREHOLDER STRUCTURE

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% 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.

AIXTRON MOCVD



HEART OF THE AIXTRON PLANETARY SYSTEM: THE SO-CALLED PLANETARY REACTOR®,
HERE IN A CAPACITY OF 42x2-INCH WAFERS.

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PERFORMANCE //

SUPERVISORY BOARD REPORT

The Supervisory Board is very pleased to report to you that the AIXTRON Group has once again succeeded in raising its order intake, revenues, and profitability to new record levels in fiscal year 2009 and emerged from a very difficult year as one of the most successful equipment companies in this challenging marketplace.

Despite the financial and economic crisis that affected all companies going into the first quarter of 2009, the industry we serve started to recover in the second quarter more quickly than many expected. The accelerated demand for LED TV backlighting and the AIXTRON equipment needed to produce those LEDs, were the main triggers for our recovery. There are also some encouraging signals that the LED industry believes that LED technology could also find its way into general lighting applications quicker than previously thought, although this remains to be proved.

With this much improved market sentiment and outlook, the strategy the Executive Board has worked so hard to develop over the last few years, supported by the flexible, modular and mainly outsourced production, is bearing fruit and bodes well for the future.

We carefully examined the logic involved in the Executive Board's proposal and consequently supported their decision to raise additional capital in October 2009 agreeing that the additional equity capital was necessary to support both the growing working capital needs of our business model and equally importantly the need to invest more in research and development during the next few years to capitalize on the emerging opportunities.

During fiscal year 2009, we supported the Executive Board through regular dialogue on a range of business development opportunities, corporate planning and strategic issues, including risk management issues and the requisite compliance program of the Company. For this purpose, the Supervisory Board and the Audit Committee met regularly with the Executive Board who kept us promptly and comprehensively informed of all relevant developments. The Executive Board directly involved us in all decisions of a material importance to the Company and we, in turn, provided our independent advice to them. Furthermore, we monitored Executive Board management activities and actions on a regular basis and ensured that the Company was managed in a legal and orderly manner.

SUPERVISORY BOARD MEETINGS AND CONTENT

During 2009, the Supervisory Board held four ordinary Supervisory Board meetings on March 11, May 19, September 9 and December 4, each of which was attended by all six Supervisory Board members.

At each of these meetings, the Executive Board updated us, orally and in written form, on the respective financial and operational status of the business and also on various ongoing product development and qualification projects. Furthermore, we extensively discussed the latest and expected future developments in the market and competitive environments. In all of the meetings held we gained a comprehensive insight into the management, mid-term company strategy and planning of the AIXTRON Group through forecasts and business development plans, activities and opinions. Variances between the actual course of business and the Company's plans and targets were explained and the reasons provided. Latest share price developments, analyst recommendations on the AIXTRON share, the share ownership structure and the USD/EUR exchange rate development and its effects on the AIXTRON Group were also regular meeting topics.

Between meetings, all Supervisory Board members received detailed written monthly and quarterly reports on the status of the Company. Through a secure intranet web program we had constant access to internal and selected external information about AIXTRON, including internal control reports, meeting minutes, company presentations, research reports, analyst consensus reports, press releases, and AIXTRON's financial reports. Furthermore, in numerous telephone calls and face-to-face meetings, both I, as Chairman, and the Chairman of the Audit Committee were promptly and comprehensively informed by the Executive Board about material developments and forthcoming decisions. During these conversations, strategic and business development as well as risk management topics were comprehensively discussed.

All business transactions which needed our approval have been presented to us in a timely manner, and where appropriate, we have given our approval after thorough consideration and examination.

At the first ordinary meeting of the year on March 11, 2009, the Financial Statements for AIXTRON AG as of December 31, 2008, the Consolidated Financial Statements as of December 31, 2008 and their respective Management Reports (including the Risk Report) with the Auditor's Report and the report by the Audit Committee on the key audit results were extensively discussed before being adopted and approved. We also discussed, approved and accepted for publication the Company's Annual Report in Form 20-F, pursuant to United States Securities and Exchange Commission (SEC) rules, and passed resolutions for the Annual General Meeting in 2009 (including the agenda, a resolution for the appropriation of retained profits including the proposed dividend payment, the Supervisory Board report and the appointment of an auditor for Financial

Statements and Consolidated Financial Statements). The same meeting discussed and approved the Corporate Governance Report with Declaration of Compliance dated March 2009 for publication in the Annual Report.

The meeting held on May 19, 2009 did not formally conclude any specific resolutions.

At the meeting held on September 9, we passed a resolution on a further tranche (the "2009 tranche") of the 2007 stock option plan with a related allocation plan. In addition, as part of the Company's medium-term strategy, we dealt intensively with the issue of a proposed capital increase. We agreed with the Executive Board's assessment that the current market conditions and the competitive situation make an early reinforcement of the Company's capital base necessary to give the Company greater scope and resources to consolidate and improve the emerging opportunities for sustainable growth. The resolution approving the capital increase of up to EUR 8,979,937 was approved by the Capital Markets Committee, the Supervisory Board had set up especially for this purpose, on October 28, 2009.

At the last ordinary meeting of the year, on December 4, 2009, we approved the budget for 2010 submitted by the Executive Board. This includes budgeted sales, income, financing, capital expenditure and employees. We have also approved a separate budget for a necessary office building expansion plan. Furthermore, after having obtained the positive opinion of an independent accounting firm, we passed a resolution on the upcoming reorganisation of AIXTRON'S US subsidiary, AIXTRON INC., which is planned to be initiated by the Executive Board in 2010.

The following additional topics were the subject of discussion and monitoring at our four ordinary meetings (not requiring any resolutions):

- // Risk assessment of customer order cancellations
- // Product and market strategies, in particular the timely recognition of market and technology trends
- // Strategies for improving technology, efficiency, and production capacity
- // Production department positioning regarding core competency, supply chain development and vulnerability, management information systems and capacity planning and flexibility
- // Standardization of business processes and products
- // Key customer ordering patterns
- // Changes in the competitive environment
- // General market developments, including M&A developments
- // Management, development and organization of foreign subsidiaries
- // New products

- // Risk of potential and actual legal proceedings, including the litigation involving International Rectifier Corporation
- // The status of the Company's SAP implementation program
- // Capital increase preparation, realization, and completion review
- // Shareholder structure, before and after capital increase
- // Status and value of the Company's NASDAQ stock listing
- // The Company's dividend strategy
- // Executive and Supervisory Board D&O insurance adjustments

USE OF NET INCOME

AIXTRON AG, the parent company of the AIXTRON Group, recorded a net accumulated income in accordance with German generally accepted accounting principles (based on the German Commercial Code Handelsgesetzbuch, "HGB") of EUR 42.5m for 2009. The Executive Board has proposed to the Supervisory Board to distribute a dividend of EUR 0.15 per share for 2009.

The Supervisory Board examined this proposal for profit distribution, taking into consideration the projected liquidity and the financial and investment planning of the Company. We came to the conclusion that a dividend payment of the proposed amount took appropriate account both of the financial security of the Company and shareholders' interest. AIXTRON's Executive and Supervisory Boards will therefore propose to the Shareholders' Meeting 2010 that a dividend of EUR 15.1m (EUR 0.15 per share) be distributed for the fiscal year 2009, the retained earnings of the previous year be transferred into other revenue reserves, and to carry forward the remaining balance sheet gain into retained earnings.

COMMITTEES

The Supervisory Board of AIXTRON AG has one permanent committee: the Audit Committee. It primarily deals with matters such as accounting, risk management, compliance, the internal control system according to Section 404 of the Sarbanes-Oxley-Act (SOX 404), the auditors' mandate, identification of areas to be audited, auditors' fee arrangements, while at the same time ensuring the necessary independence of the auditors. The Chairman of the Committee regularly reports to the Supervisory Board with regard to the work performed.

At the four meetings held in fiscal year 2009 (March 10, May 19, September 8 and December 3), the Audit Committee members addressed the following special topics in addition to the regular financial business development and budget planning issues:

- // Review & discussion of the Declaration of Independence as well as the Management Letter written by the auditors (main conclusions and recommendations arising from the 2008 annual audit of AIXTRON AG and AIXTRON Group accounts and review of the internal control system)

- // Intrinsic value and impairment of certain balance sheet items
- // Internal investment guidelines for bank deposits
- // Setting up an internal auditing function
- // Risk screening, risk management and internal auditing system effectiveness and risk management report (i.e. the Audit Committee ascertained a lawful and effective risk management by the Executive Board according to §91 AktG (German Stock Corporation Act))
- // Effectiveness of internal controlling and compliance system pursuant to section 404 SOA/ Fraud and 5.3.2 of the German Corporate Governance Code (i.e., the Audit Committee is not aware that there were any instances of fraud or breaches of compliance)
- // Preparation of a Compliance Manual with a description of compliance tools and definition of AIXTRON standards
- // Foreign currency risk and respective hedging instruments
- // Potential effects on specific group accounting items of the Executive's Board proposal to reorganize the operations and management of AIXTRON INC.
- // Tax status of the AIXTRON Group
- // Continued introduction of the SAP information system in all group companies and project status
- // Implications of the changes in the German Act to Modernize Accounting, Reporting and Auditing (Bilanzrechtsmodernisierungsgesetz or BilMoG), the Act on the Appropriateness of Management Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung or VorstAG) and the German Corporate Governance Code as amended on June 18, 2009, and their effects on AIXTRON

If required, the Supervisory Board would in addition appoint a Nomination Committee, which will propose suitable candidates to the Supervisory Board for recommendation to the Shareholders' Meeting. This Committee can consist of up to four members. In the reporting period, the constitution of such a Committee was not necessary.

In connection with the capital increase in October 2009, the Supervisory Board formed a competent Capital Markets Committee consisting of three members, which passed the resolutions required in the course of the transaction on behalf of the Supervisory Board. On October 28, 2009, the Capital Markets Committee approved, via a telephone conference call, the resolution submitted by the Executive Board on the same day, regarding the proposed increase in the Company's share capital from authorized capital. On October 29, the Capital Markets Committee also approved the Executive Board's resolution on the final issue volume of 8,979,937 new shares and the fixing of the final issue price of EUR 17.75 per new share. On completion of the capital increase, the Committee's task was finished and it was consequently formally dissolved in the Supervisory Board meeting of December 4, 2009.

MONITORING OF THE EXECUTIVE BOARD

The Supervisory Board paid special attention during fiscal year 2009 to the positive market trends for LEDs and, in particular, the issues and effects of the considerable expansion of AIXTRON'S production capacity during the year. We arranged also for senior managers from the departments Marketing, Technology, Production and Sales to keep us informed at Supervisory Board meetings about what they were doing in practice to defend the Company's leading market position while simultaneously improving margins. This also served to give us the opportunity to directly assess the capability of the senior management operating under the guidance of the Executive Board.

In this context, the issue of just-in-time product development/improvement is of increasing importance. That is why we again dealt intensively with AIXTRON'S technology/development strategy in fiscal year 2009. We obtained detailed descriptions of the planned improvements to technology and efficiency, what potential effects they would have and how they would be implemented in detail.

During the reporting year, the Supervisory Board did not make use of its option to inspect the books and records of the Company, as provided for in §111 (2) of the German Stock Corporation Act (AktG). There was no identified need to do so, given the regular, detailed and satisfactory reporting by the Executive Board, the review through and discussions with the auditors, and the additional monitoring measures implemented as described.

CORPORATE GOVERNANCE

The Supervisory Board regularly checks on developments in Corporate Governance standards and writes a Corporate Governance report together with the Executive Board, which pursuant to the German Corporate Governance Code as amended on June 18, 2009 now forms an integral part of the "Declaration on Corporate Governance".

As part of the decision to extend the management contracts of Mr. Hyland and Dr. Schulte, announced at the Annual General Meeting held in May 2009, the Supervisory Board also discussed remuneration rules for the Executive Board, taking into account corresponding provisions in the German Corporate Governance Code, and subsequently approved the remuneration system employed. The Supervisory Board prepared the Remuneration Report the Code requires and it is part of the Corporate Governance Report/the "Declaration on Corporate Governance".

We will continue to support the Executive Board in its efforts to maintain full compliance with the German Corporate Governance Code recommendations in the future. New Code recommendations, aimed at a more sustainable form of corporate governance and greater Supervisory

Board professionalization, had already been largely implemented at AIXTRON, partly because of the rules already applicable under SOX 404, to which AIXTRON is subject in view of its US listing. A necessary adjustment to the Supervisory and Executive Boards' D&O insurance was made as at January 1, 2010. Consequently, as validated by the current Declaration of Conformity, dated March 2010, pursuant to article 161 of the German Stock Corporation Act (AktG), AIXTRON is fully compliant with the Corporate Governance Code, including the latest Code amendments.

AUDIT AND ANNUAL FINANCIAL STATEMENTS

Following the resolution passed at the Company's Annual Shareholders' Meeting on May 20, 2009, the Supervisory Board awarded the mandate to audit the annual accounts of both AIXTRON AG and the AIXTRON Group, to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany for the 2009 fiscal year.

The auditors also reviewed the internal control system in accordance with SOX, as well as measures implemented by the Executive Board to detect business risks at an early stage and to avoid that such risks would jeopardize the existence of the Company. It was also agreed that the auditors would, if necessary, inform the Supervisory Board or make a note in the audit report of any facts found during their investigation which conflict with the Declaration of Conformity issued under § 161 of the German Stock Corporation Act (AktG) by the Executive Board and Supervisory Board. As in previous years, the auditors did not make any such note for fiscal year 2009.

The annual accounts of AIXTRON AG as per December 31, 2009, and the Company's Group accounts according to §315a HGB and international financial reporting standards (IFRS) as per December 31, 2009 have been issued with an unqualified audit opinion. The auditors have determined that the Management Report of both AIXTRON AG and the AIXTRON Group represents a true and fair view of the current and future business development of AIXTRON AG and of the AIXTRON Group.

The Annual Financial Statement documents (Annual Financial Statements of AIXTRON AG and Consolidated Financial Statements to December 31, 2009, including the Management Reports of the Company and the Group) and the audit reports of the auditor were submitted to the Audit Committee and the Supervisory Board for examination in good time. We have closely examined these documents. The Annual Financial Statements of AIXTRON AG and the Consolidated Financial Statements for the AIXTRON Group, as well as the respective Management Reports, were discussed in detail in the Audit Committee Meeting held on March 9, 2010, with due consideration of the auditor's reports. The auditor was present at both meetings, reported on the key audit results, which also covered internal control and risk management systems, and answered all of the additional questions raised by the Audit Committee and Supervisory Board.

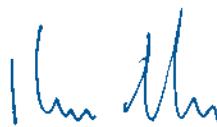
Following our own examination, we had no objections to the submitted single-entity and Consolidated Financial Statements or to the respective Management Reports, and concurred with the auditors' results and opinion. We consequently approved the Annual Financial Statements of both AIXTRON AG and the Consolidated Financial Statements for the AIXTRON Group for fiscal year 2009 the Executive Board had prepared in a resolution passed on March 10, 2010. The Annual Financial Statements of the Company and the AIXTRON Group are, therefore, formally adopted.

NOTE OF THANKS FROM THE SUPERVISORY BOARD

After the very positive business and financial performance in 2009, we would like to thank the AIXTRON Executive Board and all employees for their significant personal commitment and also to express our appreciation to the employee representatives for their constructive cooperation with the Company's executives. Similarly, we would like to thank AIXTRON'S shareholders for their continuing confidence in the Company.

HERZOGENRATH, MARCH 2010

AIXTRON AG



KIM SCHINDELHAUER
CHAIRMAN OF THE SUPERVISORY BOARD

PERFORMANCE //

CORPORATE GOVERNANCE STATEMENT

1 // DECLARATION OF CONFORMITY

In accordance with Section 161 German Stock Corporation Act (AktG), the Executive Board and the Supervisory Board of AIXTRON AG declare:

The recommendations of the Government Commission of the German Corporate Governance Code (Regierungskommission "Deutscher Corporate Governance Kodex"), published by the Federal Ministry of Justice (Bundesministerium der Justiz) in the official section of the electronic Federal Gazette as applicable from time to time, have been complied with in full since the prior Declaration of Conformity dated March 2009.

In the future, it is intended that they will continue to be fully complied with.

HERZOGENRATH, MARCH 2010

AIXTRON AG

FOR THE EXECUTIVE BOARD OF AIXTRON AG



PAUL HYLAND
CHAIRMAN

FOR THE SUPERVISORY BOARD OF AIXTRON AG



KIM SCHINDELHAUER
CHAIRMAN

2 // INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

2.1 // CORPORATE GOVERNANCE REPORT BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF AIXTRON AG

AIXTRON is committed to observing the principles of transparent, responsible conduct of business aimed at creating value on a sustainable basis, by using appropriate corporate governance. We, the Executive and Supervisory Boards of AIXTRON AG, seek to further strengthen the trust placed in us by our shareholders, financial markets, business partners, employees and the general public. We are convinced that good corporate governance is an essential element of our Company's success.

Both this Corporate Governance Report, according to item 3.10. of the German Corporate Governance Code ("Code" / "GCGC"), and the joint Declaration of Conformity, issued by the Executive Board and the Supervisory Board according to Section 161 German Stock Corporation Act (AktG) on March 2010 are components of the Declaration of Corporate Governance pursuant to Section 289a of the German Commercial Code (HGB) and are published in the Annual Report and on the AIXTRON corporate website in German and English. AIXTRON also retains previous Declarations of Conformity on its website for a period of five years.

(2.1.1) FULL COMPLIANCE

AIXTRON has complied with all recommendations of the German Corporate Governance Code, as applicable from time to time, for the last five years, including fiscal year 2009. Our internal monitoring and control systems meet the requirements of Section 404 of the Sarbanes-Oxley Act and are considered effective in supporting our "Compliance" activities, responsibilities and tasks. Therefore, our current Declaration of Conformity, dated March 2010, again confirms that AIXTRON is fully compliant with all the recommendations of the German Corporate Governance Code.

The Company also complies with nearly all suggestions of the Code.

In reaction to the financial market crisis, the German Parliament passed new regulations for Executive Board member remuneration and Supervisory Board monitoring duties in the Act to Modernize Accounting, Reporting and Auditing (Bilanzrechtsmodernisierungsgesetz or BilMoG) and the Act on the Appropriateness of Executive Board Compensation (Gesetz zur Angemessenheit der Vorstandsvergütung or VorstAG), both of which have also now been incorporated in the German Corporate Governance Code as amended on June 18, 2009. AIXTRON had already complied with most of these regulations before they came into force; evidence that conscientious corporate governance over and above what is required by law is considered to be a matter of course for us.

For instance; the full Supervisory Board took into account all relevant appropriateness and sustainability criteria when concluding the fixed total remuneration (items 4.2.2. and 4.2.3. GCGC) for each member currently holding office on the Executive Board. We have, since fiscal year 2006, publicly disclosed individualized total Executive Board remuneration, broken down into fixed and variable remuneration components (cash remuneration and stock options). D&O insurance for all Executive and Supervisory Board members was appropriately adjusted when last extended, on January 1, 2010, to conform to the new regulations (pursuant to item 3.8. of the GCGC).

The Corporate Governance regulations on severance pay and commitments to make payments should a member cease to hold office in the Executive Board by virtue of a change of control had been adopted in 2008 (item 4.2.3. paras. 4 and 5 GCGC), and new management contracts at AIXTRON have been in compliance with the stricter requirements since 2005. Former contracts have been appropriately adjusted when being extended in fiscal year 2009.

Accordingly, if a change of control situation exists, the individual members of the Executive Board shall be entitled to 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.

We have also taken the issue of the need for diversity into account when selecting Executive Board members. This particular issue is now included in the German Corporate Governance Code (item 5.1.2. para. 1 GCGC) and we are compliant, both in terms of internationality as well as previous professional experience and technical expertise.

An independent and appropriately experienced Supervisory Board member (item 5.3.2. GCGC) has chaired the Audit Committee since 2005. We believe that we have already fulfilled the requirement for diversity in the Supervisory Board (item 5.4.1 GCGC) by virtue of the various competencies of its members (in respect of finance, capital market, technology and market experience).

(2.1.2) SHAREHOLDERS AND ANNUAL GENERAL MEETING

In the 2009 fiscal year, the ordinary Annual General Meeting was held in Aachen on May 20. The invitation to the Annual General Meeting was announced online, in a timely manner, in the German Federal Gazette (Bundesanzeiger) and included the agenda with resolutions from the Executive and Supervisory Boards and the necessary conditions for participating in the Annual General Meeting and exercising voting rights. The Company's ADS (American Depository Shares) holders received additional special proxy voting forms in the required timeline. All of the reports and

documentation required by law were available from our website at www.aixtron.com from the date the Annual General Meeting was formally called. Immediately after the Annual General Meeting, the Company published the attendance figures and voting results in a press release and on the AIXTRON website.

Six out of seven agenda topics required General Meeting approval. Around 41 percent of AIXTRON common stock was represented at the Meeting and all resolutions were passed with majorities of least 93.7 percent of the entitled votes. Under agenda item 2, a vote was taken on distributing a dividend of EUR 0.09 per share for the 2008 fiscal year. Under agenda item 6, the Annual General Meeting passed a resolution providing renewed authorization to acquire and use the Company held shares and, under agenda item 7, to move the Company's registered office to Herzogenrath.

As the Company's administrative headquarters and sales functions had already moved from Aachen to Herzogenrath, the Annual General Meeting's resolution also moved the Company's registered office pursuant to its Articles of Incorporation from Aachen to Herzogenrath.

(2.1.3) EXECUTIVE BOARD AND SUPERVISORY BOARD

The Executive Board and Supervisory Board worked closely together throughout the year for the benefit of the business enterprise. Their joint goal is to increase the sustainable value of the Company.

In accordance with the requirements of the German law, AIXTRON AG has a two-tier governance system characterized by a clear separation of management and supervisory functions. The Executive Board is responsible for managing the Company and informs the Supervisory Board regularly, comprehensively and without delay, on business development opportunities, corporate planning and strategy, and the risk status of the Company. The Supervisory Board appoints Executive Board members and oversees and advises the Executive Board regarding its management duties, accounting procedures and risk management. Key decisions (such as setting up or disposing of operating sites or land, starting or ending business activities, granting or taking up loans, etc.) require Supervisory Board approval pursuant to the Executive Board's rules of procedure.

Since 2005, AIXTRON AG's Executive Board has comprised the following three members:

Name	Position	First Appointment	End of Term
Paul Hyland	Chairman, President and Chief Executive Officer	April 1, 2002	March 31, 2015
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2013
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

Paul Hyland's and Dr. Bernd Schulte's contracts were recently extended for another five years to March 31, 2015 as announced at the Annual General Meeting on May 2009.

The Supervisory Board of AIXTRON AG comprised of six members at the end of 2009, four of whom also serve on the Audit Committee.

Name	Position	Member since	End of Term
Kim Schindelhauer*	Chairman of the Supervisory Board	2002	AGM 2012
Dr. Holger Jürgensen*	Deputy Chairman of the Supervisory Board	2002	AGM 2012
Prof. Dr. Wolfgang Blättchen*	Chairman of the Audit Committee, Financial Expert**	1998	AGM 2012
Karl-Hermann Kuklies		1997	AGM 2012
Prof. Dr. Rüdiger von Rosen		2002	AGM 2012
Joachim Simmroß*		1997	AGM 2012

* Member of the Audit Committee

** since 2005

According to a resolution passed by the General Meeting in May 2007, the term of office of all six Supervisory Board members terminates upon closing of the General Meeting resolving on the approval of their activities during fiscal year 2011 (assumed during AGM in May 2012). As required under the German Corporate Governance Code in item 5.4.2., the Supervisory Board includes no more than two former Executive Board members, namely Mr. Schindelhauer and Dr. Jürgensen.

Other directorships, held by Executive and Supervisory Board members, are listed under **38 //** in the Notes to the Consolidated Financial Statements. The Company did not conclude or carry out any material transactions with related parties during the fiscal year 2009.

Prior to the Supervisory Board Meeting of December 4, 2009, each Supervisory Board member received the annual questionnaire from the Chairman, examining the efficiency of the Supervisory Board's activities. Based on its evaluation of the questionnaire, the Supervisory Board resolved that it is acting efficiently in accordance with item 5.6. of the Code. Presentations and clarifications from AIXTRON senior managers during the 2009 Supervisory Board meetings, and more detailed strategic planning updates from the Executive Board were deemed very helpful towards the efficiency of the Supervisory Board's duties and performance, and will be continued in the future. In the course of 2010, the Supervisory Board members intend to increase their focus on AIXTRON'S competitive positioning, capital market and compliance issues.

The Company had first initiated D&O insurance in 1997 covering the activities of members of the Executive Board and members of the Supervisory Board, with a deductible that was considered standard for the market at that time. At the end of 2009, the policy provided for Executive Board members a deductible of EUR 25,000 per insured event per year, and for Supervisory Board members a deductible of EUR 5,000 per insured event per year. In the wake of the VorstAG, the D&O insurance contracts for Executive Board and Supervisory Board members were adapted as follows: with effect from January 1, 2010 the deductible amounts to a minimum of 10% of the respective, potential loss incurred, but cannot exceed a factor of 1.5 of the respective annual fixed remuneration.

(2.1.4) SHARES HELD BY EXECUTIVE AND SUPERVISORY BOARD MEMBERS

As of December 31, 2009, members of AIXTRON AG's Supervisory Board directly and indirectly held a total of 8,805,912 shares or 8.7% of the Company's share capital, which stood at EUR 100,667,177 at the year end, after a capital increase in October. Dr. Holger Jürgensen held 7.67%, Kim Schindelhauer 1.03% of the shares, the Company had issued. As of December 31, 2009, the AIXTRON Executive Board neither directly nor indirectly held any of the shares the Company had issued. Executive Board member stock options arising from the stock option plans are set out and explained in the Remuneration Report below.

The purchase and sale of AIXTRON AG shares by persons according to Section 15a of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG) is published without delay after receipt of the notification, on the AIXTRON website, under the category "Corporate Governance/ Directors Dealings". In accordance with Section 10 of the German Securities Prospectus Act (Wertpapierprospektgesetz or WpPG) every transaction is also published in an annual document, which is available via the Company website. In the 2009 fiscal year, two such transactions covering the sale of a total of 200,000 AIXTRON shares were published.

(2.1.5) TRANSPARENCY

In the interest of maximum transparency, shareholders, shareholder associations, potential investors, financial analysts, and the media are regularly and promptly informed of the AIXTRON Group's business performance. The internet is the communication channel predominantly used for this purpose.

Reporting on the business status and financial results of the AIXTRON AG and the AIXTRON Group is carried out in German and/or English, in the form of:

- // The Annual Report with Group Annual Report, Group Management Report and Supervisory Board Report
- // The AG's Financial Statements and the related Management Report

- // The explanatory report by the Executive Board pursuant to Sections 289 para. 4 and 5
315 para. 4 of the German Commercial Code (HGB)
- // The Form 20-F for the United States Securities and Exchange Commission ("SEC")
- // Interim financial reports
- // Quarterly analyst conference calls
- // Public Company presentations
- // Ad-hoc and IR corporate news releases
- // Forms 6-K for the SEC
- // Marketing news releases

Important recurring dates, such as the date of the Annual General Meeting or the publication dates for the financial reports, are detailed in the financial calendar. This and the above-mentioned reports, speaker notes, presentations, and releases are available via the Company website.

(2.1.6) REPORTING AND AUDIT

The Group interim financial reports as of March 31, June 30, and September 30, 2009, and the Consolidated Financial Statements for fiscal year 2009, have been prepared in accordance with IFRS (International Financial Reporting Standards). The separately reported parent-company Annual Financial Statements 2009 for AIXTRON AG, on which dividend payment is based, are prepared in accordance with German accounting standards (HGB).

The Consolidated Financial Statements are audited by the external auditor and are adopted by the Supervisory Board. The auditor agreed that the Chairman of the Supervisory Board or the Chairman of the Audit Committee would be informed without delay about any reasons for exclusion or exemption and any inaccuracies in the Declaration of Conformity arising in the course of the audit.

(2.1.7) STOCK OPTION PLANS

AIXTRON AG currently has four stock option plans, which reserve shares or AIXTRON American Depository Shares (ADS) for issuance to members of the Executive Board, officers and employees of the Company.

In the reporting year, under the terms of the 2007 stock option plan, we have released a third tranche (Tranche 2009) by issuing 778,850 new stock options at an exercise price of EUR 24.60. Each stock option grants the right to subscribe one AIXTRON share. A waiting period of at least two years applies to 50% of the granted options and a further 25 % can be exercised after at least three years. The remaining 25 % can be exercised only after at least four years and the maximum duration of the stock options is 10 years.

Pursuant to the new regulations in the VorstAG, any stock option plans launched in the future will be structured so that the stock options cannot be exercised for four years.

As per December 31, 2009, the Tranches 2007 and 2008 of the 2007 stock option plan and the previous stock option plans (AIXTRON 1999 and 2002 plans, Genus Stock Option Plan 2000) still had outstanding options to subscribe to 5,005,621 AIXTRON shares or ADS.

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in the Notes to the Consolidated Financial Statements under **25 // Share-based payments**.

(2.1.8) REMUNERATION REPORT

As in previous years, the AIXTRON Remuneration Report 2009 is included in this Corporate Governance Report. It comprises of data that, in accordance with the requirements of the German Commercial Code (HGB) and the IFRS, are an integral part of the Notes to the Annual Financial Statements/Consolidated Financial Statements or of the Management Report/Group Management Report. Therefore, the information explained in this report is not additionally presented in detail in the Notes to the Annual Financial Statements/Consolidated Financial Statements or in the Management Report/Group Management Report.

EXECUTIVE BOARD REMUNERATION

The Supervisory Board meeting in plenary session is responsible for establishing the structure of the remuneration system and the total remuneration for individual members of the Executive Board. It regularly discusses and reviews the remuneration for appropriateness.

The level of remuneration of the Executive Board members of AIXTRON AG is aligned with the commercial and financial situation and future prospects of the Group and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member are taken into account when calculating the remuneration.

Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance), a variable bonus, and stock-based remuneration.

In the Executive Board contracts of employment, an annual income is stipulated for the fixed remuneration component. The fixed remuneration component is non-performance-related and is paid out on a monthly basis (13 times a year) as a salary. Additional payments in kind are made, chiefly consisting of company car usage and payments for pension insurance.

The variable remuneration is paid from an „accrued internal bonus”, defined as up to 10 % of the modified Group consolidated net income for the year concerned, but cannot exceed a maximum of EUR 6.5m. The modified consolidated net income for the year is obtained from the Company’s Consolidated Financial Statements (IFRS) certified by the auditor, less a consolidated loss carry-forward figure and those amounts that are to be allocated to earnings reserves in the Annual Financial Statements of AIXTRON AG by law or in accordance with the Articles of Association. The consolidated loss carry-forward is obtained from consolidated net losses from previous years, less the consolidated net income from subsequent fiscal years.

In addition, as a variable component acting as a long-term incentive, the members of the Executive Board receive a stock-based remuneration in form of option rights arising from the stock option plans of AIXTRON AG. The stock option plans, including potential exercise barriers, are resolved by the Annual General Meeting. The number of option rights for the Executive Board is stipulated by the Supervisory Board. Further details on the outstanding stock options of the Executive Board as well as comments on the respective stock option plans are set out further on in this report.

The appropriateness of the above-mentioned remuneration components, and the likelihood that they do not encourage Management to take unreasonable risks, are regularly reviewed by the Supervisory Board.

In fiscal year 2009, the total fixed and variable remuneration of the Executive Board (including benefits in kind and pension allowance) totaled EUR 5,148,351 (2008: EUR 2,507,112; 2007: EUR 2,641,498). Moreover, the Executive Board was granted 156,000 option rights in 2009 (2008: 156,000; 2007: 156,000) with an option value on allocation of EUR 1,344,720 (2008: EUR 276,120; 2007: EUR 677,040). The division between the individual members of the Executive Board for the years 2007 to 2009 is presented in the table below.

Executive Board Member	Year	Fixed* (EUR)	Variable (EUR)	Total fixed and variable remuneration (EUR)	Options granted (number)	Option value on allocation (EUR)	Total EB remu- nera- tion (EUR)
Paul Hyland	2009	433,554	1,790,641	2,224,195	52,000	448,240	2,672,435
	2008	442,615	689,831	1,132,446	52,000	92,040	1,224,486
	2007	359,166	517,490	876,656	52,000	225,680	1,102,336
Wolfgang Breme	2009	308,968	1,119,151	1,428,118	52,000	448,240	1,876,358
	2008	308,555	344,916	653,471	52,000	92,040	745,511
	2007	295,789	258,745	554,534	52,000	225,680	780,214
Dr. Bernd Schulte	2009	376,887	1,119,151	1,496,038	52,000	448,240	1,944,278
	2008	376,279	344,916	721,195	52,000	92,040	813,235
	2007	310,926	258,745	569,671	52,000	225,680	795,351
Dr. William W.R. Elder	2009	0	0	0	0	0	0
	2008	0	0	0	0	0	0
	2007	468,140	172,497	640,637	0	0	640,637
Total	2009	1,119,409	4,028,942	5,148,351	156,000	1,344,720	6,493,071
	2008	1,127,449	1,379,663	2,507,112	156,000	276,120	2,783,232
	2007	1,434,021	1,207,478	2,641,498	156,000	677,040	3,318,538

* incl. benefits in kind and allowance for pensions

In total, as at December 31, 2009, the AIXTRON Executive Board held options to subscribe to 806,516 shares in the Company (December 31, 2008: 650,516; December 31, 2007: 556,391). The amounts of shares, underlying the options, are set out below. The realizable profits from exercising of the stock options can differ significantly from the figures shown in the table.

Executive Board Member	Allocation	Outstanding (shares)	Exercisable (shares)	Option value on allocation (EUR)	Exercise price (EUR)	Maturity
Paul Hyland	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	0	92,040	4.17	Nov 2018
	Dec 2007	52,000	0	225,680	10.09	Dec 2017
	May 2006	55,000	27,500	84,150	3.83	Nov 2016
	May 2004	35,000	35,000	107,800	6.17	Nov 2014
	May 2003	27,500	27,500	48,950	3.10	Nov 2013
	May 2002	27,500	0	152,625	7.48	May 2017
	May 2001	5,000	0	106,500	26.93	May 2016
	May 2000	5,400	1,350	114,507	67.39	May 2015
Wolfgang Breme	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	0	92,040	4.17	Nov 2018
	Dec 2007	52,000	0	225,680	10.09	Dec 2017
	May 2006	55,000	27,500	84,150	3.83	Nov 2016
Dr. Bernd Schulte	Nov 2009	52,000	0	448,240	24.60	Nov 2019
	Nov 2008	52,000	0	92,040	4.17	Nov 2018
	Dec 2007	52,000	0	225,680	10.09	Dec 2017
	May 2006	55,000	27,500	84,150	3.83	Nov 2016
	May 2004	35,000	35,000	107,800	6.17	Nov 2014
	May 2003	0	0	48,950	3.10	Nov 2013
	May 2002	27,500	0	152,625	7.48	May 2017
	May 2001	5,000	0	106,500	26.93	May 2016
	May 2000	2,640	660	55,981	67.39	May 2015
	May 1999	2,976	2,976	35,640	18.70	May 2014
Total		806,516	184,986			

In accordance with IFRS 2, the "option value on allocation" is also the basis for inclusion as expenses in the profit and loss account for options issued after November 7, 2002. For stock options issued before November 7, 2002, the fair value was calculated as per the Black-Scholes model.

In the reporting year 2009, the Executive Board members exercised 0 (2008: 6,875; 2007: 217,485) option rights, and none (2008: 0; 2007: 0) expired.

The current Executive Board members have no individual company pension benefits which would result in pension provisions. Instead, the combined Executive Board annual pension allowance (EUR 120,000 p.a. in 2009, 2008 and 2007), paid by AIXTRON and included in the fixed remuneration, is transferred by the Executive Board members into independent insurance contracts with a benevolent fund allowance.

The Company's net obligation in respect of defined benefit pension plans reflects commitments to two former members of the Executive Board of AIXTRON AG. As at the end of 2009, this resulted in pension provisions totaling 1,028,464 (2008: EUR 845,012; 2007: EUR 878,003).

The Executive Board members receive no loans from the Company.

SUPERVISORY BOARD REMUNERATION

Remuneration of the Supervisory Board is regulated by the Articles of Association of AIXTRON AG. Accordingly, the annual fixed compensation for each individual member of the Supervisory Board is EUR 18,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times this amount. The members of the Supervisory Board also receive, in aggregate, a variable compensation of 1% of the Company's retained earnings, less an amount corresponding to 4% of the paid-in contributions to the share capital. The Chairman of the Supervisory Board receives 6/17, the Deputy Chairman 3/17, and each other member of the Supervisory Board 2/17 of the variable compensation. The variable compensation is limited to four times the fixed compensation per Supervisory Board member. In addition, members of the Audit Committee receive an attendance fee of EUR 1,500 for attending a committee meeting, with the Chairman of the committee receiving twice this amount. The total annual attendance fee per Supervisory Board member is limited to one and a half times that individual's fixed compensation.

In fiscal year 2009, the compensation of the Supervisory Board totaled EUR 567,345 (2008: EUR 446,958; 2007: EUR 269,751). The Supervisory Board compensation for the years 2007 to 2009 comprised in detail:

Supervisory Board Member	Year	Fixed (EUR)	Variable (EUR)	Attendance Fee (EUR)	Total (EUR)
Kim Schindelhauer* (Chairman of the Supervisory Board)	2009	54,000	135,651	6,000	195,651
	2008	54,000	93,162	6,000	153,162
	2007	54,000	30,618	6,000	90,618
Dr. Holger Jürgensen* (Deputy Chairman of the Supervisory Board)	2009	27,000	67,826	6,000	100,826
	2008	27,000	46,581	6,000	79,581
	2007	27,000	15,309	6,000	48,309
Prof. Dr. Wolfgang Blättchen* (Chairman of the Audit Committee)	2009	18,000	45,217	12,000	75,217
	2008	18,000	31,054	12,000	61,054
	2007	18,000	10,206	12,000	40,206
Karl-Hermann Kuklies	2009	18,000	45,217	0	63,217
	2008	18,000	31,054	0	49,054
	2007	18,000	10,206	0	28,206
Prof. Dr. Rüdiger von Rosen	2009	18,000	45,217	0	63,217
	2008	18,000	31,054	0	49,054
	2007	18,000	10,206	0	28,206
Joachim Simmroß*	2009	18,000	45,217	6,000	69,217
	2008	18,000	31,054	6,000	55,054
	2007	18,000	10,206	6,000	34,206
Total	2009	153,000	384,345	30,000	567,345
	2008	153,000	263,958	30,000	446,958
	2007	153,000	86,751	30,000	269,751

* Member of the Audit Committee

As in previous years, there were no payments made to any Supervisory Board member for advisory services in the year 2009.

The Supervisory Board members receive no loans from the Company.

2.2 // OTHER, VOLUNTARY CORPORATE GOVERNANCE PRACTICES

AIXTRON AG has had a Code of Ethics procedure since 2006 for the Executive Board members and selected key managers in Finance. The aim of the Code is to prevent misconduct and promote upright and ethical conduct, including ethical handling of conflicts of interest, the complete, fair, precise, timely and transparent disclosure of quarterly and annual reports, compliance with prevailing laws, rules and regulations, the immediate internal reporting of breaches of the Code and responsibility for compliance with the Code. The complete text of the Code may be found via the AIXTRON website.

In addition, AIXTRON has issued a Code of Conduct applicable to all employees in all Company offices throughout the world and holds them accountable to conduct that is conscientious and in conformity with the law. The Code covers, amongst other topics, the following issues: Responsibility and respect towards mankind and the environment, compliance with overall legal conditions, legal and ethical conduct by each individual employee, loyalty to the Company, fair and respectful treatment of fellow employees, rejection of any form of discrimination, dealing responsibly with corporate risks, acting in an environmentally aware manner, security in all operating areas, professional work, reliability and fairness in all business relationships, compliance with guidelines on giving/taking unfair advantage, dealing with insider information and treatment of Company property. The full text of the Code of Conduct may also be downloaded from the AIXTRON website.

3 // WORKING PRACTICES OF EXECUTIVE AND SUPERVISORY BOARD MEMBERS

3.1 // TASKS AND COMPOSITION OF THE BOARDS

Pursuant to guidelines inherent in company law, the Executive Board of AIXTRON AG is responsible for managing the Company and informs the Supervisory Board regularly, comprehensively and without delay, regarding business development opportunities, corporate planning and strategy, and the Company's risk situation.

According to Article 8 of AIXTRON AG's Articles of Incorporation, the Executive Board comprises of two or more persons. The Supervisory Board determines the precise number of Executive Board members. It also decides whether a Chairman, deputy members or a Deputy Chairman should be appointed.

In addition to joint and several liability of each Executive Board member under law and their obligation to work closely and confidentially with their colleagues, the responsibilities of the individual members of the Executive Board are allocated, as follows:

AIXTRON's President and Chief Executive Officer, Mr. Paul Hyland, coordinates the tasks of the Executive Board and is responsible for the corporate operations at the AIXTRON Group, focusing in particular on Strategic Planning, Communications, Product Development & Manufacturing, as well as Procurement & Logistics. The Chief Financial Officer, Mr. Wolfgang Breme, in addition to Group finances is also responsible for Corporate Governance & Compliance, IT, Human Resources and Legal & Risk Management. The Chief Operating Officer, Dr. Bernd Schulte, has responsibility within the Group for Business Development/Operations, Marketing, Sales & Service, Technology, Technology Transfer and Research & Development.

The Supervisory Board monitors Executive Board compliance with its management duties; it appoints Executive Board members and advises it in matters of corporate governance, accounting procedures and risk management.

Pursuant to Article 11 of AIXTRON AG's Articles of Incorporation, the Supervisory Board consists of six members. The General Meeting can specify any other number of Supervisory Board members divisible by three. The appointment of the Supervisory Board members generally lasts until the end of the Annual General Meeting that resolves on the approval of the Supervisory Board's activities for the fourth fiscal year after the beginning of their appointment.

The Supervisory Board elects a Chairman and a Deputy Chairman amongst its members. The Chairman in office, Mr. Kim Schindelhauer, or – if he is prevented from doing so – his Deputy Dr. Holger Jürgensen, convenes the meetings of the Supervisory Board and leads them.

The Supervisory Board of AIXTRON AG has one permanent committee, the Audit Committee, with Prof. Dr. Wolfgang Blättchen as Chairman and independent financial expert. This committee primarily deals with matters such as accounting, risk management, compliance, the internal control system, the auditors' mandate, identification of areas to be audited, auditors' fee arrangements, while at the same time ensuring the necessary independence of the auditors.

If required, the Supervisory Board may appoint a Nomination Committee, which would be exclusively filled by shareholder representatives. The Nomination Committee can consist of up to four members. Its task is to propose suitable candidates to the Supervisory Board for recommendation to the Shareholders' Meeting.

3.2 // RELEVANT RULES OF PROCEDURE

The Supervisory Board has produced by-laws for the Executive Board that are regularly reviewed to ensure they are appropriate and up to date. They include a listing of matters which are of fundamental or substantial importance and about which the Executive Board is required to make formal resolutions. Examples of such material decisions requiring formal resolutions are: the Company's strategy, corporate planning and budgets; significant changes in the organization of the Company and Group; the commencement or discontinuation of areas of activity of the Company; the acquisition and sale of land and land rights; the conclusion, amendment, and termination of intercompany, license or cooperation agreements; the commissioning of material external consulting and research projects; fundamental questions in the area of human resources and human resources policy; determination of the principles governing representation in business organizations and associations; appointments to the management and supervisory bodies of subsidiaries and associated companies; important publications and information for the public outside of normal results; the initiation of lawsuits and legal disputes; the granting of collateral and assumption of guarantees.

The Executive Board by-laws also contain a catalog of material transactions requiring Supervisory Board approval, including, but not exclusively, events such as setting up or disposing of operating sites or land, starting or ending business activities, granting or taking up loans.

Meetings of the Executive Board, according to the by-laws, take place at least twice a month, if not otherwise required. The Executive Board meetings are convened and chaired by the Chairman of the Executive Board or another member of the Executive Board pre-appointed by the Chairman if he cannot attend the meeting. An Executive Board quorum exists if all members have been invited and at least two members of the Executive Board are present. The Executive Board makes decisions by a simple majority of the votes cast by the members present unless otherwise determined by the law, the Articles of Incorporation and the by-laws. In case of a tie, the Executive Board Chairman casts the deciding vote.

The Supervisory Board has created rules of procedure of its own accord. They govern Supervisory Board duties, rights and obligations, the organization of meetings and resolutions, as well as the formation of committees. The Audit Committee has its own rules of procedure.

The Supervisory Board, like the Audit Committee, generally holds four ordinary meetings per calendar year (minimum number of meetings according to the by-laws: two per calendar year). As requested by the Chairman of the Supervisory Board, the Executive Board participates in all Supervisory Board meetings, gives written and oral reports on the various points on the agenda and proposed resolutions, and answers questions posed by the individual Supervisory Board members. Between meetings, detailed written monthly and quarterly reports on the status of the Company from the Executive Board are made available to all Supervisory Board members. Furthermore, in numerous telephone calls and face-to-face meetings, both the Chairman and the Chairman of the Audit Committee, are promptly and comprehensively informed by the Executive Board about material developments and forthcoming decisions.

Resolutions of the Supervisory Board and the Audit Committee are generally passed at meetings. A quorum exists in both bodies if two thirds of their members, including the Chairman or the Deputy Chairman, are present. Decisions are made by a simple majority of the votes cast. In case of a tie, the meeting Chairman casts the deciding vote.

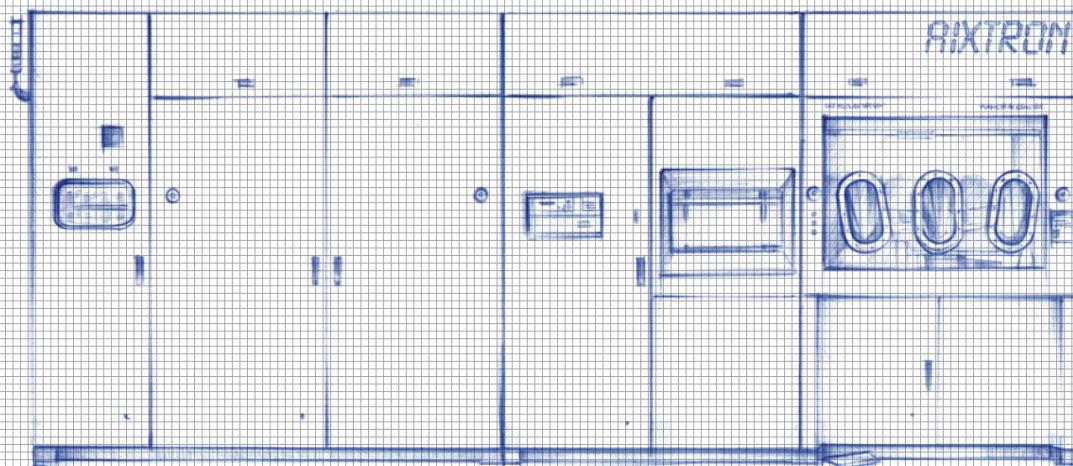
3.3 // ETHICAL PRINCIPLES

Every Executive Board member must immediately disclose conflicts of interest to the Supervisory Board and other members of the Executive Board. Members of the Executive Board may only take on sideline activities, in particular posts on supervisory boards outside the Group, after receiving Supervisory Board approval.

Likewise, every member of the Supervisory Board must immediately disclose conflicts of interest to the other members of the Supervisory Board, especially those conflicts arising from a consulting contract or board function for a customer, supplier, creditor, or other business partner. If a material conflict of interest involving a Supervisory Board member cannot be resolved, it will result in that member having to resign.

Several specific working practices of the Executive and Supervisory Boards and the Audit Committee during fiscal year 2009 are further described in the Supervisory Board Report and the Letter to the Shareholders. Both reports can be found in the Company's Annual Report and on the AIXTRON corporate website.

AIXTRON MOCVD



MODULAR DESIGN, HIGH-TECH INTERNALS: AIXTRON SYSTEMS OFFER GREAT FLEXIBILITY AND SIMULTANEOUSLY SATISFY THE HIGHEST QUALITY STANDARDS DEMANDED BY OUR CUSTOMERS.

PERFORMANCE //

GROUP MANAGEMENT REPORT AS OF DECEMBER 31, 2009

This Management Report relates to the consolidated financial statements of AIXTRON AG including the following operating subsidiaries (collectively referred to as "AIXTRON", "the AIXTRON Group", "the Group" or "the Company"): AIXTRON, Inc., Sunnyvale, California (USA); AIXTRON LTD., Cambridge (United Kingdom); AIXTRON AB, Lund (Sweden); AIXTRON Korea Co. Ltd., Seoul (South Korea); AIXTRON KK, Tokyo (Japan); and AIXTRON Taiwan Co. Ltd., Hsinchu (Taiwan).

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). All financial information contained in this Management Report, including comparable prior year numbers, is reported in accordance with IFRS. Further information about the adherence to reporting standards is contained in **note 39** to the consolidated financial statements.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the business, financial condition, results of operations and earnings outlook of AIXTRON within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. Words such as "may", "will", "expect", "anticipate", "contemplate", "intend", "plan", "believe", "continue" and "estimate", and variations of these words and similar expressions, identify these forward-looking statements. The forward-looking statements reflect our current views and assumptions and are subject to risks and uncertainties. You should not place undue reliance on the forward-looking statements.

The following factors, and others which are discussed in AIXTRON's public filings and submissions with the U.S. Securities and Exchange Commission, are among those that may cause actual and future results and trends to differ materially from our forward-looking statements: actual customer orders received by AIXTRON; the extent to which deposition technology is demanded by the market place; the timing of final acceptance of products by customers; the financial climate and accessibility of financing; general conditions in the thin film equipment market and in the macro-economy; cancellations, rescheduling or delays in product shipments; manufacturing capacity constraints; lengthy sales and qualification cycles; difficulties in the production process; changes in semiconductor industry growth; increased competition; exchange rate fluctuations; availability of government funding; variability and availability of interest rates; delays in developing and commercializing new products; general economic conditions being less favorable than expected; and other factors.

The forward-looking statements contained in this news release are made as of the date hereof and AIXTRON does not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

BUSINESS AND OPERATING ENVIRONMENT

ORGANIZATIONAL STRUCTURE

The table below shows a list of the significant AIXTRON subsidiaries as of December 31, 2009:

Name	Jurisdiction of Incorporation	Ownership Interest in %
AIXTRON Ltd.	England and Wales	100
AIXTRON AB	Sweden	100
AIXTRON Korea Co. Ltd.	South Korea	100
AIXTRON KK	Japan	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100
AIXTRON, Inc.	USA	100
Genus Trust*	USA	n.a.

* The shares in Genus Trust are attributed, as beneficial owner, to AIXTRON, as control exists due to the trust relationship with AIXTRON AG

MANAGEMENT AND CONTROL

As of December 31, 2009 AIXTRON's Executive Board ("Management") consisted of the following three individuals:

Name	Position	First Appointment	End of Term
Paul Hyland	Chairman, President and Chief Executive Officer	April 1, 2002	March 31, 2015
Wolfgang Breme	Executive Vice President and Chief Financial Officer	April 1, 2005	March 31, 2013
Dr. Bernd Schulte	Executive Vice President and Chief Operating Officer	April 1, 2002	March 31, 2015

As of December 31, 2009 AIXTRON's Supervisory Board consisted of the following six individuals:

Name	Position	Member since	End of Term
Kim Schindelhauer*	Chairman of the Supervisory Board	2002	AGM 2012
Dr. Holger Jürgensen*	Deputy Chairman of the Supervisory Board	2002	AGM 2012
Prof. Dr. Wolfgang Blättchen*	Independent Financial Expert, Chairman of the Audit Committee	1998	AGM 2012
Karl-Hermann Kuklies		1997	AGM 2012
Prof. Dr. Rüdiger von Rosen		2002	AGM 2012
Joachim Simmroß*		1997	AGM 2012

* Member of the Audit Committee

According to a resolution passed by the General Meeting in May 2007, the term of office of all six Supervisory Board members terminates upon closing of the General Meeting resolving on the approval of their activities during fiscal year 2011 (assumed during AGM 2012).

PRINCIPLES OF MANAGEMENT COMPENSATION

The level of remuneration of the Executive Board members of AIXTRON AG is aligned with the commercial and financial situation and future prospects of the Group and the level and structure of Executive Board remuneration at comparable companies as well as the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member are taken into account when calculating the remuneration. Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance), a variable bonus, and stock-based remuneration. In the Executive Board contracts of employment, an annual income is stipulated for the fixed remuneration component. The variable remuneration is aligned to the consolidated net income for the year. In addition, as a variable component acting as a long-term incentive, the members of the Executive Board receive a stock-based remuneration in form of option rights arising from the stock option plans of AIXTRON AG. The current Executive Board members have no individual pension benefits and receive no loans from the Company. The appropriateness of the above-mentioned remuneration components, and the likelihood that they do not encourage Management to take unreasonable risks, are regularly reviewed by the Supervisory Board.

Remuneration of the Supervisory Board is regulated by the Articles of Association of AIXTRON AG. Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 18,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times this amount. Members of the Supervisory Board also receive, in the aggregate, a variable compensation of 1% of the Company's retained earnings, less an amount corresponding to 4% of the paid-in contributions to the share capital. In addition, members of the Audit Committee receive an attendance fee of EUR 1,500 for attending a committee meeting, with the Chairman of the committee receiving twice this amount.

Further detailed information on the compensation of the individual Executive Board and Supervisory Board members is contained in [chapter 32](#) of the notes to the consolidated financial statements as well as in the Corporate Governance/Remuneration Report.

INFORMATION CONCERNING TAKEOVERS AS REQUIRED BY SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE ("HGB")

The Company's stated share capital (Grundkapital) as of December 31, 2009 amounts to EUR 100,667,177 (December 31, 2008: 90,894,616; December 31, 2007: EUR 90,444,213)

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 Company has issued a share certificate representing multiples of shares (global share); 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.

Additional funding needs could be covered by the following additional capital as authorized by the annual shareholders' meeting:

FUNDING SOURCES

(EUR or number of shares)	Dec. 31, 2009	Approved since	Expiry Date	Dec. 31, 2008	Dec. 31, 2007	2009-2008
Issued shares	100,667,177	-	-	90,894,616	90,444,213	9,772,561
Authorized Capital 1 - Capital increase for cash or contribution in kind with existing shareholders' preemptive rights	35,919,751	May 5, 2005	May 17, 2010	35,919,751	35,919,751	0
Authorized Capital 2 - Capital increase for cash excluding existing shareholders' preemptive rights	0	May 18, 2005	May 17, 2010	8,979,937	8,979,937	-8,979,937
Conditional Capital 1 - Convertible Bond 1997	cancelled	Oct. 24, 1997	May 14, 2008	cancelled	43,680	0
Conditional Capital 2 - Stock Options Program 1999	1,926,005	May 26, 1999	Dec. 31, 2017	1,926,005	1,926,005	0
Conditional Capital 4 - Stock Options Program 2002	1,247,197	May 22, 2002	Dec. 31, 2016	2,039,821	2,490,224	-792,624
Conditional Capital 1 2007 - Authorization to potentially issue convertible notes or warrants in future	35,875,598	May 22, 2007	May 21, 2012	35,875,598	35,875,598	0
Conditional Capital 2 2007 - Stock Options Program 2007	3,919,374	May 22, 2007	Dec. 31, 2018	3,919,374	3,919,374	0

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 9,089,462 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.

Any amendment to the articles of association related to capital measures requires a 75% majority of the share capital represented at the general shareholders' meeting (§133, §179 German Corporations Act, AktG).

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% 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.

LOCATIONS

The Company has its registered office in Herzogenrath, Germany, and had a total of 11 facilities worldwide owned or rented as of December 31, 2009:

FACILITY LOCATION

	Use	Approx. size (m ²)	Lease expiry
Herzogenrath, Germany (owned)	Headquarters, Manufacturing, Sales and Service, Engineering, Research and Development	12,457	-
Herzogenrath, Germany (leased)	Administration, Sales, Engineering, Research and Development	2,726	Dec. 31, 2011
Aachen, Germany (leased)	Research and Development	200	Jan. 29, 2014
Alsdorf, Germany (leased)	Engineering, Research and Development	1,588	Dec. 31, 2011
Cambridge, UK (leased)	Manufacturing, Sales and Service, Engineering	2,180	Sep. 13, 2014
Lund, Sweden (leased)	Engineering and Service	449	Dec. 31, 2011
Sunnyvale, CA, USA (leased)	Manufacturing, Sales and Service, Engineering, Research and Development	9,300	Oct. 31, 2012
Seoul, South Korea (leased)	Sales and Service	1,032	Aug. 31, 2010
Shanghai, China (leased)	Representative Office	492	June 30, 2013
Hsinchu, Taiwan (leased)	Sales and Service	1,418	Dec. 31, 2011
Tokyo, Japan (leased)	Sales and Service	311	March 31, 2010

As publicly announced in January 2010, AIXTRON has started the building project of a new state of the art R&D campus at its premises in Herzogenrath in support of the Company's Research and Development strategy. The new facility will be mainly used for Engineering and Research and Development. In total, AIXTRON plans to invest up to EUR 40m of its own cash resources over the next 2-3 years. The new facilities will have an approximate size of 16,000 square meters and will utilize a renewable energy design to minimize its carbon footprint.

BUSINESS MODEL

AIXTRON is a leading provider of deposition equipment to the semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in displays, signaling, lighting, fiber optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, as well as a range of other leading-edge technologies.

AIXTRON'S business activities include developing, producing and installing equipment for coating semiconductor materials, process engineering, consulting and training, including ongoing customer support.

Demand for AIXTRON'S products is driven by the sustained miniaturization, increased processing speed, improved efficiency, and reduced cost of ownership demands for current and emerging microelectronic and optoelectronic components. The ability of AIXTRON'S products to precisely deposit thin material films and the ability to control critical surface dimensions in these components, enables manufacturers to improve performance, yield and quality in the fabrication of advanced microelectronic and optoelectronic devices.

AIXTRON supplies to customers both full production-scale complex material deposition systems and small scale systems for Research and Development use and small-scale production use.

Environmental protection and the responsible use of resources are an essential part of AIXTRON'S business strategy. The Company's engineers work diligently to continuously improve AIXTRON'S systems, both in terms of resource conservation and environmentally-friendly design and function.

Please refer to the "Risk Report" in [chapter 7](#) for potential factors that could adversely affect the described Company's business activities, model and strategy going forward.

EMPLOYEES

AIXTRON'S employees are recruited on the basis of professional and personal qualifications. Each employee's opportunities for participation and promotion are based on personal success as well as individual qualifications and abilities.

The Company's training center offers a number of training classes, ranging from new hire induction classes to continuous education, with topics ranging from quality assurance to environmental and workplace safety management, leadership, and labor law issues. Additionally, AIXTRON supports internships and students in the writing of their diploma and doctoral theses on topics of relevance to AIXTRON.

The total number of employees increased by 11 %, from 619 employees at the end of 2008 (2007: 609) to 687 at December 31, 2009. The increase in fiscal year 2009 was due to the increased number of Manufacturing, Sales and Service, and Administration employees in line with the higher operating output.

EMPLOYEES BY FUNCTION

	2009		2008		2007		2009-2008	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Sales and Service	223	32	205	33	204	34	18	9
Research and Development	206	30	200	32	192	31	6	3
Manufacturing	165	24	131	21	139	23	34	26
Administration	93	14	83	14	74	12	10	12
Total	687	100	619	100	609	100	68	11

As of December 31, 2009, the majority of AIXTRON's worldwide employees were based in Europe, and there, the largest group was employed in R&D positions.

EMPLOYEES BY REGION

	2009		2008		2007		2009-2008	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Asia	116	17	84	14	79	13	32	38
Europe	472	69	428	69	401	66	44	10
USA	99	14	107	17	129	21	-8	-7
Total	687	100	619	100	609	100	68	11

TECHNOLOGY AND PRODUCTS

AIXTRON's product range includes customized production and research scale compound semiconductor systems capable of depositing material films on up to 95 two-inch diameter wafers per single production run, or smaller multiples of 4 to 6 inch diameter wafers, employing Metal-Organic Chemical Vapor Deposition ("MOCVD") or Hydride Vapor Phase Epitaxy ("HVPE") or organic thin film deposition on up to Gen. 3.5 substrates, including Polymer Vapor Phase Deposition ("PVPD") or Organic Vapor Phase Deposition ("OVPD") or large area deposition for Organic Light Emitting Diodes ("OLED") applications or Plasma Enhanced Chemical Vapor Phase Deposition ("PECVD") for depositing complex Carbon Nanostructures (Carbon Nanotubes or Nanowires).

AIXTRON also manufactures full production and research scale deposition systems for silicon semiconductor applications capable of depositing material films on wafers of up to 300 mm diameter, employing technologies such as: Chemical Vapor Deposition ("CVD"), Atomic Vapor Deposition ("AVD") and Atomic Layer Deposition ("ALD").

The following table summarizes the products and technologies AIXTRON offers to its customers for use in specific applications and devices:

Material	Compound Semiconductors	Organic Semiconductors	Silicon Semiconductors
Systems Technology	MOCVD	OVPD*	CVD
	CVD	PVPD	ALD
	PECVD		AVD*
	HVPE		
Products	Planetary Reactor® 200 series	Gen 1 R&D Tool	Lynx CVD
	Close Coupled Showerhead®	Gen 2 Production Tool	Tricent® ALD
	Nano CVD Reactors; "Black Magic Series"	Gen 3.5 Production Tool	Tricent® AVD®
	Hot-Wall Reactors: VP series		QXP-8300
Potential Applications/ Devices	LEDs	OLEDs for displays	Metal and Oxide films for CMOS gate stacks
	Optoelectronics (photo diodes, lasers, modulators for telecom/datacom)	OLEDs for solid state lighting	Metal and Oxide films for capacitor structures in DRAMs and FeRAMS
	Laser devices for consumer electronics (CDs, DVDs)	Organic transparent thin film solar cells	TFH – Thin Film Heads for data storage hard disk drives
	High-Frequency devices (such as Hetero Bipolar Transistors and High Electron Mobility Transistors) for wireless datacom	Electronic semiconductor structures for flexible displays and Radio Frequency Identification Devices ("RFID")	
	Silicon Carbide ("SiC") based High Power Devices		
	Solar cells		
	Carbon Nanotubes: structures for electronic, display & heat sink applications		

AIXTRON also offers a comprehensive range of peripheral equipment and services, including products capable of monitoring the concentration of gases in the air and for cleaning the exhaust gas from metal organic chemical vapor deposition processes. The Company also assists its customers in designing the production layouts for the gas supply to thin film deposition systems. Additionally, the Company offers its customers training, consulting and support services.

RESEARCH AND DEVELOPMENT

AIXTRON maintains a strong, well funded and focused Research and Development program and infrastructure within the business. The R&D activities the company is engaged in are deemed critical for the Company's long-term strategy to maintain its position as a leading provider of deposition equipment for the manufacturing of complex device structures for the semiconductor industry.

In 2009, R&D expenditures increased year on year, in line with expectations, by EUR 4.6m, from EUR 28.3m in 2008 (2007: EUR 26.5m) to EUR 32.9m, reflecting our determination to further strengthen our technological positioning. For more information regarding R&D expenses from fiscal year 2007 through 2009, refer to [chapter "Development of Results"](#).

Supported by our successful capital increase of October 2009, we plan to further increase our R&D investments in 2010, underlining our commitment, during this period of expected strong market growth, to remain a recognized technology and market leader. In the current compound semiconductor market environment, where the number of market players is increasing, and product cycle times are decreasing, we believe that focused and market-led R&D is a critical success factor. In the short to medium term, we plan to increase our R&D focus on the opportunities that could arise from a potentially faster than expected arrival of a new dynamic market for solid state lighting devices. We will also be concentrating our activities on future equipment generations to reflect our clients' and end consumers' increasing expectations for improved operational costs and efficiencies.

AIXTRON maintains R&D laboratories in Aachen and Herzogenrath in Germany and in Sunnyvale, CA, USA. These comprehensive in-house research laboratories are equipped with the latest version AIXTRON systems and are used for researching new equipment, materials and processes for the production of semiconductor structures. The projects pursued in the R&D laboratories are supported by cutting-edge simulation tools and techniques, which have been developed in-house to become critical tools to significantly shorten development times in addition to reducing material and energy-intensive manufacturing and testing processes to a minimum.

AIXTRON's global R&D organization works as a technology matrix, with each project drawing on the expertise that resides within each center of excellence, regardless of location. The R&D team also works closely with the global sales and service organization to develop systems, tailored to customers' individual needs. Much of the work done by the AIXTRON R&D team is also in conjunction and collaboration with many well-known universities, research centers and industrial partners worldwide, including many publicly and regionally-funded development projects.

The following are examples of current R&D projects:

EU AND REGIONALLY FUNDED RESEARCH PROJECTS WITH SEMICONDUCTOR NANO-WIRES FOR SOLAR CELLS AND LEDs

- // The main goal of these types of projects, started in 2009, is to design and build an equipment technology platform for growing nano-wire-structures for use in next generation LEDs and solar cell structures. AIXTRON'S core competence in the optimization of MOCVD technology will be used to develop deposition processes for nano-rods made of Silicon or group-III nitrides, replacing traditional semiconductor layers with more complex material solutions.
- // The project objectives are to explore the potential to substantially increase the efficiency both of solar cells and of white LEDs by employing novel nano-material concepts, which, when using more cost effective substrates, such as glass, polymeric or metal foils, will enable more competitive production costs in due course.

EU-FUNDED CARBON NANOTUBES RESEARCH PROJECT ("TECHNOTUBES")

- // The aim of this research project, formally started during Q2/2009, is to develop the first automated 300mm wafer-scale equipment for the mass production of carbon nanotube structures. The scope of the project covers the design, engineering, process development, control, quality assurance and material qualification of these new innovative material structures. Furthermore, micro-electronic prototype applications will be developed within the scope of the project, to validate that such applications could potentially directly benefit from this low cost, high volume carbon nanotubes production platform.
- // The "Technotubes" project draws on both AIXTRON'S considerable development experience of showerhead technology, evidenced by the significant market share of the Company's CRIUS® MOCVD equipment and the company's in-house expertise in Carbon Nanotube technology.

GERMAN RESEARCH PROJECT FOR SPECIAL LIGHTING AND SIGNAGE APPLICATIONS BASED ON OLED TECHNOLOGY ("SO-LIGHT")

- // The So-Light project, funded by the BMBF (German Federal Ministry for Education and Research), was approved and started in Q4/2009. The project objective is to explore the physical fundamentals and then investigate the possibilities for industrialization of organic LED technology for lighting applications.
- // As a sub-project, AIXTRON aims to independently improve and further develop the Company's Organic Vapor Phase Deposition (OVPD®) / large area deposition process technology, using pilot production equipment, on which small-molecule OLED special lighting and signage applications will be produced and qualified.

JOINT RESEARCH PROJECT: THOUSAND LUMEN ORGANIC PHOSPHORESCENCE DEVICES FOR LIGHTING SYSTEM APPLICATIONS ("TOPAS 2012")

// This second BMBF-funded project, started in Q4/2009, will also employ AIXTRON OVPD® or large area deposition technology. In a sub-project; "OVPD® – process technology for production of white OLEDs", AIXTRON is the lead partner tasked with building a vertical OVPD® Gen 2.5 in-line production tool, which will subsequently be integrated into an existing process line at a facility owned by another research partner.

// The combined project's goal is to investigate the experimental fundamentals and then create an innovative OLED pilot production line in Germany, focused on producing energy efficient, high lumen output and process cost efficient lighting devices.

PATENTS

AIXTRON secures its technology by patenting inventions and know-how, provided it is strategically expedient for the Company to do so. As of December 31, 2009, 172 patent-protected inventions were in use, of which 10 innovations were registered in the reporting period. Patent protection for these inventions applies in the sales markets relevant for AIXTRON and at its main competitors' production locations, specifically in Europe, Japan, South Korea, Taiwan and the United States. These patents are maintained or renewed annually and will expire between 2010 and 2029.

MANUFACTURING

AIXTRON is principally involved in the final assembly stage of the production process followed by the final equipment configuration, tuning and testing processes. The Company purchases all of the components and most of the assemblies required to manufacture the equipment from third-party suppliers. AIXTRON's contractors and suppliers are carefully selected and qualified to be able to source, supply and/or partially assemble and test individual equipment parts and sub-assemblies. There are typically several suppliers for each AIXTRON equipment component/assembly. AIXTRON's own staff manages or executes the final system assembly and product configuration and testing procedures.

Since 1994, AIXTRON has been annually assessed and awarded unlimited ISO 9001 certification. In 2007, the process-oriented management system was successfully certified and subsequently audited in accordance with worldwide quality standard DIN EN ISO 9001:2000. In October 2009 this certification was upgraded to DIN EN ISO 9001:2008. For compliance with customer requirements and specifications, the Company has adopted and is regularly assessed according to standards and procedures maintained by a series of independent certification companies, such as "TÜV" in Germany or "UL" or "ETL" in the USA.

SALES AND SERVICE

The Company markets and sells its products worldwide, principally through its own direct sales organization and through appointed dealers and sales representatives. See also **chapter "Development of Revenues"** for a breakdown of revenues by technology and region.

AIXTRON's Global Service Organization ("GSO") provides a full range of customer services, from the initial support of the customized development of an AIXTRON system, through to the final installation and ongoing customer training and operational support of a system.

CUSTOMERS AND GEOGRAPHIC REGIONS

Our semiconductor device customers are principally, but not exclusively, focused on the manufacturing of LEDs, wireless, optoelectronics, logic and data storage components. Some of these customers are vertically integrated device manufacturers who serve the entire value chain down to the end consumer (Samsung, as an example). Others (Epistar, as an example) are independent component suppliers who deliver the chips and components produced on AIXTRON equipment to the next link in the value chain, namely the electronic device manufacturers. Our customers also include research centers and universities. Most of the world's leading electronic device manufacturers produce in Asia. Consequently, the majority of our sales continue to be delivered into this region.

In 2009, 82% (2008: 87%; 2007: 81%) of our revenues were realized with customers in Asia, 14% (2008: 7%; 2007: 9%) of our sales went to Europe and 4% (2008: 6%; 2007: 10%) into the USA.

COMPETITIVE POSITIONING

AIXTRON's main competitor in MOCVD applications is the process equipment division of Veeco Instruments, Inc. (USA). AIXTRON also competes with a number of Asian manufacturers including Taiyo Nippon Sanso (Japan), amongst others. As a consequence of the rising LED end-market expectations and positive prospects for MOCVD equipment demand, there is speculation that equipment companies from adjacent industries try to develop their own MOCVD tools. One example is Applied Materials, Inc. (USA), which is currently in the development process for an in-house equipment solution for the production of LEDs.

Based on market research by VLSI Research, Inc. (as of April 2008) and Gartner Dataquest (as of March 2009), it is estimated that the share of the MOCVD equipment market (estimated 2008 total market value: USD 486m) held by AIXTRON in 2008 was around 72%. The Company's strongest competitor in terms of sales, Veeco Instruments, Inc., had an estimated market share of approximately 19% for the same period. AIXTRON continues to anticipate a market share position in excess of 60% in the global MOCVD market for 2009.

Market research company Gartner Dataquest has estimated in December 2009 that the MOCVD market will be valued at USD 683m by the end of 2010 (2009e: USD 464m).

For Organic Semiconductor applications, AIXTRON competes with established manufacturers such as Ulvac, Inc. (Japan), Tokki Corporation (Japan), Sumitomo (Japan), Applied Materials, Inc. (USA), Doosan DND Co., Ltd. (South Korea), Sunic System (South Korea) and a number of other smaller companies. While these competitors use established vacuum thermal evaporation ("VTE") technology and polymer technology to produce organic light emitting diodes (OLEDs), AIXTRON offers to OLED manufacturers its own highly innovative organic vapor phase deposition (OVPD[®]) and PVPD (polymer vapor phase deposition) large area deposition technologies. In AIXTRON's opinion, due to a perceived superior process technology and the potential for reducing manufacturing costs, these technologies have the potential to compete successfully with VTE and polymer technologies. AIXTRON is potentially well positioned as a key system supplier for next generation of OLEDs and large area deposition applications that are anticipated to be used in innovative, self-luminous displays as well as future potential lighting, solar cell, and other electronic OLED applications.

As AIXTRON and customer applications are still in the market entry phase, Organic Semiconductor market share information is neither available nor meaningful at this point in time.

For CVD, AVD[®] and ALD applications, AIXTRON competes with a variety of other equipment companies, including Applied Materials, Inc. (USA), Tokyo Electron, Ltd. (Japan), ASM International N.V. (Netherlands), Veeco Instruments, Inc. (USA), IPS Technology (South Korea), Jusung Engineering Co., Ltd. (South Korea), and Hitachi Kokusai Electric Co., Ltd (Japan). With the Company's currently available silicon semiconductor manufacturing technologies, AIXTRON is potentially well positioned to offer advanced films for sub 32nm memory and sub 22 nm logic integrated circuits (ICs). These technologies enable extremely high precision in depositing very thin material layers and facilitate the consistent coating of complex three-dimensional microelectronic device structures. Moreover, they offer the semiconductor industry new material coating possibilities for the next generation of computer chips and devices, and, in AIXTRON's opinion, present high development potential for the future.

Based on the most recent market research by Gartner Dataquest (as of March 2009), it is estimated that in 2008 AIXTRON held a 6% share in the developing ALD systems market (total 2008 market value: USD 200m), and an approximate 18% share of the market for tungsten silicide CVD systems specifically sold to DRAM and NAND Flash memory chip manufacturers (total 2008 market value: USD 32m). In line with other capital equipment companies serving the memory device market, AIXTRON has continued to experience low order intake and revenue levels with its memory customers in 2009.

KEY PERFORMANCE INDICATORS

The Executive Board has implemented numerous systems and procedures to manage, monitor, analyze, and document Company risks and opportunities, including a Key Performance Indicator (KPI) system addressing all business areas. In 2009, the areas "Market", "Finance" and "Technology Development" were again the most prominent control areas AIXTRON'S Executive Board was focused on.

In the "Market" control area, using third party reports and direct customer dialogue, AIXTRON pursues a market-led product development strategy through the careful examination of market trends and customer requirements. The strategic aim of said control area is to ensure the market availability of new and appropriate product generations in line with customer requirements and ahead of competition.

In the "Finance" control area, the Executive Board uses a range of internal and external key performance indicators, most importantly: total sales revenue contribution margins, net result data and cash flow. The strategic objective of said control area is to ensure that increasingly profitable revenue growth is matched by appropriate and prudent cash flow development.

In the "Technology Development" control area, the Executive Board uses a range of internal and external key performance indicators to evaluate the progress and success of internal projects. The Management regularly reviews project progress against target timelines and objectives, including: total sales revenue and net result data comparisons to the original targets. The strategic aim of said control area is to ensure that ongoing projects retain the necessary level of technological and commercial competitiveness throughout the life of the product.

GOVERNMENT REGULATION

Due to the nature of AIXTRON'S products, the shipment of some products to customers in certain countries requires the Company to obtain an export license from legal and statutory authorities in the US, Germany, UK and Sweden, including, for example, the Bundesamt für Wirtschaft und Ausfuhrkontrolle ("BAFA") in Germany, the Department of State and the Department of Commerce in the US, and the Department for Business, Innovation and Skills in the UK.

Research and development activities, as well as the manufacturing and demonstration of the Company's products involve the use of potentially harmful chemical and hazardous materials and radioactive compounds and as a result, AIXTRON is subject to environmental and safety regulations in connection with its business operations.

Because AIXTRON's securities are publicly traded in the US, the Company is also subject to the rules and regulations promulgated by the SEC, including those promulgated under the Sarbanes Oxley Act of 2002. In addition, AIXTRON is subject to the provisions of the US Foreign Corrupt Practices Act relating to the maintenance of books and records and anti-bribery controls.

IMPORTANT FACTORS

GLOBAL ECONOMY

With a negative global economic growth of -1.1 % year on year as described by the International Monetary Fund "IMF", 2009 has been described as the most challenging year for economies across the globe since World War II. Financial markets had been operating under considerable stress, albeit that some of the major (US and European) banks proclaimed, in March 2009, that they were becoming profitable again. Consequently, some investors and consumers appeared to be gaining confidence that government policy actions can facilitate an improvement in market conditions.

In the more economically developed countries, including the United States, the Euro-zone nations, Japan, Canada, and the United Kingdom, Gross Domestic Product is expected by IMF to have shrunk by 3.4 % in 2009 under a combination of plummeting asset values, decreasing household wealth and sinking consumer demand. Even previously booming emerging and developing economies, including China, India and the Middle East felt the direct and immediate effects of the global recession, with 2009 economic growth having slowed considerably down from the levels of 2008. Falling export demand, lower commodity prices and financial constraints led to the severe global slowdown in economic growth.

In order to attempt to reverse the economic spiral seen in 2008 and 2009, several nations around the world with advanced and emerging economies have enacted fiscal stimulus plans, to support fragile demand and to reduce further fears of a global depression. Central banks reacted quickly with exceptionally large interest rate cuts as well as unprecedented measures to inject liquidity and to sustain credit availability. Together, these measures helped to increase levels of confidence in the fiscal markets, fostering a capital market rally during 2009 (IMF October 2009 estimates).

However, the period of strengthening stock markets and increasingly positive economic news was coincidental with the falling value of the US-Dollar against the Euro after a period of strength seen at the beginning of the year. From March onwards, the US-currency drifted lower against the Euro, breaching the USD 1.40 per Euro level by end of May, and taking it to a year-low against the Euro at USD 1.51 by December 1. The currency compensated some of its losses during the last four weeks of the year, and reached USD 1.43 per Euro at December 31. Overall, the US-Dollar depreciated against the Euro by 2.6% during 2009. On an average year on year comparison however, the US-Dollar gained almost 6% against the Euro in 2009 over 2008, with a 2009 average exchange rate against the Euro of USD 1.39 (2008: USD 1.47).

By the end of 2009, the global economy appeared to be recovering, pulled up by the strong performance of Asian economies and stabilization or modest recovery elsewhere. The pickup is being led by a rebound in manufacturing driven by inventory replenishments, tentative signs of stabilization in retail sales, returning consumer confidence, and firmer housing markets. As perceived prospects have progressively improved, commodity prices have staged a comeback from the lows reached earlier in 2009, and world trade is beginning to pick up slowly.

AIXTRON was one of the few companies in the production equipment industry that experienced overall growth in 2009. After the order and revenue trough in Q1, order intake and revenue volumes continually increased sequentially, while demand for LED applications, and TV backlighting in particular, was higher than predicted with an increasing public and government interest in the benefits of "green technology".

Nevertheless, AIXTRON Management continues to very carefully monitor the developments in the global economy and the financial markets, and is regularly examining what can be potentially done to find opportunities to mitigate possible negative consequential effects on AIXTRON's business.

THE SEMICONDUCTOR EQUIPMENT MARKET

While the recorded world real gross domestic product decreased in value terms by an estimated -1.1% (according to the IMF) in 2009, the electronics equipment industry declined by -12% (according to Gartner Dataquest, December 2009). Semiconductor industry revenues declined by an estimated -11% (according to Gartner Dataquest, December 2009) and spending on all Wafer Front End equipment (WFE), which includes spending on deposition tools supplied by AIXTRON, decreased year on year, by an estimated 48% (according to Gartner Dataquest, December 2009).

However, the specific market for High Brightness ("HB") LEDs, which can be produced with AIXTRON'S compound semiconductor equipment, was predicted by Strategies Unlimited (an independent semiconductor market research institute) in their August 2009 report, to only decline by 4% in 2009, whereas unit volume sales were predicted to increase slightly higher year on year. Reflecting this predicted rising LED volume growth and the positive short to mid-term outlook for the HB LED market, AIXTRON'S compound system revenues actually increased year on year by 13% in 2009, in contrast to the general industry trend. The main driver of this development was the increasing adoption of LEDs used as backlighting for LCD TVs and the corresponding demand from LCD TV producers as well as the chip and component manufacturers for MOCVD equipment.

The 2009 global capital spending for silicon semiconductor equipment remained very restricted as a backdrop to the recession. Consequently, AIXTRON'S 2009 silicon semiconductor equipment revenues decreased 19% year on year, reflecting the difficult and highly competitive market environment.

AIXTRON SPECIFIC FACTORS

NEW STRATEGIC LED MANUFACTURING INVESTMENTS

- // In March 2009, Samsung Electronics announced that it would set up a new LED production company in Korea by concentrating its LED related businesses into an internal 50-50 joint venture between Samsung Electro-Mechanics (SEMCO) and Samsung Electronics.
- // Since March and throughout the remainder of the year, other Asian LCD and panel producers made various new product and investment announcements of their intent to also enter into the LED segment or expand their LED production capacities to secure a supply of components.
- // The significantly increased investment levels that subsequently occurred during 2009, clearly illustrate that the rising interest in new emerging LED applications has increased the market's commitment to LED technology, proving to be highly beneficial for AIXTRON'S MOCVD production equipment business.

PENETRATION OF LED BACKLIGHTING TECHNOLOGY IN TVs GAINED MOMENTUM

- // With the increasing public and government interest in the benefits of "green technology", most of the leading TV and computer manufacturers were actively involved in developing LED-backlit products in 2009. The improved picture quality, the thinner form factor and the power saving advantages of LED technology are being used heavily in the marketing of these new products.

- // It is estimated that about 50% of all laptop computers sold at the end of 2009 used LED backlighting and that this penetration rate could potentially reach close to 100% by 2011.
- // The largest global volume shipper of LCD TVs, Samsung, indicated early on in the year that they intended to have shipped more than 2.5 million LED backlit TVs by the end of 2009, representing more than half the total 4.5m (DisplaySearch, January 2010) LED backlit LCD TVs sold in 2009.
- // As a consequence of higher-than-expected demand for LED backlit LCD TVs, and the increase in manufacturers trying to source high-brightness LEDs, the demand for AIXTRON LED manufacturing equipment progressively gathered momentum throughout the year, starting in Q2.
- // The predicted penetration rate for TV LED backlighting by the end of 2009 is in the range of 3-5%, however recent industry predictions of at least 10-20% penetration in 2010 reflect the positive momentum in the market and gives AIXTRON confidence for a positively challenging year ahead.

SOLID STATE LIGHTING MARKET OPPORTUNITIES APPROACHING

- // In September 2009, Philips made a prediction that by 2014 it anticipated that 50% of their lighting solutions sold would be LED based, rising to 90% by 2020.
- // Whilst this prediction presents a very optimistic outlook from Philips, it is conceivable that the momentum of the current investment cycle for backlighting may have contributed to the bringing forward of the emergence of the next investment cycle for solid state lighting.

CHINESE GOVERNMENT SPONSORSHIPS AND INITIATIVES

- // In Q4/2009, AIXTRON has experienced increasing demand from Chinese and Taiwanese companies profiting from Chinese central and local government subsidies. These subsidies consist of cash incentives for investments in MOCVD production equipment.
- // Furthermore, the Taiwanese government offered tax incentives for certain capital equipment investments, such as the purchase of MOCVD equipment.
- // With the positive growth prospects for LED backlighting in the short to medium term and for LED solid state lighting in the medium to long term, the LED industry has been identified as an important investment area by Greater China, and AIXTRON, as the world market leader in the MOCVD equipment industry, is a prime beneficiary from this trend.

MARKET CAPITALIZATION EXCEEDED EUR 2 BILLION MARK

- // In mid July 2009, the AIXTRON market capitalization rose above the EUR 1 billion mark, for the first time since June 2002. By mid October 2009 it had exceeded the EUR 2 billion mark, rising to a year peak of EUR 2.5 billion by beginning of December, before finishing the fiscal year with a market capitalization of EUR 2.4 billion, at a closing share price of EUR 23.50.

// The cause and effect of this considerable increase in market capitalization was coincidental with an increasing number of large institutional AIXTRON investors, many of whom maintain a minimum market capitalization value as a minimum threshold before considering making an investment. Such a change in shareholder mix is seen by AIXTRON Management as a positive development in the Company's shareholder base.

SUCCESSFUL PLACEMENT OF AIXTRON CAPITAL INCREASE

// On October 28, 2009 AIXTRON announced the Executive Board's decision, with the consent of the Supervisory Board, to increase the Company's share capital by utilizing its authorized capital and 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 substantially over-subscribed before being 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. The proceeds will be used to strengthen the Company's balance sheet, to support higher capital spending and further growth of the Company.

100 AIXTRON SYSTEMS PER QUARTER MANUFACTURING CAPACITY CONFIRMED

// In Q3/2009 AIXTRON'S Management confirmed the Company's immediate capability of delivering up to 100 systems per quarter should that level of demand occur, and has targeted the ability to achieve a capacity of 150 systems per quarter during 2010.

// The speed at which such a manufacturing capacity ramp-up was achieved was possible due to the highly flexible operational model developed by the company over the last few years, and is in line with the remarkable market recovery, triggered by the exceptional adoption of backlighting, since the second quarter of the year.

// This same inherently flexible business model also played a major part in helping to secure profitability, despite significantly lower revenues in Q1/2009.

MANAGEMENT ASSESSMENT OF COMPANY SITUATION

Whereas the recorded world real gross domestic product was contracting and many mechanical engineering companies were experiencing strong revenue cuts, AIXTRON'S 2009 business performance was highly successful. With increased revenues, significantly improved profitability and a very strong balance sheet, AIXTRON has sufficient liquidity, to be able to convert the highest ever year-end order backlog into 2010 revenue and confidently face the predicted increase in business volume during the year. As a result, AIXTRON'S Management is looking forward with confidence to another profitable business performance in 2010.

RESULTS OF OPERATIONS

DEVELOPMENT OF REVENUES

In fiscal year 2009, AIXTRON recorded – for the first time since its foundation – annual revenues in excess of EUR 300m, i.e. EUR 302.9m, an increase of EUR 28.5m, or 10%, compared to EUR 274.4m in 2008 (2007: EUR 214.8m). This has been achieved despite the global recession, which had a negative influence on revenues until the end of Q1/2009. From the end of Q1 onwards, revenues showed an increasing trend sequentially quarter on quarter until the end of 2009 (Q1: EUR 46.2m; Q2: EUR 56.7m; Q3: EUR 82.0m; Q4: EUR 117.9m).

The increase in full year revenues was mainly driven by increasing sales of the Company's compound semiconductor deposition equipment (2009: EUR 265.6m; 2008: EUR 235.7m; 2007: EUR 145.2m). The equipment sold is predominantly used by clients for the production of LEDs. Revenues from silicon semiconductor deposition production equipment, used by customers to manufacture NAND-Flash and DRAM devices, continued to decrease in 2009 to EUR 9.4m (2008: EUR 11.6m; 2007: EUR 41.7m). This is the result of the hesitancy of customers to invest into the technology nodes addressed by AIXTRON at this stage.

Equipment sales generated 91 % of revenues in 2009 (2008: 90%; 2007: 87%). The remaining revenues were generated by sales of spare parts and service, which increased by only 3% in 2009 compared to 2008, principally because of customers minimizing all non-production costs in the early part of the year and concentrating investments on increasing production capacities in the latter quarters.

REVENUES BY TECHNOLOGY

	2009		2008		2007		2009-2008	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Revenues	302.9	100	274.4	100	214.8	100	28.5	10
of which from sale of silicon semiconductor equipment	9.4	3	11.6	4	41.7	19	-2.2	-19
of which from sale of compound semiconductor equipment and other equipment	265.6	88	235.7	86	145.2	68	29.9	13
of which other revenues (service, spare parts, etc.)	27.9	9	27.1	10	27.9	13	0.8	3

82% of total revenues in 2009 (2008: 87%; 2007: 81%) were generated by sales to customers in Asia. The increase in the European revenue share to 14% (2008: 7%; 2007: 9%) was mainly due to the revenue recorded in connection with sales to one major customer in Q1/2009. The remaining revenues were generated in the United States.

REVENUES BY REGION

	2009		2008		2007		2009-2008	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Asia	250.0	82	238.1	87	174.1	81	11.9	5
Europe	41.6	14	18.5	7	18.8	9	23.1	124
USA	11.3	4	17.8	6	21.9	10	-6.5	-37
Total	302.9	100	274.4	100	214.8	100	28.5	10

DEVELOPMENT OF RESULTS

COST STRUCTURE

	2009		2008		2007		2009-2008	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Cost of Sales	168.1	55	161.5	59	129.8	60	6.6	4
Gross profit / margin	134.7	44	112.9	41	85.0	40	21.8	19
Operating Costs	72.1	24	80.4	29	64.4	30	-8.3	-10
Selling expenses	25.5	8	27.8	10	27.2	13	-2.3	-8
General and administration expenses	21.3	7	18.0	7	16.0	7	3.3	18
Research and development costs	32.9	11	28.3	10	26.5	12	4.6	16
Net other operating (income) and expenses	(7.6)	-2	6.3	2	(5.3)	-2	(13.9)	n.a.

COST OF SALES

Cost of sales increased year on year by only 4% from EUR 161.5m in 2008 (2007: EUR 129.8m) to EUR 168.1m in 2009, while cost of sales relative to revenues continued to improve to 55% from 59% in 2008 (and 60% in 2007), due to a stronger average USD/EUR exchange rate in 2009 coupled with a more favorable product mix.

GROSS PROFIT, GROSS MARGIN

The Company's gross profit increased, in line with revenues and cost of sales, by 19% to EUR 134.7m in 2009 (2008: EUR 112.9m; 2007: EUR 85.0m), resulting in a three percentage points higher gross margin of 44%.

OPERATING COSTS

Operating costs decreased in 2009 by 10% to EUR 72.1m (2008: EUR 80.4m; 2007: EUR 64.4m).

Operating costs relative to revenues decreased 5 percentage points from 29% in 2008 to 24% in 2009 (2007: 30%), influenced by the following factors:

The decrease in **selling expenses** by 8% to EUR 25.5m (2008: EUR 27.8m; 2007: EUR 27.2m) was mainly due to a different geographical mix of sales, the consequent lower variable sales commissions, and controlled discretionary expenses. Selling costs decreased by two percentage points to 8% of revenues.

The increase in **general and administration expenses** by 18% to EUR 21.3m in 2009 (2008: EUR 18.0m; 2007: EUR 16.0m) was principally due to profit-related variable administration expenses and investments in infrastructure. Overall, general and administration expenses relative to revenues remained stable in 2009, 2008 and 2007 at 7%.

KEY R&D INFORMATION

	2009	2008	2007	2009-2008
R&D expenses (million EUR)	32.9	28.3	26.5	16
R&D expenses, % of sales	11%	10%	12%	
R&D employees (period average)	197	213	210	-7
R&D employees, % of total headcount (period average)	31%	35%	36%	

Research and Development costs increased by 16% from EUR 28.3m in 2008 (2007: EUR 26.5m) to EUR 32.9m in 2009 due to increased development activities, including additional personnel, material expenses and depreciation. R&D costs relative to revenues increased from 10% in 2008 to 11% in 2009 (2007: 12%). AIXTRON maintains a strong focus on R&D across the Group, with the determination to remain a major player in markets judged by many to hold significant growth opportunities for many years to come.

With the number of global employees increasing by 68 or 11% to 687 at year end 2009 (2008: 619; 2007: 609 employees), personnel expenses increased by 18% from EUR 44.0m in 2008 to EUR 51.7m in 2009 (2007: EUR 42.6m). Personnel costs are included in the operating costs as follows:

PERSONNEL COSTS

	2009 m EUR	2008 m EUR	2007 m EUR	2009-2008 m EUR	%
Cost of Sales	17.3	12.5	11.2	4.8	38
Selling, General and Administrative expenses	17.9	15.5	16.8	2.4	15
Research and Development costs	16.5	16.0	14.6	0.5	3
Total	51.7	44.0	42.6	7.7	18

Net **other operating income and expenses** increased from a net expense of EUR 6.3m in 2008 to an operating income of EUR 7.6m in 2009 (2007: net expenses of EUR 5.3 Mio.). Included in the net other operating income and expenses of 2009 are the gains made from the sale of the Aachen office building of EUR 1.3m recorded in Q1, compensation payments of EUR 3.5m for cancelled orders, an increase of EUR 1.4m in R&D grants, a decrease of EUR 1.1m in impaired receivables, and a reduction of EUR 5.6m in negative foreign exchange effects, all of which had a positive influence.

OPERATING RESULT

The operating result significantly increased by 93%, from EUR 32.5m in 2008 (2007: EUR 20.6m) to EUR 62.7m in 2009. This was principally due to the positive effects of the increase in revenue and the factors described above, a strengthening of the average USD/EUR exchange rate during 2009 compared to 2008, and higher other operating income.

RESULT BEFORE TAXES

Result before taxes increased by 79% from EUR 35.7m in 2008 (2007: EUR 22.4m) to EUR 64.0m in 2009, despite lower interest income, echoing the dramatically reduced available deposit interests rates.

INTEREST AND TAXES

	2009 m EUR	2008 m EUR	2007 m EUR	2009-2008 m EUR	%
Net Finance Income/Expense	1.3	3.2	1.8	-1.9	-59
Finance Income from financial assets	1.3	3.2	1.9	-1.9	-59
Finance Expenses from financial liabilities	0.0	0.0	-0.1	0.0	0
Taxes on Income	-19.2	-12.7	-5.2	-6.5	51

AIXTRON recorded a **tax on income** expense of EUR 19.2m or 30% of the profit before tax in fiscal year 2009. The 2009 tax charge was lower than the 36% in 2008 because of reduced tax rates in different jurisdictions. In 2007, the tax charge was only 23%, largely due to the recognition of tax losses in that year. Tax loss carry-forwards, remaining unrecognized as deferred tax assets in 2009, totaled EUR 21.2m (2008: EUR 20.6m; 2007: EUR 39.1m).

PROFIT/LOSS ATTRIBUTABLE TO THE EQUITYHOLDERS OF AIXTRON AG (AFTER TAXES)

The 2009 after-tax profit attributable to the equityholders of the AIXTRON AG was EUR 44.8m, 95% up from the EUR 23.0m in 2008 (2007: EUR 17.3m).

NET INCOME AIXTRON AG – USE OF RESULTS

AIXTRON AG, the parent company of the AIXTRON Group, recorded a net accumulated income in accordance with German generally accepted accounting principles, (German GAAP) based on the German Commercial Code, HGB, of EUR 42.5m for 2009 (2008: EUR 30.0m; 2007: EUR 12.3m).

AIXTRON'S Executive and Supervisory Boards will propose to the shareholders' meeting that a dividend of EUR 15.1m or EUR 0.15 per share (EUR 8.2m or EUR 0.09 per share for 2008; 6.3m or EUR 0.07 per share for 2007) be distributed.

DEVELOPMENT OF ORDERS

EQUIPMENT ORDERS

	2009		2008		2007		2009-2008	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Equipment order intake	370.1	100	250.8	100	247.7	100	119.3	48
of which silicon semiconductor equipment	4.2	1	13.7	5	39.1	16	-9.5	-69
of which compound semiconductor equipment and other equipment	365.9	99	237.1	95	208.6	84	128.8	54
Equipment order backlog (end of period)	203.8	100	105.0	100	131.9	100	98.8	94
of which silicon semiconductor equipment	6.9	3	6.8	6	5.8	4	0.1	1
of which compound semiconductor equipment and other equipment	196.9	97	98.2	94	126.1	96	98.7	101

Cumulated **equipment order intake** in fiscal year 2009 also exceeded all previous historical highs, and at EUR 370.1m was 48% up year on year (2008: EUR 250.8m; 2007: EUR 247.7m). The progressively increasing quarterly order intake throughout the year, (Q1: EUR 31.2m, Q2: EUR 57.9m, Q3: EUR 117.6m, Q4: EUR 163.3m) reached the highest quarterly order intake

figure in the Company's history and was in contrast to the decreasing quarterly trend seen in the previous year.

With EUR 365.9m, almost the total value of 2009 equipment orders (99%) came from compound semiconductor equipment customers (2008: EUR 237.1m or 95 % of total order intake; 2007: EUR 208.6m or 84 %). The order intake for compound semiconductor equipment increased by 54% in a year on year comparison.

This positive development for compound semiconductor equipment marked the beginning of a new LED investment cycle, which started after the low point of demand in Q1/2009, and is primarily driven by the increased adoption of LED TV applications. The previous LED investment cycle with its equipment demand peak in Q4/2007 had been primarily driven by notebook backlighting.

The proportion of orders received in 2009 for silicon semiconductor equipment decreased to 1 % of total equipment order intake, from 5 % in 2008 (2007: 16 %). In absolute numbers, the order intake for silicon semiconductor equipment decreased to EUR 4.2m in 2009 from EUR 13.7m in 2008 (2007: EUR 39.1m), due to the persistently negative memory market environment, accentuated by the pressures arising from the global recession. The main portion of 2009 silicon orders, which consisted primarily of system orders for non-memory applications, was booked in Q4 with EUR 3.6m.

Separately; the development work being conducted on next-generation memory and logic equipment continues, with customer demonstrations and film development work being done within the Company's research labs and at customers' facilities. This work, combined with the involvement of Sunnyvale staff in next generation compound and other group nano-technology projects, means that the team in Sunnyvale continue to make a positive and valuable contribution to the Group's objectives.

The total **equipment order backlog** of EUR 203.8m at December 31, 2009 was 94 % higher than at the same point in time in 2008 (EUR 105.0m; 2007: EUR 131.9m).

The order backlog for compound semiconductor equipment was at EUR 196.9m as of December 31, 2009 (97 % of total backlog), more than double than last year's figure (2008: EUR 98.2m, 94 % of total backlog; 2007: EUR 126.1m, 96 % of total backlog). The remaining backlog figure of EUR 6.9m (3 % of backlog) is made up of silicon system orders.

As a matter of internal policy, AIXTRON records only systems as order intake and order backlog, if the Company has received a firm purchase order, if appropriate, a deposit and/or any specific shipment dependant documentation, and a customer confirmed delivery date.

FINANCIAL POSITION

CORPORATE FINANCIAL MANAGEMENT

AIXTRON has a central financial management system to control its global liquidity, interest and currency management. The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. Furthermore, approved by the Shareholders Meeting, and subject to Supervisory Board approval, the Company has equity instruments in place to be able to raise additional liquidity on the capital market if required.

With the objective of securing current growth financing and to support an acceleration and expansion of the R&D activities, the Executive Board, with the approval of the Supervisory Board, decided in October 2009 to increase the Company's share capital by utilizing its authorized capital and issuing 8,979,937 new no-par value registered shares, for cash. As Management continues to believe in a strategy of financing the business primarily through equity, the Annual General Meeting will also be asked in the future to approve Management's requests for further conditional and authorized capital instruments that allow AIXTRON to take advantage of financing its business on the capital market if needed. Due to the potentially volatile nature of its business, a sufficient level of cash is essential to expeditiously finance potential business needs. Financial hedging instruments are used to partly offset currency effects and are not used for speculative purposes.

FUNDING

The Company's stated **share capital (Grundkapital)** as of December 31, 2009 amounted to EUR 100,667,177 (December 31, 2008: 90,894,616; December 31, 2007: EUR 90,444,213) 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.

The Company has a number of **stock option programs** in place that grant the members of the Executive Board and employees the right to purchase AIXTRON shares or American Depository Shares ("ADS") under certain conditions. In fiscal year 2009, 915,662 stock options (2008: 553,473 options; 2007: 1,302,707 options) were exercised, resulting in delivery of 915,662 shares or AIXTRON ADS. Under the 2009 tranche of the AIXTRON stock option plan 2007, 778,850 new stock options were granted in fiscal year 2009 (2008 tranche: 779,000 grants; 2007 tranche: 759,100 grants).

AIXTRON ordinary shares	Dec. 31, 09	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 08
stock options	4,329,478	792,624	135,255	778,850	4,478,507
underlying shares	4,998,686	792,624	136,737	778,850	5,149,197

AIXTRON ADS	Dec. 31, 09	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 08
stock options	6,935	123,038	12,526	0	142,499
underlying shares	6,935	123,038	12,526	0	142,499

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in Note 25 to the Company's Consolidated Financial Statements "Share-based payments".

The Company recorded no **bank borrowings** as of December 31, 2009, 2008 and 2007.

Where necessary, AIXTRON AG provides **loans and financial security facilities to its subsidiaries** to enable operations to continue efficiently. The Company has granted no security interest in its own land and buildings.

The **equity ratio** increased to 72% as of December 31, 2009, compared to 68% as of December 31, 2008 and 67% as of December 31, 2007, principally due to the equity capital increase of October 2009 and the significant profit related increase in equity.

In order to support future developments, the Company continues to explore and assess additional funding opportunities available in the market.

INVESTMENTS

The AIXTRON Group's capital expenditures of fiscal year 2009 amounted to EUR 9.8m, (2008: EUR 12.9m; 2007: EUR 8.1m), of which EUR 8.8m (2008: EUR 11.6m; 2007: EUR 6.1m) were related to purchases of technical equipment (including testing and laboratory equipment) and EUR 1.0m (2008: EUR 1.3m; 2007: EUR 2.0m) were related to intangible assets including software licenses. Previous year's investments into technical equipment had been 32% higher principally due to specific investments in 2008 into the new headquarters in Herzogenrath. Investments in intangible assets, which have been decreasing from 2007 through 2009, consisted mainly of SAP software licenses.

Additionally, the increase in bank deposits with a maturity of at least three months by EUR 87.0m, arising largely from part of the proceeds of the capital increase, is recorded in fiscal year 2009 as cash outflow from investing activities (2008: EUR 1.8m of cash inflow; 2007: EUR 2.1m of cash outflow).

As a result, the 2009 net cash outflow from investing activities was significantly higher than in previous years, and totaled EUR 90.1m (2008: EUR 11.3m; 2007: EUR 10.3m).

All 2009, 2008 and 2007 expenditures were funded out of operating cash flow and available cash resources.

LIQUIDITY

Cash and cash equivalents including cash deposits with a maturity of at least three months, most of which is held in Euros (also see "Investments"), increased substantially, mainly due to the October 2009 capital increase with gross proceeds of approximately EUR 159.4m, to EUR 301.2m (EUR 211.2m + EUR 90.0m) year on year (2008: EUR 70.5m; 2007: EUR 76.8m).

Additional proceeds increasing the 2009 year end liquidity came, amongst other factors, from the 2009 net profit (EUR 44.8m), non-cash expenses (EUR 14.0m), an increase of advanced payments of customers (EUR 34.9m), the sale of the Aachen office building (EUR 6.7m), stock option exercises (EUR 4.1m), and were not offset by the Q2/2009 dividend payment (EUR 8.1m), higher inventories, higher trade receivables, and the above mentioned capital expenditures.

There are currently no material restrictions on the Company's use of cash resources.

ASSETS

PROPERTY, PLANT AND EQUIPMENT

The value of property, plant and equipment decreased year-on-year to EUR 37.8m as of December 31, 2009 (2008: EUR 39.3m; 2007: EUR 35.1m), principally due to the sale of the Aachen office building in Q1/2009 more than offsetting other investments, mainly in development tools and infrastructure.

GOODWILL

The slight reduction in the value of goodwill to EUR 58.3m as per December 31, 2009 from EUR 58.7m as per December 31, 2008 (2007: EUR 59.0m) resulted purely from currency translation adjustments. There were no additions or impairments in the three years from 2007 through 2009.

GOODWILL

in EUR million	Dec. 31, 2009	Dec. 31, 2008	Dec. 31, 2007
AIXTRON Inc.	46.8	47.9	45.5
AIXTRON Ltd.	9.4	8.8	11.5
AIXTRON AB	1.9	1.8	1.8
AIXTRON KK	0.2	0.2	0.2
Total	58.3	58.7	59

OTHER INTANGIBLE ASSETS

The value of other intangible assets decreased from EUR 10.3m as per December 31, 2008 to EUR 7.8m as per December 31, 2009 (2007: EUR 12.5m). Differences arose mainly from depreciation.

INVENTORIES

Inventories, including raw materials, work in progress and finished goods, increased in accordance with the higher order and manufacturing volume from EUR 77.1m as of December 31, 2008 to EUR 89.6m as of December 31, 2009 (EUR 60.0m as of December 31, 2007).

TRADE RECEIVABLES

Trade receivables increased from EUR 38.8m as of December 31, 2008 to EUR 49.3m as of December 31, 2009 (EUR 33.5m as of December 31, 2007) in line with the increased business volume.

REPORT ON POST-BALANCE SHEET DATE EVENTS

There were no business events with a potentially significant effect on AIXTRON'S results of operation, financial position, and net assets after the close of fiscal year 2009.

RISK REPORT

RISK MANAGEMENT

As an international technology company, AIXTRON is engaged in business operations worldwide and is, consequently, exposed to a variety of risks. The Company may also benefit from the opportunities related to the risks it is exposed to. To exploit these 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. The Whistleblower policy, as an example, provides another channel to quickly identify issues allowing them to be addressed before critical exposure happens outside the organization and preventing further escalation. Additionally, it enables employees at all levels to feel that their opinions are respected, reinforcing a company culture where honesty and integrity are a priority in company behavior. 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.

To minimize risks and to capitalize on opportunities, AIXTRON pursues a forward-looking product strategy, while, at the same time, observing current and speculating on future market trends and customer requirements, and continuously strives to develop and maintain unique selling points related to its technology. This product strategy incorporates measures for honing the Company's profile in its target market, for building new partnerships and alliances, and for training third parties engaged to market, sell, and deploy AIXTRON products. In fiscal year 2009, the Company continued to monitor market trends and the activities of its competitors and evaluated market analyses and forecasts produced by leading market research companies. Project management and quality assurance systems are routinely deployed in all areas of product development where risk awareness and evaluation play a crucial role.

These measures are accompanied by a training and development program for managers and specialist employees, and by procedures to maintain and expand the necessary infrastructure when required.

AIXTRON deploys accounting, control, and forecasting software for the global monitoring and management of core enterprise information. Daily, weekly, monthly, and quarterly 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 developing corrective measures.

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 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 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AIXTRON; (2) 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 (3) 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, the end of its fiscal year. Management based its assessment on criteria established in the 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 constantly adopted to reflect the progressive and innovative 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, 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.

SINGLE RISK FACTORS

CURRENCY EXCHANGE RISKS AND OTHER FINANCIAL RISKS

AIXTRON conducts a large part of its business in foreign currencies, i.e., in currencies other than the Euro. The most prevalent foreign currency relevant to AIXTRON is the US-Dollar. Unfavorable exchange rate movements, especially the US-Dollar/Euro exchange rate, will adversely affect the Company's results of operation. In order to hedge foreign exchange risks, the Company routinely employs currency hedging instruments. With these instruments, expected income from fixed client orders and from specified expected client orders are hedged. Results from these hedging contracts could also negatively affect the company's results of operation.

The potential risk from bad debt losses is significantly reduced by letters of credit or bank guarantees. Further information on this subject is contained in the Notes to the Consolidated Group Financial Statements for 2009.

AIXTRON assesses the financial strength of its banking partners regularly and will take appropriate measures should it detect any significant deterioration.

The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. The Company currently commands adequate cash and cash equivalents to meet business needs and carries no debt. However, should AIXTRON not be able to generate sufficient sales revenues, due to a weaker market demand, then this may significantly harm operating results and cash flows in the future. If AIXTRON cannot quickly and appropriately realign its business structure in line with adverse conditions, the need for additional external funding may arise. If it is not possible to acquire sufficient funding, AIXTRON could be forced to delay or reduce operations.

COMPANY-SPECIFIC RISKS, MARKET AND COMPETITION RISKS

The semiconductor industries can be highly volatile and unpredictable, which may adversely affect AIXTRON's operating results and result in significant volatility in the market price of its ordinary shares and ADS.

The semiconductor manufacturing equipment industry can be affected by the cyclical nature of the semiconductor industry. Although semiconductors are used in many different products, the markets for those products are interrelated to various degrees. The industry has historically experienced sudden changes in supply and demand for semiconductors. The timing, length and severity of these industry cycles are difficult to predict. During periods of declining demand

for semiconductor manufacturing equipment, AIXTRON needs to be able to quickly and effectively align its cost structure with prevailing market conditions, to manage its inventory levels to reduce the possibility of future inventory write-downs resulting from obsolescence, and to motivate and retain key employees. Because a certain proportion of AIXTRON'S costs are fixed in the near term, the Company's ability to reduce expenses quickly in response to revenue shortfalls is limited. During periods of rapid growth, AIXTRON'S business must be able to acquire and/or develop sufficient manufacturing capacity and inventory to meet customer demand, and to attract, hire, assimilate and retain a sufficient number of qualified people.

The Company's customers often accelerate or delay expenditures, as well as attempt to cancel or reschedule their orders, in reaction to variations in their businesses or market conditions. As a result, AIXTRON must be able to react quickly to these changes in supply and demand. Failure to quickly align the Company's cost structure and manufacturing capabilities with industry fluctuations could lead to significant losses or a failure to capitalize on increased demand. In either event, the results of operations may be adversely affected, which could result in significant volatility in the market price of the Company's ordinary shares and ADS.

To partly protect AIXTRON from negative effects of the cyclical nature of the semiconductor markets, AIXTRON outsources a large part of its production to third party suppliers. To minimize risks in this area, the Company generally dual sources the supply of procured key items.

AIXTRON invests heavily into R&D and AIXTRON'S future success depends highly on its ability to translate the knowledge gained from R&D quickly and in line with the technological and commercial market needs into commercial success. Should this fail, then this could have a significantly adverse impact on the Company's net assets, financial position, and results of operations.

Because in the past there has been substantial industry litigation regarding patents and other intellectual property rights infringements, AIXTRON cannot exclude the possibility of itself infringing upon intellectual property rights of third parties or of itself being held liable for supposedly infringing upon third party intellectual property rights. The costs associated with such litigation could be substantial.

International Rectifier Corporation ("I.R."), of El Segundo, California, USA filed a complaint on September 8, 2008 in the U.S. District Court for the Central District of California against seven of I.R.'s former employees, including I.R.'s founder and former CEO Alex Lidow, as well as five companies, including AIXTRON AG. I.R.'s complaint alleged that I.R.'s seven former employees misappropriated, divulged to a business named Efficient Power Conversion Corporation

(“EPCC”) and illegally used trade secrets of I.R. relating to Gallium Nitride Technology (“GaN”). I.R. also alleged that some of the companies, including AIXTRON, aided the seven main defendants by providing additional information relevant to the technology at issue. In February 2009, the U.S. District Court dismissed the two U.S. federal claims in the case against the defendants and declined to exercise its discretionary jurisdiction over the remaining claims, which all arose under California law. Having had its lawsuit dismissed in the U.S. District Court, I.R. refiled essentially the same lawsuit in California state court in March 2009 based on the California state claims alone, and alleged five causes of action against AIXTRON. After multiple rounds of motions to dismiss, I.R. dropped some of its claims against the defendants, and the California court dismissed additional claims. Two of I.R.’s claims, one for alleged misappropriation of trade secrets and one for alleged breach of contract, remain in the case against AIXTRON AG. The lawsuit seeks USD 61m in damages jointly and severally against all of the defendants, plus exemplary damages and attorneys’ fees and legal costs against AIXTRON AG, and punitive damages against other defendants.

AIXTRON AG fully rejects the allegations contained in I.R.’s California lawsuit and is vigorously defending itself against the two remaining claims raised in I.R.’s California action against AIXTRON AG.

Furthermore, AIXTRON AG filed an action in the Aachen Landgericht in Germany for a negative declaratory judgment against I.R. with the aim of establishing in Germany, and in the U.S., that all allegations and claims that I.R. raised against AIXTRON AG are unfounded (the “German action”). In the German action, I.R. counterclaimed for injunctive relief and damages. On April 7, 2009, the Aachen Landgericht issued a judgment in favor of AIXTRON AG and against I.R. on all of AIXTRON AG’s claims and all of I.R.’s counterclaims in the German action. The time for I.R. to appeal from the judgment in the German action has expired, and the judgment in favor of AIXTRON AG and against I.R. in the German action is now final and res judicata.

AIXTRON AG reserves the right to seek recovery from I.R. of any and all costs and damages that might result from I.R.’s unjustified allegations and the proceedings brought by I.R. against AIXTRON AG.

OVERALL STATEMENT TO THE RISK SITUATION

Neither within fiscal year 2009 nor at the time of writing has the Executive Board identified any risks that could jeopardize the Company’s continued existence.

REPORT ON EXPECTED DEVELOPMENTS

FUTURE STRATEGIC POSITIONING

The development of state-of-the-art complex material deposition technology remains the Company's core competency and one at which the Company has developed an acknowledged competitive advantage. The AIXTRON Management intends to continue this "Pure Play" positioning and plans to further expand its established product portfolio, in the areas of compound semiconductor (MOCVD, PECVD) equipment, organic semiconductor (OVPD®, PVPD) equipment, and silicon semiconductor (AVD®, ALD, CVD) equipment, into both existing and emerging markets.

Due to an expectation that the speed of development and the competitive environment in the equipment markets that AIXTRON addresses will become more positively challenging and consequently, product life cycles will become shorter, AIXTRON intends to accelerate and expand its research and product development activities. As in previous years, AIXTRON expects to maintain its MOCVD equipment market leadership position, with a market share in excess of 60%. Market research company Gartner Dataquest has estimated in December 2009 that the MOCVD market will be valued at USD 683m by the end of 2010 (2009e: USD 486m).

AIXTRON will continue to drive forward with its strategy to address the OLED display and lighting market with the Company's OVPD® and PVPD technologies and additionally seeks to make further inroads into the research community with its PECVD technology aimed at Carbon Nanotube structures. As with all emerging technologies, there is an element of risk associated with the timing of AIXTRON's OVPD®, PVPD and PECVD technology being adopted by the market. Estimates of an accessible OLED or Carbon Nanotube market size or market share are neither available nor meaningful at this point in time.

AIXTRON is currently in a transition stage with its silicon semiconductor technology. The current AIXTRON CVD deposition system revenues are expected to be replaced by a new system technology in the near future as the memory market moves to smaller technology nodes. AIXTRON has developed a new high throughput Atomic Layer Deposition (ALD) deposition tool aimed at next-generation devices for the memory device market. The likely point at which the memory production market may adopt the ALD technology the Company is developing is thought to be at sub 32nm structure dimensions.

With the intention of addressing a new end-market opportunity, the Company has developed an Atomic Vapor Deposition (AVD®) technology which is targeting the logic device market. The likely point at which the logic production market may adopt the AVD® technology the Company is developing is thought to be at sub 22nm structure dimensions.

The Company is currently actively engaged in dialogue with potential customers of these new products. The AIXTRON Sales and Engineering teams are conducting product evaluations, system assessments and joint development programs as part of a pre-sales process in order to successfully launch the AIXTRON's ALD and AVD® equipment as soon as the memory and logic market starts to invest into new equipment for the production of devices with structures smaller than 32nm and 22nm respectively.

The specific market niche to be addressed by AIXTRON's ALD and AVD® systems for the production of specialized applications such as gate stacks and capacitors is estimated by Gartner Dataquest (in December 2009) to be valued at USD 113m by the end of 2009 (2008: USD 201m).

FUTURE ECONOMIC ENVIRONMENT AND OPPORTUNITIES

After the calamitous financial and economic repercussions of the 2008 banking crisis, by the end of 2009 there appears to be some signs of tentative economic growth returning as the substantial government intervention seemed to be having some sustainable effect, reducing uncertainty and lowering the perception of risk in the financial markets.

Although the financial infrastructure remains fragile, it is considered likely that material government support will be progressively withdrawn as national and global economies stabilize. The IMF has stated that they expect the recovery to be slow but that there are some positive signals; one being the prediction of 5 % real GDP growth in the emerging economies in 2010. According to the IMF, achieving sustained healthy growth over the medium term will depend critically on addressing the supply disruptions generated by the financial crisis and rebalancing the global pattern of demand.

After contracting by about 1% in 2009, the global economy is now forecast by IMF to expand by about 3 % in 2010, which although well below the rates achieved before the crisis, represents a far quicker recovery than many thought possible in 2008.

After declining about 40% in 2009, J.P. Morgan Equity Research (in their January 2010 report) now expect the semiconductor capital spending to increase by 40% year on year in 2010. Semiconductor end-markets have shown some tentative signs of recovery and this improvement is likely to continue in 2010 mainly driven by increasing PC and LCD TV shipments and improving handset and automotive demand, particularly in Asia.

The spending on Wafer Front End equipment, where AIXTRON competes, is expected to increase by 57% year on year in 2010 (according to Gartner Dataquest as of December 2009).

Due to multiple emerging market applications for LED products, AIXTRON believes that its compound semiconductor equipment will remain the most prominent element of the Company's future revenues. Both, market volume and the penetration rate of LEDs as backlighting units in products such as netbooks, tablets, laptops, monitors and TVs, are expected to continue to grow over the next 3–5 years and the adoption of LEDs for general lighting applications is expected to increase. For these reasons, AIXTRON'S business in 2010 is expected to grow at a faster rate than the projected 2010 world real GDP growth of 3.1% (IMF October 2009 estimates).

For AIXTRON'S silicon semiconductor equipment, the current investment climate does not suggest that, in 2010, the memory and logic market will make substantial production investments in the specific areas AIXTRON is targeting with its new technologies. The Company has invested into technology addressing material structures of 32nm or below for memory chips or 22nm or below for logic chips. The exact timing of next-generation manufacturing technologies being included into the silicon semiconductor production chain remains difficult to accurately predict.

AIXTRON believes that the following market trends and opportunities of the relevant end user markets could have a positive effect on future business:

SHORT TERM

- // Continuing investment into capacity expansion for the production of LED backlighting for LCD screens (netbooks, tablets, laptops, monitors, TVs).
- // Further increased adoption of LEDs in automotive (e.g. interior lighting, headlights and rear lights) or other applications.
- // Increasing adoption of LEDs for exterior, public street and professional lighting.

MID TERM

- // Increased adoption of LEDs for consumer and residential general lighting applications.
- // Increased emergence of high volume Silicon Carbide (SiC) production applications and emerging hybrid automotive and photovoltaic transistor applications.
- // Increased emergence and further development of plastic electronics / flexible organic TFT backplanes.
- // Development of next generation NAND, DRAM and PRAM memory applications.
- // Increased development activity for specialized compound solar cell applications.

LONG TERM

- // Further progress in research activities leading to technologies for OLED lighting and displays as well as organic material large area deposition.
- // Progress in the convergence development of new complex semiconductor material applications as substituting materials in the silicon semiconductor industry.
- // Development of new applications using Carbon Nanostructures (Carbon Nanotubes or Carbon Nanowires).

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Whilst forward business visibility remains limited, the Company remains very confident in its ability to command a substantial market share in the areas the company addresses and that the successful and flexible business model developed by the company will ensure that AIXTRON remains both efficient and profitable.

AIXTRON remains specifically optimistic on the evident medium to long-term trend towards the increasing adoption of LED technologies in a wide range of applications and the consequent positive effect on future order intake.

2010 will be another growth year for AIXTRON and the company will start the year with a very solid order backlog as a strong foundation for that growth. The company has already started to modify the Operations functions and support infrastructure to ensure record manufacturing output levels during 2010. The expected top line revenue growth in 2010 and the positive leverage effect that comes from the high operational flexibility enables AIXTRON management to be confident that the Company will continue to generate very solid financial results in 2010 and beyond.

For fiscal year 2010, AIXTRON expects to achieve a revenue figure of EUR 600–650m and an operating margin of 25 % plus.

As at December 31, 2009, AIXTRON had no binding agreements for participation financing, company acquisition or transfers of parts of the Company.

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2009

Revenues	EUR 302,857,000
Gross profit	EUR 134,714,000
Operating result (EBIT)	EUR 62,725,000
Net income	EUR 44,766,000
Basic net result per share	EUR 0.49
Research an Development Costs	EUR 32,917,000
Equipment order intake	EUR 370,057,000
Equipment order backlog	EUR 203,833,000
Shareholders' equity	EUR 413,529,000
Balance sheet total	EUR 573,094,000
Number of shares	100,667,000

RESULTS //

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in EUR thousands	Notes	2009	2008	2007
Revenues	3	302,857	274,404	214,815
Cost of sales		168,143	161,525	129,779
Gross profit		134,714	112,879	85,036
Selling expenses		25,465	27,842	27,163
General administration expenses		21,288	17,997	16,030
Research and development costs	5	32,917	28,286	26,532
Other operating income	6	10,046	5,192	6,612
Other operating expenses	7	2,365	11,457	1,280
Operating result		62,725	32,489	20,643
Finance Income		1,283	3,189	1,857
Finance Expense		27	23	99
Net Finance Income	9	1,256	3,166	1,758
Result before taxes		63,981	35,655	22,401
Taxes on income	10	19,215	12,661	5,151
Profit/loss attributable to the equityholders of AIXTRON AG (after taxes)		44,766	22,994	17,250
Basic earnings per share (EUR)	23	0.49	0.26	0.20
Diluted earnings per share (EUR)	23	0.48	0.25	0.19

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in EUR thousands	2009	2008	2007
Profit or Loss	44,766	22,994	17,250
Losses/gains from derivative financial instruments before taxes	-1,417	-1,707	961
Currency translation adjustment	1,306	-5,372	-9,932
Deferred taxes	302	515	-289
Other comprehensive income	191	-6,564	-9,260
Total comprehensive income attributable to equity holders of AIXTRON AG	44,957	16,430	7,990

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR thousands	Notes	Dec 31, 2009	Dec 31, 2008
Assets			
Property, plant and equipment	12	37,758	39,324
Goodwill	13	58,275	58,719
Other intangible assets	13	7,766	10,255
Investment property	14	0	4,908
Other non-current assets	15	644	672
Deferred tax assets	16	13,869	3,161
Tax receivables	17	373	420
Total non-current assets		118,685	117,459
Inventories	18	89,552	77,086
Trade receivables less allowance kEUR 717 (2008: kEUR 2,289)	19	49,265	38,814
Current tax receivables	11	59	59
Other current assets	19	14,341	10,947
Other financial assets	20	90,000	3,000
Cash and cash equivalents	21	211,192	67,462
Total current assets		454,409	197,368
Total assets		573,094	314,827
Liabilities and shareholders' equity			
Subscribed capital Number of shares: 99,587,927 (2008: 89,692,328)		99,588	89,692
Additional paid-in capital		260,413	106,445
Retained earnings		67,092	30,507
Cumulated comprehensive income and expense recognised in equity		-13,564	-13,755
Total shareholders' equity	22	413,529	212,889
Employee benefits	26	1,064	845
Other non-current payables		70	67
Other non-current provisions	26	790	1,210
Deferred tax liabilities	16	275	0
Total non-current liabilities		2,199	2,122
Trade payables	27	21,419	18,782
Advance payments from customers		87,918	52,566
Other current provisions	26	28,666	20,481
Other current liabilities	27	2,265	1,866
Current tax payables	11	17,064	6,085
Deferred revenues		34	36
Total current liabilities		157,366	99,816
Total liabilities		159,565	101,938
Total liabilities and shareholders' equity		573,094	314,827

See accompanying notes to consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in EUR thousands	Notes	2009	2008	2007
Cash inflow from operating activities				
Net income for the year (after taxes)		44,766	22,994	17,250
Reconciliation between profit and cash inflow/outflow from operating activities				
Expense from share-based payments		2,149	1,808	1,250
Impairment expense		0	0	332
Depreciation and amortization expense		12,247	10,753	9,748
Net result from disposal of property, plant and equipment		-1,207	-54	-179
Deferred income taxes		-10,412	2,314	620
Other non-cash expenses		1,064	98	2,888
Change in				
Inventories		-11,713	-20,087	-9,601
Trade receivables		-10,506	-6,811	-8,086
Other assets		-4,283	-3,930	-4,045
Trade payables		2,539	-3,192	-5,518
Provisions and other liabilities		19,265	8,040	8,295
Deferred revenues		-6	-215	-243
Non-current liabilities		55	-376	-452
Advance payments from customers		34,939	4,393	20,390
Cash inflow from operating activities		78,897	15,735	32,649
Cash inflow/outflow from investing activities				
Cash from acquisitions		0	0	80
Cost related to the acquisitions		0	-392	-458
Capital expenditures in property, plant and equipment		-8,791	-11,617	-6,090
Capital expenditures in intangible assets		-1,008	-1,251	-2,029
Proceeds from disposal of fixed assets		6,723	122	215
Bank deposits with a maturity of more than 90 days	20	-87,000	1,831	-2,050
Cash inflow/outflow from investing activities		-90,076	-11,307	-10,332
Cash inflow from financing activities				
Dividend paid to shareholders		-8,181	-6,331	0
Proceeds from issue of equity shares		161,749	2,628	5,171
Cash inflow from financing activities		153,568	-3,703	5,171
Effect of changes in exchange rates on cash and cash equivalents		1,341	-5,206	-2,296
Net change in cash and cash equivalents		143,730	-4,481	25,192
Cash and cash equivalents at the beginning of the period		67,462	71,943	46,751
Cash and cash equivalents at the end of the period	21	211,192	67,462	71,943
Interest paid		-9	-119	-85
Interest received		778	3,141	1,850
Income taxes paid		-16,903	-3,105	-988
Income taxes received		122	59	376

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Subscribed capital under IFRS	Additional paid-in-capital	Currency translation	Derivative financial instruments	Retained Earnings/Accumulated deficit	Shareholders' equity attributable to the owners of AIXTRON AG
in EUR thousands						
Balance at January 1, 2007	87,836	97,444	1,549	519	-3,406	183,942
Share based Payments		1,250				1,250
Issue of shares for options	1,303	3,868				5,171
Net Income for the year					17,250	17,250
Other comprehensive income			-9,932	672		-9,260
Total comprehensive income for the year			-9,932	672	17,250	7,990
Balance January 1, 2008 and December 31, 2007	89,139*	102,562	-8,383	1,191	13,845*	198,354*
Dividends to shareholders					-6,332	-6,332
Share based Payments		1,808*				1,808
Issue of shares for options	553	2,075				2,628
Net Income for the year					22,994	22,994
Other comprehensive income			-5,372	-1,191		-6,563
Total comprehensive income for the year	0	0	-5,372	-1,191	22,994	16,431
Balance January 1, 2009 and December 31, 2008	89,692*	106,447*	-13,755	0	30,507	212,889*
Dividends to shareholders					-8,181	-8,181
Share based Payments		2,140				2,140
Issue of shares for options	916	3,196				4,112
Issue of shares	8,980	148,657				157,637
Currency translation		-26				-26
Net Income for the year					44,766	44,766
Other comprehensive income			1,306	-1,115		191
Total comprehensive income for the year	0	0	1,306	-1,115	44,766	44,957
Balance December 31, 2009	99,588*	260,413*	-12,449	-1,115	67,092	413,529*

*rounded

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2009

RESULTS //

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 // GENERAL PRINCIPLES

AIXTRON AG ("AIXTRON AG") is incorporated as a stock corporation ("Aktiengesellschaft") under the laws of the Federal Republic of Germany. The Company is domiciled at Kaiserstraße 98, 52134 Herzogenrath, Germany. AIXTRON AG is registered in the commercial register of the District Court ("Amtsgericht") of Aachen under HRB 7002.

The consolidated financial statements of AIXTRON AG and its subsidiaries ("AIXTRON" or "Company") have been prepared in accordance with, and fully comply with

- // International Financial Reporting Standards (IFRS), and the interpretations as published by the International Accounting Standards Board (IASB); and also
- // International Financial Reporting Standards (IFRS) as adopted for use in the European Union; and also
- // the requirements of Section 315a of HGB (German Commercial Law).

AIXTRON is a leading provider of deposition equipment to the semiconductor and compound-semiconductor industry. The Company's technology solutions are used by a diverse range of customers worldwide to build advanced components for electronic and opto-electronic applications based on compound, silicon, or organic semiconductor materials. Such components are used in fibre optic communication systems, wireless and mobile telephony applications, optical and electronic storage devices, computing, signalling and lighting, displays, as well as a range of other leading-edge technologies.

These consolidated financial statements have been prepared by the Executive Board and have been submitted to the Supervisory Board for its meeting held on March 10, 2010.

2 // SIGNIFICANT ACCOUNTING POLICIES

A // COMPANIES INCLUDED IN CONSOLIDATION

Companies included in consolidation are the parent company, AIXTRON AG, and 7 significant companies, in which AIXTRON AG has a 100% direct shareholding or control. The balance sheet date of all consolidated companies is December 31. A list of all significant consolidated companies is shown in [note 33](#).

B // BASIS OF ACCOUNTING

The consolidated financial statements are presented in Euro (EUR). The amounts are rounded to the nearest thousand Euro (kEUR). Some items in the statement of financial position and income statement have been combined under one heading to improve the clarity of presentation. Such items are disclosed and commented on individually in the notes.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date and the reported amounts of income and expenses during the reported period. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if this revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments which have a significant effect on the Company's financial statements are described in [note 39](#).

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by each consolidated company.

C // BASES OF CONSOLIDATION

(I) SUBSIDIARIES

Entities over which AIXTRON AG has control are treated as subsidiaries (see [note 33](#)). Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that controlling influence commences.

(II) TRANSACTIONS ELIMINATED ON CONSOLIDATION

All intercompany income and expenses, transactions and balances have been eliminated in the consolidation.

D // FOREIGN CURRENCY

The consolidated financial statements have been prepared in Euro (EUR). In the translation of financial statements of subsidiaries outside the Euro-Zone the local currencies are used as functional currencies of these subsidiaries. Assets and liabilities of these subsidiaries are translated to EUR at the exchange rate ruling at the balance sheet date. Revenues and expenses are translated to EUR at average exchange rates for the year or at average exchange rates for the period between their inclusion in the consolidated financial statements and the balance sheet date. Net equity is translated at historical rates. The differences arising on translation are disclosed in income and expenses rerecognised in equity.

Exchange gains and losses resulting from fluctuations in exchange rates in the case of foreign currency transactions are recognised in the income statement in "other operating income" or "other operating expenses".

E // PROPERTY, PLANT AND EQUIPMENT

(I) ACQUISITION OR MANUFACTURING COST

Items of property, plant and equipment are stated at cost, plus ancillary charges, less accumulated depreciation (see below) and impairment losses (see accounting [policy \(K //\)](#)).

Costs of internally generated assets include not only costs of material and personnel, but also a share of directly attributable overhead costs.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(II) SUBSEQUENT COSTS

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing components or enhancement of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Company and the cost of the item can be measured reliably. All other costs such as repairs and maintenance are expensed as incurred.

(III) GOVERNMENT GRANTS

Government grants related to the acquisition or manufacture of owned assets are deducted from original cost at date of capitalisation.

(IV) DEPRECIATION

Depreciation is charged on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	3 - 14 years
Other plant, factory and office equipment	3 - 14 years

F // INTANGIBLE ASSETS

(I) GOODWILL

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since January 1, 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill, determined under the previous accounting principles (US-GAAP), applied until 2004, and has continued to be recognised at its then carrying amount.

Goodwill is stated at cost less any accumulated impairment loss. Goodwill is allocated to cash-generating units and is tested annually for impairment (see accounting [policy K //](#)).

(II) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding using scientific methods, is recognised as an expense as incurred.

Expenditure on development comprises costs incurred with the purpose of using scientific knowledge technically and commercially. As not all criteria of IAS 38 are met or are only met at a very late point within the development process, for reasons of materiality AIXTRON did not capitalise such costs.

(III) OTHER INTANGIBLE ASSETS

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting **policy K //**).

Intangible assets acquired through business combinations are stated at their fair value at the date of purchase (see **note 4**).

Expenditure on internally generated goodwill, trademarks and patents is expensed as incurred.

(IV) SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(V) AMORTISATION

Amortisation is charged on a straight-line basis over the estimated useful lives of intangible assets, except for goodwill. Goodwill is tested annually in respect of its recoverable amount. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software	2 - 5 years
Patents and similar rights	5 - 18 years
Customer base and product and technology know how	6 - 7 years

G // INVESTMENT PROPERTY

Investment properties are measured using the cost model.

H // FINANCIAL INSTRUMENTS

(I) FINANCIAL ASSETS

Financial assets are classified into the following specific categories: financial assets "at fair value through the profit or loss" (FVTPL), "held to maturity investments", and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Investments are recognised at the contract date, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

(II) FINANCIAL ASSETS AT FVTPL

Financial assets are classified as at FVTPL where the asset is either
// held for trading or
// it is designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the estimated amount that a bank would receive or pay to terminate the derivative contracts at the reporting date, taking into account current exchange rates, volatility and the credit-worthiness of the counterparties (mark-to-market).

(III) HELD TO MATURITY INVESTMENTS

Investments with fixed or determinable payments and fixed maturity dates that the Company intends to hold to maturity are classified as held to maturity investments. Held to maturity investments are recorded at amortised cost using the effective interest rate method less any impairment, with revenue recognised on an effective yield basis.

(IV) TRADE RECEIVABLES

Trade receivables and other receivables that have fixed or determinable payments that are not quoted on an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment.

(V) IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(VI) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and deposits with banks with a maturity of up to three months at inception.

(VII) EQUITY INSTRUMENTS

Equity instruments, including share capital, issued by the company are recorded at the proceeds received, net of direct issue costs.

(VIII) FINANCIAL LIABILITIES

Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

(IX) FINANCIAL LIABILITIES AT FVTPL

Financial liabilities are classified as at FVTPL where the liability is either
// held for trading or
// it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value is the estimated amount that a bank would receive or pay to terminate the derivative contracts at the reporting date, taking into account current exchange rates, volatility and the credit-worthiness of the counterparties (mark-to-market).

(X) OTHER FINANCIAL LIABILITIES

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

(XI) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Company's activities expose it primarily to the financial risks of changes in foreign exchange currency rates (see **note 28**). The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes. The use of financial derivatives is governed by policies approved by the Executive Board, which provide written principles on the use of financial derivatives.

Changes in the fair value of derivative financial instruments that are designated as effective hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise.

Hedge accounting is discontinued when the derivative financial instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the derivative financial instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

I // INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Cost is determined using weighted average cost.

The cost includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work in progress and finished goods, cost includes direct material and production cost, as well as an appropriate share of overheads based on normal operating capacity.

Allowance for slow moving, excess and obsolete, and otherwise unsaleable inventory is recorded based primarily on either the Company's estimated forecast of product demand and production requirement for the next twelve months or historical trailing twelve month usage. When there has been no usage of an inventory item during a period of twelve months, the Company writes down such inventories based on previous experience.

J // OPERATING RESULT

Operating result is stated before finance income, finance expense and tax.

K // IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill purchased as part of a business acquisition is tested annually for impairment, irrespective of whether there is any indication of impairment. For impairment test purposes, the goodwill is allocated to cash-generating units. Impairment losses are recognised to the extent that the carrying amount exceeds the higher of net realisable value or value in use (recoverable amount) of the cash-generating unit.

Property, plant and equipment as well as other intangible assets are tested for impairment, where there is any indication that the asset may be impaired. Impairment losses on such assets are recognised, to the extent that the carrying amount exceeds either the net realisable value that would be obtainable from a sale in an arm's length transaction, or the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments and the risks associated with the asset.

Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals are made only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

L // EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of issued common shares and AIXTRON ADS (see [note 23](#)) for the year. Diluted earnings per share reflect the potential dilution that could occur if options issued under the Company's stock option plans were exercised and convertible bonds were converted, unless such conversion had an anti-dilutive effect.

M // EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(II) DEFINED BENEFIT PLANS

The obligation from defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine its present value. The calculation is performed by a qualified actuary using the projected unit credit method.

Actuarial gains and losses are recognised in the income statement at each balance sheet date.

(III) SHARE-BASED PAYMENT TRANSACTIONS

The stock option programs allows members of the Executive Board, management and employees of the Company to acquire shares/ADS (see [note 25](#)) of the Company. These stock option programs are accounted for by AIXTRON according to IFRS 2. The fair value of options granted after November 7, 2002 is recognised as personnel expense with a corresponding increase in the additional paid-in capital. The fair value is calculated at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a binomial lattice model, taking into account the terms and conditions upon which the options were granted. In the calculation of the personnel expense options forfeited are taken into account.

N // PROVISIONS

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle this obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax interest rate that reflects current market assessments of the time value of money and, where appropriate, the risks associated with the liability.

(I) WARRANTIES

The Company offers one to two year warranties on all of its products. Warranty expenses generally include cost of labor, material and related overhead necessary to repair a product free of charge during the warranty period, and are recorded as a selling expense. The specific terms and conditions of those warranties may vary depending on the equipment sold, the terms of the contract and the locations from which they are sold. The Company establishes the costs that may be incurred under its warranty obligations and records a liability in the amount of such costs at the time revenue is recognised. Factors that affect the Company's warranty liability include the historical and anticipated rates of warranty claims and cost per claim.

The Company accrues material and labor cost for systems shipped based upon historical experience. The Company periodically assesses the adequacy of its recorded warranty provisions and adjusts the amounts as necessary.

(II) ONEROUS CONTRACTS

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

O // REVENUE

Revenue is generated from the sale and installation of equipment, spare parts and maintenance services. The sale of equipment involves a customer acceptance test at AIXTRON's production facility. After successful completion of this test, the equipment is dismantled and packaged for shipment. Upon arrival at the customer site the equipment is reassembled and installed, which is a service generally performed by AIXTRON engineers. AIXTRON gives no general rights of return, discounts, credits or other sales incentives within its terms of sale. However, occasionally some customers of AIXTRON have specifically negotiated terms and conditions of business.

Revenues from the sale of products that have been demonstrated to meet product specification requirements are recognised upon shipment to the customer, if a full customer acceptance test has been successfully completed at the AIXTRON production facility and the significant risks and rewards of ownership has passed to the customer.

Revenue relating to the installation of the equipment at the customer's site is recognised when the installation is completed and the final customer acceptance has been confirmed. The portion of the contract revenue deferred until completion of the installation services is determined based on either the fair value of the installation services or, if the company determines that there may be a risk that the economic benefits of installation services may not flow to the company, the portion of the contract amount that is due and payable upon completion of the installation. Fair value of the installation services is determined based on an estimate of the materials and time required to complete the installation.

Revenue related to products where meeting the product specification requirements has not yet been demonstrated, or where specific rights of return have been negotiated, is recognised only upon final customer acceptance.

Revenue on the sale of spare parts is recognised when title and risk passes to the customer, generally upon shipment. Revenue from maintenance services is recognised as the services are provided.

P // EXPENSES

(I) COST OF SALES

Cost of sales includes such direct costs as materials, labor and related production overheads.

(II) RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred. Project funding received from governments (e.g. state funding) and the European Union is recorded in other operating income, if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

(III) OPERATING LEASE PAYMENTS

Payments made under operating leases are recognised as expense on a straight-line basis over the term of the lease.

Q // OTHER OPERATING INCOME

GOVERNMENT GRANTS

Government grants awarded for project funding are recorded in "Other operating income" if the Research and Development costs are incurred and provided that the conditions for the funding have been met.

R // TAX

The tax expense represents the sum of the tax currently payable and deferred tax.

Deferred tax assets and liabilities are recorded for all temporary differences between tax and

commercial balance sheets and for losses brought forward for tax purposes as well as for tax credits of the companies included in consolidation. The deferred taxes are calculated, based on tax rates applicable at the balance sheet date or known to be applicable in the future. Effects of changes in tax rates on the deferred tax assets and liabilities are recognised upon adoption of the amended law.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits can be set off against tax credits and tax loss carry forwards. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realised. The recoverability of deferred tax assets is reviewed at least annually.

S // SEGMENT REPORTING

A business segment is a distinguishable component of the Company that is engaged in business activities and whose operating results are reviewed regularly by the Executive Board. Internally reported product lines are combined for group reporting into one business segment, as they show similar economic characteristics and meet the other criteria defined in IFRS 8.12.

Accounting standards applied in segment reporting are in accordance with the general accounting policies as explained in this section.

T // CASH FLOW STATEMENT

The cash flow statement is prepared in accordance with IAS 7. Cash flows from operating activities are prepared using the indirect method. Cash inflows and cash outflows from taxes and interest are included in cash flows from operating activities.

U // RECENTLY ISSUED ACCOUNTING STANDARDS

The company adopted IFRS 8 – Operating Segments during 2009. Amendments to the following standards were also adopted during 2009.

- // IFRS 1 and IAS 27 Cost of an Investment in an subsidiary
- // IFRS 3 and IAS 27 – Business Combinations.
- // IFRS 2 Vesting Conditions and Cancellations.
- // IFRS 7 Enhancing disclosures about Fair Value and Liquidity Risk.
- // IAS 1 Presentation of Financial Statements.
- // IAS 23 Borrowing Cost.
- // IAS 32 and IAS 1 Puttable Financial Instruments and Obligations arising on Liquidation.
- // IAS 39 Embedded Derivatives
- // Various Improvements to IFRS.

During 2009 five interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC) became effective.

- // IFRIC 9 Embedded Derivatives;
- // IFRIC 13 – Customer Loyalty Programmes;
- // IFRIC 15 – Agreements for the Construction of Real Estate;
- // IFRIC 16 – Hedges of a Net Investment in a Foreign Operation;
- // IFRIC 18 – Transfers of Assets from Customers.

The adoption of these interpretations, new and amended standards has not led to any changes in the company's accounting policies. The amendments to IFRS 3 and IAS 27 have been adopted earlier than required.

The following list shows IFRS standards, amendments to IFRS and to IFRIC's not compulsory and not applicable to reporting periods ended on December 31, 2009. These standards were not applied earlier than required. AIXTRON is currently analysing the impact of the new standards on its consolidated financial statements. The Company does not expect the adoption of these standards to have a material impact on its consolidated financial statements.

IFRS 9	Financial Instruments: Classification and measurement Issued: November 2009
Amendment to IFRS 1	Revisions to IFRS 1 on First-time Adoption of IFRSs, Additional Exemptions for First-time Adopters Issued: December 2008 and August 2009
Amendment to IFRS 2	Group Cash-settled Share-based Payments Issued: June 2009
Amendment to IAS 24	Related Party Disclosures Issued: November 2009
Amendment to IAS 32	Classification of Rights Issues Issued: October 2009
Amendment to IAS 39	Eligible Hedged Items Issued: July 2008
Various	Improvements to IFRSs Issued: April 2009
IFRIC 12	Service Concession Arrangements Issued: November 2006
Amendment to IFRIC 14	Prepayments of a Minimum Funding Requirement Issued: December 2009
IFRIC 17	Distribution of Non-cash Assets to Owners Issued: November 2008
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments Issued: December 2009

3 // SEGMENT REPORTING

The group has adopted IFRS 8 Operating Segments with effect from 1st January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Executive Board, as chief operating decision maker, in order to allocate resources to the segments and to assess their performance.

In accordance with IFRS 8.12, AIXTRON has aggregated operating segments where they have similar economic characteristics and where the segments are similar in the other respects required by the standard. Consequently, the company has only one reportable segment.

The company's reportable segment is based around the category of goods and services provided for the compound and silicon semi-conductor industries.

SEGMENT REVENUES AND RESULTS

in EUR thousands	2009	2008	2007
Equipment revenues	275,008	247,370	186,921
Spares and service revenue	27,849	27,033	27,894
Revenue from transactions with external customers	302,857	274,404	214,815
Segment profit	62,725	32,489	20,643
Investment revenue	1,283	3,189	1,857
Finance Costs	-27	-22	-99
Profit before tax	63,981	35,656	22,401

Details of depreciation and amortisation expense can be found in [notes 12 and 13](#).

The accounting policies of the reportable segment are identical with the Group's accounting policies as described in [note 2](#). Segment profit represents the profit earned by the segment without the allocation of investment revenue, finance costs and income tax expense. This is the measure reported to the Executive Board for the purpose of resource allocation and assessment of performance.

SEGMENT ASSETS AND LIABILITIES

in EUR thousands	Dec 31, 2009	Dec 31, 2008
Semi-conductor equipment segment assets	257,601	240,637
Unallocated assets	315,493	74,190
Total group assets	573,094	314,827

For the purpose of monitoring segment performance and allocating resources between segments all assets are allocated to reportable segments other than tax assets, cash, other financial assets and investment property. All liabilities are allocated to segments apart from tax liabilities and post-employment benefit liabilities.

in EUR thousands	Dec 31, 2009	Dec 31, 2008
Semi-conductor equipment segment liabilities	141,162	94,988
Unallocated liabilities	18,403	6,950
Total group liabilities	159,565	101,938

Additions to Property, Plant and Equipment, to Goodwill and to Intangible assets, and the depreciation and amortization expenses are given in **notes 12, 13 and 14**. Other non-current assets reduced by kEUR -75 during 2009 (kEUR -90 in 2008). Information concerning other material items of income and expense for personnel expenses and R&D expenses can be found in **notes 5 and 8**.

GEOGRAPHICAL INFORMATION.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below. Revenues from external customers are attributed to individual countries based on the country in which it is expected that the products will be used.

in EUR thousands	2009	2008	2007
Asia	250,034	238,156	174,133
Europe	41,498	18,464	18,786
USA	11,325	17,784	21,896
Total	302,857	274,404	214,815

Sales from external customers attributed to Germany, AIXTRON'S country of domicile, and to other countries which are of material significance are as follows:

in EUR thousands	2009	2008	2007
Germany	31,937	9,168	7,360
Korea	110,140	40,082	58,729
Taiwan	102,071	137,040	55,801

Sales to two customers amounted to 29% and 10% of total Group revenues respectively in 2009, in 2008 sales to three customers each amounted to 12% of revenues, and in 2007 sales to one customer amounted to 15% of revenues.

in EUR thousands	Non-current assets	
	Dec 31, 2009	Dec 31, 2008
Asia	805	702
Europe excluding Germany	11,366	11,034
Germany	38,102	43,478
USA	54,542	59,144
Total group assets	104,815	114,358

Non-current assets exclude deferred tax assets, financial instruments, post-employment benefit assets and rights arising under insurance contracts.

4 // ACQUISITION OF SUBSIDIARIES

All acquisitions are accounted for using the purchase method of accounting.

On 4th October 2007 AIXTRON LTD., Cambridge UK, acquired 100% of the issued share capital of Nanoinstruments Ltd. The consideration was an initial payment of kEUR 430 on 4th October 2007, a second payment of kEUR 430 on 2nd January 2008 and further payments of up to kEUR 2.578, depending on the level of future sales up to 31st December 2011. Nanoinstruments Ltd. manufactures PECVD equipment for the production of carbon nanotubes and nanowires. The business was transferred to AIXTRON LTD. on the 4th October 2007.

The net assets acquired and the consideration was:

in EUR thousands	Carrying amount	Fair value adjustment	Acquisition cost
Intangible assets	0	823	823
Inventories	40	0	40
Trade and other receivables	3	0	3
Cash and cash equivalents	80	0	80
Acquired assets	123	823	946
Trade and other payables	-83	0	-83
Current tax liabilities	-8	0	-8
Deferred tax liabilities	0	-228	-228
Acquired liabilities	-91	-228	-319
Net assets	32	595	627
Goodwill arising on acquisition			278
Total purchase price			905

in EUR thousands	
Satisfied by:	
Cash paid October 4, 2007	458
Cash payable January 2, 2008	447
	905

NET CASH OUTFLOW ARISING ON ACQUISITION

in EUR thousands	2007	2008
Cash consideration	430	377
Directly attributable cost paid	28	15
Less: cash and cash equivalents acquired	-80	0
	378	392

Cash consideration paid in 2008 differs from the amount payable as at 31 December 2007 because of currency exchange rate translation differences.

5 // RESEARCH AND DEVELOPMENT

Research and development costs, before deducting project funding received, were kEUR 32,917, kEUR 28,286 and kEUR 26,532 for the years ended December 31, 2009, 2008 and 2007 respectively.

After deducting project funding received and not repayable, net expenses for research and development were kEUR 29,637, kEUR 28,286 and kEUR 26,532 for the years ended December 31, 2009, 2008 and 2007 respectively.

Research and development expenses in 2009 include impairment expenses for property, plant and equipment in the amount of kEUR 0 (2008: kEUR 0; 2007: kEUR 332). (see **notes 12 and 13** for details).

6 // OTHER OPERATING INCOME

in EUR thousands	2009	2008	2007
Research and development funding	3,280	1,918	2,729
Income from resolved contract obligations	3,498	45	675
Income from the reversal of provisions and the write-off of debts	1,596	490	1,727
Gain from the disposal of fixed assets	1,262	56	185
Compensation payments	16	2	2
Foreign exchange gains	119	2,485	889
Other	275	196	405
	10,046	5,192	6,612

The total amount of exchange gains and losses (see also **note 7**) recognised in profit or loss was a loss of kEUR -1,409, (2008 loss kEUR -6,954; 2007 gain kEUR 314).

in EUR thousands	2009	2008	2007
Foreign exchange gains	119	2,485	889
Foreign exchange losses (see note 7)	-1,528	-9,439	-575
Net foreign exchange gains (losses)	-1,409	-6,954	314
Gains (losses) arising on financial instruments at FVTPL	340	-1,819	1,165
Other foreign exchange gains (losses)	-1,749	-5,135	-851
	-1,409	-6,954	314

7 // OTHER OPERATING EXPENSES

in EUR thousands	2009	2008	2007
Foreign exchange losses	1,528	9,439	575
Losses from the disposal of fixed assets	55	3	6
Additions to allowances for receivables or write-off of receivables	449	1,953	481
Other	333	62	218
	2,365	11,457	1,280

8 // PERSONNEL EXPENSE

in EUR thousands	2009	2008	2007
Payroll	43,738	36,914	36,373
Social insurance contributions	4,629	4,380	4,241
Decrease/Increase in defined benefit plan obligations	219	-33	-106
Expense for defined contribution plans	970	896	824
Stock option expense	2,149	1,808	1,247
	51,705	43,965	42,579

9 // NET FINANCE INCOME

in EUR thousands	2009	2008	2007
Interest income from financial assets	1,283	3,189	1,857
Interest expense from financial liabilities	-27	-23	-99
Net finance income	1,256	3,166	1,758

10 // INCOME TAX EXPENSE/BENEFIT

The following table shows income tax expenses and income recognised in the consolidated income statement.

in EUR thousands	2009	2008	2007
Current tax expense (+) / current tax income (-)			
for current year	29,261	11,168	5,022
adjustment for prior years	131	-821	13
Total current tax expense	29,392	10,347	5,035
Deferred tax expense (+) / deferred tax income (-)			
from temporary differences	-4,561	3,862	3,718
income/expense from changes in local tax rate	-16	81	1,518
from reversals and write-downs	-5,600	-1,629	-5,120
Total deferred tax expense	-10,177	2,314	116
Taxes on income	19,215	12,661	5,151

Income before taxes on income and income tax expense relate to the following regions:

in EUR thousands	2009	2008	2007
Income before income taxes			
Germany	88,822	31,819	12,892
Outside Germany	-24,841	3,836	9,509
Total	63,981	35,655	22,401
Income tax expense			
Germany	15,336	8,580	1,769
Outside Germany	3,879	4,081	3,382
Total	19,215	12,661	5,151

The Company's effective tax rate is different from the German statutory tax rate of 30.20% (2008: 30.91%; 2007: 39.45%) which is based on the German corporate income tax rate (including solidarity surcharge and trade tax).

The following table shows the reconciliation from the expected to the reported tax expense:

in EUR thousands	2009	2008	2007
Net result before taxes	63,981	35,655	22,401
Income tax expense (German tax rate)	19,322	11,021	8,837
Effect from differences to foreign tax rates	-2,392	-1,722	-1,166
Non-deductible expenses	506	419	251
Non-consideration of tax claims from loss carryforwards	977	4,773	-204
Reversal of Allowance / write-off against deferred tax assets	103	-1,629	-5,120
Expense from changes in local tax rate	-16	0	1,518
Effect of the use of loss carryforwards	-168	-135	-243
Non-deductible impairment and amortisation of: Goodwill, acquired customer relations and product and technology know how	716	883	873
Effect of permanent differences	175	18	216
Other	-8	-967	189
Taxes on income	19,215	12,661	5,151
Effective tax rate	30.0%	35.5%	23.0%

11 // CURRENT TAX RECEIVABLES AND PAYABLES

As of December 31, 2009 the current tax receivables and payables, i.e. those actually incurred because the amount of tax paid in the current or in prior periods was either too high or too low, are kEUR 59 (2008: kEUR 59) and kEUR 17,064 (2008: kEUR 6,085) respectively.

12 // PROPERTY, PLANT AND EQUIPMENT

DEVELOPMENT OF PROPERTY, PLANT AND EQUIPMENT

in EUR thousands	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Assets under construction	Total
Cost					
Balance at January 1, 2008	30,974	31,450	9,632	3,353	75,409
Acquisitions	2,577	5,155	1,846	2,039	11,617
Disposals	0	1,456	619	50	2,125
Transfers	454	2,732	0	-3,186	0
Effect of movements in exchange rates	-242	97	-12	71	-86
Balance at December 31, 2008	33,763	37,978	10,847	2,227	84,815
Balance at January 1, 2009	33,763	37,978	10,847	2,227	84,815
Acquisitions	864	3,945	2,091	1,891	8,791
Disposals	11,968	2,272	1,770	630	16,640
Transfers	5,432	1,064	9	-1,597	4,908
Effect of movements in exchange rates	54	-118	22	0	-42
Balance at December 31, 2009	28,145	40,597	11,199	1,891	81,832
Depreciation and impairment losses					
Balance at January 1, 2008	11,478	20,804	8,006	0	40,288
Depreciation charge for the year	1,449	4,938	904	0	7,291
Disposals	0	1,454	604	0	2,058
Effect of movements in exchange rates	-133	103	0	0	-30
Balance at December 31, 2008	12,794	24,391	8,306	0	45,491
Balance at January 1, 2009	12,794	24,391	8,306	0	45,491
Depreciation charge for the year	1,471	6,270	998	0	8,739
Disposals	6,371	1,965	1,725	0	10,061
Effect of movements in exchange rates	32	-138	11	0	-95
Balance at December 31, 2009	7,926	28,558	7,590	0	44,074
Carrying amounts					
At January 1, 2008	19,496	10,646	1,626	3,353	35,121
At December 31, 2008	20,969	13,587	2,541	2,227	39,324
At January 1, 2009	20,969	13,587	2,541	2,227	39,324
At December 31, 2009	20,219	12,039	3,609	1,891	37,758

DEPRECIATION

Depreciation expense amounted to kEUR 8,739 for 2009 and was kEUR 7,291 and kEUR 6,573 for 2008 and 2007 respectively.

IMPAIRMENTS

During 2009 there were no impairments necessary.

GOVERNMENT GRANTS

In 2009, the cost of machinery and equipment was reduced by kEUR 0 (2008: kEUR 1,643, 2007: 17), because of government grants. Of that amount, kEUR 0 (2008: kEUR 0, 2007: kEUR 0) has been accrued as receivable and kEUR 0 (2008: kEUR 1,643, 2007: kEUR 17) was paid in cash.

CONSTRUCTION IN PROGRESS

Construction in progress relates to self-built systems for development laboratories.

13 // INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS

in EUR thousands	Goodwill	Other intangible assets	Total
Cost			
Balance at January 1, 2008	76,649	36,825	113,474
Acquisitions	0	1,251	1,251
Disposals	0	3	3
Effect of movements in exchange rates	-715	481	-234
Balance at December 31, 2008	75,934	38,554	114,488
Balance at January 1, 2009	75,934	38,554	114,488
Acquisitions	0	1,008	1,008
Disposals	0	0	0
Effect of movements in exchange rates	-460	-362	-822
Balance at December 31, 2009	75,474	39,200	114,674
Depreciation and impairment losses			
Balance at January 1, 2008	17,675	24,317	41,992
Depreciation charge for the year	0	3,462	3,462
Effect of movements in exchange rates	-460	520	60
Balance at December 31, 2008	17,215	28,299	45,514
Balance at January 1, 2009	17,215	28,299	45,514
Depreciation charge for the year	0	3,508	3,508
Effect of movements in exchange rates	-16	-373	-389
Balance at December 31, 2009	17,199	31,434	48,633
Carrying amounts			
At January 1, 2008	58,974	12,508	71,482
At December 31, 2008	58,719	10,255	68,974
At January 1, 2009	58,719	10,255	68,974
At December 31, 2009	58,275	7,766	66,041

AMORTISATION AND IMPAIRMENT EXPENSES FOR OTHER INTANGIBLE ASSETS

Amortisation and impairment expenses for other intangible assets are recognised in the income statement as follows:

in EUR thousands	2009		2008		2007	
	Amor-tisation	Impairment	Amor-tisation	Impairment	Amor-tisation	Impairment
Cost of sales	1,175	0	1,188	0	1,194	0
Selling expenses	1,303	0	1,231	0	1,322	0
General administration expenses	458	0	326	0	182	0
Research and development costs	572	0	717	0	477	0
	3,508	0	3,462	0	3,175	0

In the fiscal years 2009, 2008 and 2007, no impairment losses were required.

No reversals were made in 2009, 2008 or 2007.

The amortisation expected to be charged on other intangible assets in the future years is as follows:

in EUR thousands	
2010	3,658
2011	2,301
2012	824
2013	438
2014	352

The actual amortisation can differ from the expected amortisation.

IMPAIRMENT OF GOODWILL

At the end of 2009 the Group assessed the recoverable amounts of goodwill and determined that there was no impairment of goodwill (2008: kEUR 0; 2007: kEUR 0). The recoverable amount of the activities was assessed by reference to the cash-generating units' value in use.

The composition of the cash generating units used to determine the value in use has changed compared with 2008. In 2008 three distinct cash-generating units were identified within the compound semi-conductor technologies segment, these have now been merged into one. The reason for the change is because the increasing integration and inter-dependence of the companies means that they are no longer identifiable as separate cash-generating units.

SILICON SEMI-CONDUCTOR TECHNOLOGIES

in EUR thousands	2009	2008	2007
Silicon semi-conductor cash generating unit	46,821	47,913	45,507

The recoverable amount of this cash-generating unit is determined through a value in use calculation which uses cash flow projections based on financial budgets and forecasts approved by the Executive Board covering the period up to 2020 and a discount rate of 9.41% (2008: 9.52%). The period up to 2020 was chosen because it takes into account the whole product life cycle.

Cash flow projections during the budget period are based on the budgeted gross margins and selling prices. Cash flows beyond that period have been forecast based on an analysis, by external parties, of historical trends in the economic cycles affecting the market for semi-conductor equipment. Assumptions concerning working capital were, based on management's best estimates; inventory turns of 3, receivables outstanding for 125 days, accounts payable of 100 days. A sustainable sales growth rate of 2% has been forecast throughout the forecast period which does not exceed management's estimates of the long term growth trend. The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate amount recoverable from the cash-generating unit.

COMPOUND SEMI-CONDUCTOR TECHNOLOGIES

in EUR thousands	2009	2008	2007
Compound semi-conductor cash generating unit	11,454	10,805	13,467

The recoverable amount of this cash-generating unit is also determined through a value in use calculation which uses cash flow projections based on financial budgets approved by the Executive Board covering the period to the end of 2010 and a discount rate of 9.41% (2008: 9.52%). An exchange rate of USD 1.50 to EUR 1 was assumed.

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate amount recoverable from the cash-generating unit.

14 // INVESTMENT PROPERTY

The investment property in Herzogenrath, Germany was reclassified as Land and buildings during 2009 and is included in that category at the end of the year. The transfer was made because the company identified that the land will be used to build additional facilities for the company.

The net book value at 31 December 2008 of investment property amounted to kEUR 4.908. In 2008 the investment property was regarded as undeveloped land held for a purpose not yet determined. The carrying amount was determined using the cost model. The fair value was equal to the carrying amount. The fair value of the land at December 31, 2008 was determined using related standard land values.

15 // OTHER NON-CURRENT ASSETS

Other non-current assets totalling kEUR 644 (2008: kEUR 672) include mainly rent deposits for buildings.

16 // DEFERRED TAX ASSETS AND LIABILITIES

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

in EUR thousands	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Property, plant and equipment	-113	0	-57	-208	-170	-208
Trade receivables	2,602	823	0	0	2,602	823
Inventories	5,903	3,484	4	0	5,907	3,484
Employee benefits	92	49	-222	0	-130	49
Deferred revenues	25	26	0	-190	25	-164
Currency translation differences	0	2	0	0	0	2
Provisions and other liabilities	-642	38	0	-646	-642	-608
Customer advances	0	257	0	0	0	257
Other	-163	29	0	-348	-163	-319
Tax loss carryforwards	5,605	138	0	0	5,605	138
Derivative financial instruments	560	0	0	-293	560	-293
Deferred tax assets (+) liabilities (-)	13,869	4,846	-275	-1,685	13,594	3,161

Deferred tax assets are recognised at the level of individual consolidated companies, in which a loss was realised in the current or preceding financial year, only to the extent that realisation in future periods is probable. The nature of the evidence used in assessing the probability of realisation includes forecasts, budgets and the recent profitability of the relevant entity. The carrying amount of deferred tax assets for entities which have made a loss in either the current or preceding year was kEUR 6,070 (2008: kEUR 0). Forecast transactions are expected to give rise to taxable profits in 2010 in the entities where deferred tax assets have been recognised.

Deferred taxes for tax losses in the amount of kEUR 21,168 (2008: kEUR 20,552) and on deductible temporary differences in the amount of kEUR 0, (2008: kEUR 3,849) were not recognised. Tax losses in the amount of kEUR 270 can be used indefinitely (2008: kEUR 913), kEUR 0 expire by 2014 (2008: 10,038, by 2013) and kEUR 20,898 expire after 2014 (2008: kEUR 9,601 after 2013).

The following table shows the development of temporary differences during the financial year:

in EUR thousands	Balance at Jan 1, 2008	Recognised in income statement	Directly recognised in equity	Balance at Dec 31, 2008
Property, plant and equipment	84	-292	0	-208
Trade receivables	105	718	0	823
Inventories	1,019	2,465	0	3,484
Provisions for pensions	69	-20	0	49
Deferred revenues	-38	-126	0	-164
Currency adjustment	0	-185	185	0
Provisions and other liabilities	-137	-473	0	-609*
Customer advances	-251	508	0	258*
Other	-474	157	0	-317
Derivative financial instruments	-494	-314	514	-293*
Tax loss carryforwards	4,890	-4,753	0	138*
	4,773	-2,315	699	3,161*

* rounded

in EUR thousands	Balance at Jan 1, 2009	Recognised in income statement	Directly recognised in equity	Balance at Dec 31, 2009
Property, plant and equipment	-208	45	0	-163
Trade receivables	823	1,780	0	2,603
Inventories	3,484	2,471	0	5,955
Provisions for pensions	49	-180	0	-131
Deferred revenues	-164	193	0	29
Currency adjustment	0	9	-47	-38
Provisions and other liabilities	-609*	-34	0	-643
Customer advances	258*	-257	0	1
Other	-317	177	0	-140
Derivative financial instruments	-293*	551	302	560
Tax loss carryforwards	138*	5,424	0	5,562
	3,161*	10,179*	255	13,594*

* rounded

17 // LONG-TERM RECEIVABLES FROM CURRENT TAX

Long term receivables from current tax include a receivable from corporate tax which will be refunded over a period of eight years. The amount included in long term receivables is for the amounts receivable after more than one year from the balance sheet date.

18 // INVENTORIES

in EUR thousands	2009	2008
Raw materials and supplies	29,504	26,406
Work in process	56,781	36,911
Finished goods and services completed	86	89
Inventories at customers' locations	3,181	13,680
	89,552	77,086

in EUR thousands	2009	2008
Write-down of inventories during the year	5,890	4,587
Inventories measured at net realisable value	6,877	9,378
Inventories recognised as an expense during the period	121,296	128,075
Reversals of write-downs recognised during the year	2,081	872

19 // TRADE RECEIVABLES AND OTHER CURRENT ASSETS

in EUR thousands	2009	2008
Trade receivables	49,982	41,103
Allowances for doubtful accounts	-717	-2,289
Trade receivables - net	49,265	38,814
Prepaid expenses	794	733
Reimbursement of research and development costs	1,140	1,533
Advance payments for inventory	1,181	359
VAT refund claims	5,132	1,543
Other assets	1,917	2,390
Derivatives that are designated and effective as hedging instruments carried at fair value	692	0
Financial assets carried at fair value through the profit or loss (FVTPL),	3,485	4,389
Total other current receivables (see note 28)	14,341	10,947
	63,606	49,761

Additions to allowances on trade receivables are included in other operating expenses, releases of allowances are included in other operating income. Allowances on receivables developed as follows:

in EUR thousands	2009	2008
Allowance at January 1	2,289	567
Translation adjustments	11	2
Impairment losses recognised	928	1,953
Used	-1,225	-8
Impairment losses reversed	-1,286	-225
Allowance at December 31	717	2,289

Due to the worldwide spread of risks, there is a diversification of the credit risk for trade receivables. Generally, the Company demands no securities for financial assets. In accordance with usual business practice for capital equipment however, the Company mitigates its exposure to credit risk by requiring payment by irrevocable letters of credit and substantial payments in advance from most customers as conditions of contracts for sale of major items of equipment.

At the balance sheet date two customers accounted for 33% and 17% respectively of the company's net trade receivables, no other single customer accounted for more than 10% of trade receivables. In 2008 two customers accounted for 22% and 18% respectively of trade receivables, no other customer accounted for more than 10% of receivables. In determining concentrations of credit risk the company defines counterparties as having similar characteristics if they are connected entities.

Included in the Company's trade receivable balance are debtors with a carrying amount of kEUR 1,592 (2008: kEUR 5,975) which are past due at the reporting date for which the Company has not provided. As there has not been a significant change in credit quality and, although the company has no collateral, the amounts are still considered recoverable.

In determining the financial assets which may be individually impaired the Company has taken into account the likelihood of recoverability based on the past due nature of certain receivables, and our assessment of the ability of all counter-parties to perform their obligations.

in EUR thousands	2009	2008
1-90 days past due	1,794	5,910
More than 90 days past due	515	2,354

20 // OTHER FINANCIAL ASSETS

Other financial assets of kEUR 90,000 (2008: kEUR 3,000) are fixed deposits with banks with a maturity of more than three months at inception of the contracts.

21 // CASH AND CASH EQUIVALENTS

in EUR thousands	2009	2008
Cash-in-hand	7	7
Short term deposits	21,000	0
Bank balances	190,185	67,455
Cash and Cash equivalents	211,192	67,462

Cash and cash equivalents comprise short-term bank deposits with an original maturity of 3 months or less. The carrying amount and fair value are the same.

Bank balances included kEUR 0 given as security (2008: kEUR 0) at December 31, 2009.

22 // SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

	2009	2008
January 1	89,692,328	89,138,905
Exercise of employee stock options	915,662	553,423
Capital Increase	8,979,937	0
Issued capital at December 31, under IFRS	99,587,927	89,692,328
Treasury shares	1,079,250	1,202,288
Stated share capital at December 31	100,667,177	90,894,616

See also note 25.

The share capital of the company consists of no-par value shares and was fully paid-up during 2009 and 2008. Each share represents a portion of the share capital in the amount of EUR 1.00.

Treasury shares were contributed into a trust, as part of the Genus acquisition for the exercise of Genus stock and other options and for conversion of bonds.

AIXTRON AG cannot dispose of the trust assets. Contrary to German Commercial Code and company law, IFRS (SIC 12) prescribes an allocation of the trust assets to AIXTRON AG. In the IFRS financial statements the shares held in this trust are therefore shown as treasury shares and deducted from the nominal share capital.

Authorized capital I has remained unchanged compared to December 31, 2008. 8,979,937 shares of authorized capital II were issued by the company on October 29, 2009. These shares were issued at EUR 17,75 each and produced net proceeds of kEUR 157,637.

At December 31, 2009, AIXTRON AG's Executive Board is authorized to increase, with the consent of the Supervisory Board, AIXTRON's stated share capital at any time or from time to time on or before May 17, 2010 by up to EUR 35,919,751 by issuing against either cash contribution or contribution in kind new registered no-par value shares with a proportional amount of EUR 1.00 per share in the share capital (Authorized Capital I). In this event, the shareholders must be granted a pre-emptive right. However, the Executive Board is authorized, with the consent of the Supervisory Board, to exclude, in whole or in part, the shareholders' pre-emptive right.

The Executive Board is also authorized, with the consent of the Supervisory Board, to define the rights embodied in a share and the other conditions and terms of the issuance of shares.

PAID-IN CAPITAL

Paid-in capital mainly includes the premium on increases of subscribed capital as well as cumulative expense for share-based payments.

INCOME AND EXPENSES RECOGNISED IN EQUITY

in EUR thousands	Currency translation	Derivative financial instruments	Total
Balance at December 31, 2006	1,549	519	2,068
Change in currency translation	-9,932	0	-9,932
Change in unrealised gains / losses before taxes	0	961	961
Deferred taxes	0	-289	-289
Balance at December 31, 2007	-8,383	1,191	-7,192
Change in currency translation	-5,372	0	-5,372
Change in unrealised gains / losses before taxes	0	-1,706*	-1,706
Deferred taxes	0	515	515
Balance at December 31, 2008	-13,755	0	-13,755
Change in currency translation	1,306	0	1,306
Change in unrealised gains / losses before taxes	0	-1,417	-1,417
Deferred taxes	0	302	302
Balance at December 31, 2009	-12,449	-1,115	-13,564

*rounded

The foreign currency translation adjustment comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currency is not the Euro.

The item "derivative financial instruments" comprises the gain or loss on foreign currency hedge contracts deferred in equity.

23 // EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share at December 31, 2009, is based on the weighted-average number of common shares outstanding during the reporting period.

DILUTED EARNINGS PER SHARE

The calculation of the diluted earnings per share at December 31, 2009 is based on the weighted-average number of outstanding common shares and ADS and of common shares and ADS with a possible dilutive effect resulting from share options being exercised under the share option plan and in connection with the conversion of issued convertible bonds and other options.

	2009	2008	2007
Earnings per share			
Net profit/loss attributable to the shareholders of AIXTRON AG in kEUR	44,766	22,994	17,250
Weighted average number of common shares and ADS at December 31	91,609,912	89,478,415	88,163,952
Basic earnings per share (EUR)	0.49	0.26	0.20
Earnings per share (diluted)			
Net profit/loss attributable to the shareholders of AIXTRON AG in kEUR	44,766	22,994	17,250
Weighted average number of common shares and ADS at December 31	91,609,912	89,478,415	88,163,952
Dilutive effect of share options	1,405,764	1,016,486	783,934
Weighted average number of common shares and ADS at December 31 (diluted)	93,015,677	90,494,901	88,947,886
Diluted earnings per share (EUR)	0.48	0.25	0.19

The following securities issued were not included in the computation of the diluted earnings per share, as their effect would be anti-dilutive:

Number of shares	2009	2008	2007
Share options	1,970,222	2,631,692	2,151,017

24 // EMPLOYEE BENEFITS

DEFINED CONTRIBUTION PLAN

The Company grants retirement benefits to qualified employees through various defined contribution pension plans. The expenses incurred for defined contribution plans mainly arise from two pension plans in subsidiaries. The contributions made do not exceed 10% of qualified employees' base salaries. In 2009 the expense recognised for defined contribution plans amounted to kEUR 970 (2008: kEUR 896, 2007: kEUR 824).

DEFINED BENEFIT PLAN

The Company's net obligation in respect of defined benefit pension plans reflects commitments to two former members of the Executive Board of AIXTRON AG. These are final salary plans.

Provisions for pensions developed as follows:

EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT

in EUR thousands	2009	2008	2007
Interest expense	87	47	44
Actuarial gains and losses	132	-80	-149
	219	-33	-105

The expense for pensions developed as follows:

in EUR thousands	2009	2008	2007	2006	2005
Present value of net obligations at January 1	845	878	983	978	703
Income/Expense recognised in consolidated income statement (see below)	219	-33	-105	5	275
Present value of net obligations at December 31 = Total provisions for pensions at December 31	1,064	845	878	983	978

In the income statement, the expense (2008 and 2007: income) of kEUR 219 (2008: kEUR 33; 2007: kEUR 105; 2006: kEUR 5; 2005: kEUR 275) is recognised in general administration expense.

The following table shows the principal actuarial assumptions:

Biometrical calculation assumptions	2009 Heubeck tables 2005 G in %	2008 Heubeck tables 2005 G in %
Interest rate at December 31	5.20	6.00
Expected salary increase	0.00	0.00
Expected pension increase	2.00	2.00

In the three years ending 2009 no payments were made under these plans. The value of the obligations from pension plans is determined annually at December 31.

25 // SHARE-BASED PAYMENT

The Company has different fixed option plans which reserve shares of common stock and AIXTRON American Depository Shares (ADS) for issuance to members of the Executive Board, management and employees of the Company. Each AIXTRON ADS represents the beneficial ownership in one AIXTRON common share. The following is a description of these plans:

AIXTRON STOCK OPTION PLAN 1999

In May 1999, options were authorized to purchase 3,000,000 shares of common stock (after giving effect to capital increases, stock splits, and the EURO conversion). The stock options can be exercised when 15 years have elapsed since their issue. Under the terms of the 1999 plan, options were granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date. Under this plan 1,133,744 options for the purchase of 1,802,952 common shares were outstanding as of December 31, 2009.

AIXTRON STOCK OPTION PLAN 2002

In May 2002, options were authorized to purchase 3,511,495 shares of common stock. The options are exercisable in equal instalments of 25% per year after the second anniversary of the date of grant, subject to certain conditions. Options expire ten years from date of grant. Under the terms of the 2002 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%. No grants were issued with a strike price less than fair market value. A total of 960,984 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2009.

AIXTRON STOCK OPTION PLAN 2007

Options were granted to purchase shares of common stock. 50% of the granted options may be executed after a waiting period of not less than two years, further 25% after three years and the remaining 25% after at least four years. The options expire 10 years after they have been granted. Under the terms of the 2007 plan, options are granted at prices equal to the average closing price over the last 20 trading days on the Frankfurt Stock Exchange before the grant date, plus 20%.

Options were granted as follows:

2007	759,100
2008	779,000
2009	778,850

GENUS STOCK OPTION PLAN 2000

With the acquisition of Genus, Inc. the company adopted the Genus Incentive Stock Option Plan 2000. Under this plan at the date of acquisition options were authorized to purchase the equivalent of 2,013,487 AIXTRON ADS. Options granted before October 3, 2003 vest over a three-year-period and expire five years from the date of grant. Options granted after October 3, 2003 vest over a four-year-period and expire in ten years from the date of grant. A total of 6,935 options to purchase AIXTRON ADS were outstanding under this plan as of December 31, 2009. Upon exercise of options new shares are issued from the trust (see [note 22](#)).

SUMMARY OF STOCK OPTION TRANSACTIONS

AIXTRON SHARE OPTIONS

	2009		2008	
	Number of shares	Average exercise price (EUR)	Number of shares	Average exercise price (EUR)
Balance at January 1	5,149,197	13.76	5,003,027	13.76
Granted during the year	778,850	24.60	779,000	4.17
Exercised during the year	792,624	5.00	450,403	5.00
Forfeited during the year	136,737	8.76	182,427	8.54
Outstanding at December 31	4,998,686	16.52	5,149,197	13.76
Exercisable at December 31	799,520	19.51	768,134	20.53

GENUS SHARE OPTIONS

	2009		2008	
	Number of shares	Average exercise price (USD)	Number of shares	Average exercise price (USD)
Balance at January 1	142,499	5.96	247,099	5.95
Exercised during the year	123,038	5.95	103,070	5.68
Expired during the year	12,526	5.81	1,530	4.69
Outstanding at December 31	6,935	7.33	142,499	5.96
Exercisable at December 31	6,935	7.33	142,499	5.96

The intrinsic value of options exercised amounted to kUSD 734.

AIXTRON STOCK OPTIONS AS OF DECEMBER 31, 2009

Exercise price (EUR)	Outstanding	Exercisable	Average option life (in years)
3.10	30,150	30,150	3.50
3.83	829,225	162,175	6.50
4.17	763,200	0	9.00
6.17	101,609	101,609	4.50
7.48	602,180	0	7.50
10.09	702,100	0	8.00
18.70	406,824	406,824	4.50
24.60	769,450	0	10.00
26.93	398,900	0	6.50
67.39	395,048	98,762	5.50
	4,998,686	799,520	

GENUS STOCK OPTIONS AS OF DECEMBER 31, 2009

Average exercise price (USD)	Outstanding	Exercisable	Average option life (in years)
3.55	1,000	1,000	4.9
5.08	325	325	4.4
7.20	4,590	4,590	4.3
12.35	1,020	1,020	3.9
	6,935	6,935	

ASSUMPTIONS USED TO CALCULATE FAIR VALUES AND SHARE-BASED PAYMENT EXPENSES

The fair value of services received in return for stock options granted is measured by reference to the fair value of the stock options granted. The fair value of the stock options is determined on the basis of a binomial lattice model. In accordance with IFRS 2 the measurement includes only options which were granted after November 7, 2002. In 2009, the personnel expenses from share-based payments were kEUR 2,149 (2008: kEUR 1,808; 2007: kEUR 1,247). As at December 31, 2009 an amount of kEUR 8,412 relating to stock options granted prior to that date has not yet been recognised as a personnel expense. This amount will be charged over the period to 2014. The expected allocation of the expense is as follows: 2010: kEUR 3,345, 2011: kEUR 2,890, 2012: kEUR 1,466 and after 2013: kEUR 711.

AIXTRON SHARE OPTIONS GRANTED

	in 2009	in 2008	in 2007
Fair value on grant date	EUR 8.62	EUR 1.77	EUR 4.34
Price per share	EUR 19.00	EUR 4.30	EUR 8.69
Exercise price	EUR 24.60	EUR 4.17	EUR 10.09
Expected volatility	56.38 %	52.69 %	52.48 %
Option life	10.0 years	10.0 years	10.0 years
Expected dividend payments	EUR 0.00	EUR 0.00	EUR 0.00
Risk-free interest rate	3.44 %	4.04 %	4.06 %

The expected volatility is based on historical volatility.

26 // PROVISIONS

Development and breakdown of provisions:

in EUR thousands	Jan 1, 2009	Exchange rate differences	Usage	Reversal	Addition	Dec 31, 2009	thereof short term
Employee benefits	845	2	0	0	217	1,064	0
Provisions for personnel expenses	4,450	32	3,529	796	8,005	8,162	8,162
Warranties	3,014	43	1,339	189	3,181	4,710	4,710
Onerous contracts	1,530	-25	0	402	79	1,182	392
Provisions for commissions	3,373	19	3,447	28	4,085	4,002	4,002
Hedges	2,476	48	2,508	16	2,502	2,502	2,502
Other	6,848	34	5,953	266	8,235	8,898	8,898
Total	22,536	153	16,776	1,697	26,304	30,520	28,666
					thereof long term	1,854	
						30,520	

EMPLOYEE BENEFITS

The employee benefits are commented on in [note 24](#).

PROVISIONS FOR PERSONNEL EXPENSES

These include mainly provisions for holiday not yet taken and bonuses.

PROVISIONS FOR ONEROUS CONTRACTS

These include provisions for contracts connected with obligations, including rent payable and contract risks.

FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

in EUR thousands	2009	2008
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward foreign currency contracts	1,692	0
Financial assets carried at fair value through the profit or loss (FVTPL)		
Foreign currency options	810	1,829
Forward foreign currency contracts	0	647
Fair value of derivative financial instruments	2,502	2,476

OTHER PROVISIONS

Other provisions consists mainly of provisions for goods and services received but not yet invoiced at the end of the year.

27 // TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The liabilities consist of the following:

in EUR thousands	2009	2008
Trade payables	21,419	18,782
Other liabilities from grants	1,352	583
Wage and church tax due, social security contributions	685	534
VAT due	173	165
Other liabilities	55	584
	2,265	1,866
	23,684	20,648

The carrying amount of trade payables and other current liabilities approximates their fair value. Trade payables generally fall due for payment within 90 days of receipt of the relevant goods or services

28 // FINANCIAL INSTRUMENTS

Details of the significant accounting policies and methods, the basis of measurement that are used in preparing the financial statements and the other accounting policies that are relevant to an understanding of the financial statement are disclosed in **note 2** to the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES

The group seeks to minimise the effects of any risk that may occur from any financial transaction. Key aspects are the exposures to liquidity risk, credit risk, interest rate risk and currency risk arising in the normal course of the Company's business.

The AIXTRON Group's central management co-ordinates access to domestic and international financial institutions and monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposure to risk by likelihood and magnitude. These risks cover all aspects of the business, including financial risks, and the risk management system is in accordance with the corporate governance recommendations specified in the German Corporate Governance Code.

Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates

LIQUIDITY RISKS

Liquidity risk is the risk that the Group is unable to meet its existing or future obligations due to insufficient availability of cash or cash equivalents. Managing liquidity risk is one of the central tasks of AIXTRON AG. In order to be able to ensure the Group's solvency and flexibility at all times cash and cash equivalents are projected on the basis of regular financial and liquidity planning.

As at December 31, 2009 the group had no borrowings (2008 nil). Financial liabilities of kEUR 23,684 (2008 kEUR 20,648) consisting of trade payables and other liabilities and are shown in **note 27**, together with an analysis of their maturity.

As at December 31, 2009 the group had kEUR 211,192 cash and cash equivalents (2008 kEUR 67,462) and a further kEUR 90,000 of fixed deposits with banks (2008 kEUR 3,000).

CREDIT RISKS

Financial assets generally exposed to a credit risk are trade receivables (see **note 19**) and cash and cash equivalents.

The Company's cash and cash equivalents are kept with banks that have a good credit standing. Central management of the Group assesses the counter-party risk of each financial institution dealt with and sets limits to the Group's exposure to those institutions. These credit limits are reviewed from time to time so as to minimise the default risk as far as possible and to ensure that concentrations of risk are managed.

The maximum exposure of the Group to credit risk is the total amount of receivables, financial assets and cash balances as described in **notes 19, 20 and 21**.

MARKET RISKS

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rate risks. The Company does not use derivative financial instruments to manage its exposure to interest rate risk. Cash deposits are made with the company's bankers at the market rates prevailing at inception of the deposit for the period and currency concerned. There has been no change to the Company's exposure to market risk or the manner in which it manages and measures the risk.

FOREIGN CURRENCY RISK

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk, including forward exchange contracts to hedge the exchange rate risk arising on the export of equipment. The main exchange rates giving rise to the risk are those between the US Dollar, Pound Sterling and Euro.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

in EUR thousands	Liabilities		Assets	
	2009	2008	2009	2008
US Dollars	-3,782	-21,345	65,587	33,885
GB Pounds	-3,785	-6,276	18,719	19,747

Exposures are reviewed on a regular basis and are managed by the Company through sensitivity analysis.

FOREIGN CURRENCY SENSITIVITY ANALYSIS

The Company is mainly exposed to US Dollar and Pound Sterling exchange rate risks through its worldwide activities.

The following table details the company's sensitivity to a 10% change in the value of the Euro against the Dollar and Pound. A positive number indicates an increase in profit and other equity, a negative number indicates a reduction in profit and other equity.

in EUR thousands	USD Currency Effect		GBP Currency Effect	
	2009	2008	2009	2008
Increase in value of Euro by 10%				
Profit or loss	-9,483	1,574	-132	40
Other equity	3,788	-5,241	5,428	-2,804
Decrease in value of Euro by 10%				
Profit or loss	13,120	-249	132	-10
Other equity	-3,788	5,241	-5,428	2,804

The effect on profit or loss of changes in currency rates differs between increases and decreases in rates because of the asymmetrical effect of changes in valuation of option contracts.

The sensitivity analysis represents the foreign exchange risk at the year end date only. It is calculated by revaluing the Group's financial assets and liabilities, existing at 31 December, denominated in US-Dollars or British Pounds, by 10%. It does not represent the effect of a 10% change in exchange rates sustained over the whole of the financial year, only the effect of a different rate occurring on the last day of the year.

FORWARD FOREIGN EXCHANGE CONTRACTS

The company enters forward foreign exchange contracts with banks to cover receipts from highly probable forecast sales denominated in US Dollars.

The following table details the forward foreign currency contracts outstanding as at the reporting date:

	Foreign Currency		Contract Amount		Fair Value		Liabilities	
	2009 kUSD	2008 kUSD	2009 kEUR	2008 kEUR	Asset 2009 kEUR	2008 kEUR	2009 kEUR	2008 kEUR
Cash flow hedges								
Sell US Dollars buy Euros								
Less than 3 months	39,000	-	27,294	-	594	-	(385)	-
3 to 12 months	76,000	-	51,752	-	98	-	(1,307)	-
Sell US Dollars buy GB pounds								
Less than 3 months	-	-	-	-	-	-	-	-
3 to 12 months	-	-	-	-	-	-	-	-
Fair Value Hedges through the Profit or Loss								
Options to sell US Dollars buy Euros								
Less than 3 months	75,000	32,000	50,714	22,448	568	611	-	-
3 to 12 months	210,000	100,000	140,000	70,320	2,917	3,778	-	-
Options to sell US Dollars buy GB pounds								
Less than 3 months	-	-	-	-	-	-	-	-
3 to 12 months	-	-	-	-	-	-	-	-
Options to sell Euros buy US Dollars								
Less than 3 months	15,000	15,000	11,538	10,345	-	-	(17)	(247)
3 to 12 months	60,000	45,000	44,444	31,034	-	-	(793)	(1,582)
Sell US Dollars buy GB Pounds								
Less than 3 months	-	4,000	-	2,083	-	-	-	(779)
Sell GB Pounds buy US Dollars								
Less than 3 months	-	4,000	-	2,730	-	132	-	-

FOREIGN CURRENCY CASH FLOW HEDGES

At December 31, 2009, the aggregate amount of unrealised losses on forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on anticipated future transactions is kEUR 1,115 (2008: kEUR 0).

The unrealised gains of kEUR 0 (31 December 2007: kEUR 1,191) included in income and expenses recognised in equity as of December 31, 2008 were fully reversed and recognised in income statement at maturity date of the contracts in the financial year. The losses actually realised in 2009 were kEUR 0 (2008: losses kEUR 223).

FOREIGN CURRENCY OPTION CONTRACTS

The company has also entered into option contracts to hedge the exchange rate risk on US Dollar sales proceeds in 2010. The contracts are classified as at fair value through the profit and loss account.

Unrealised gains of kEUR 983 (2008 unrealised gains kEUR 1,913) on forward exchange contracts are recognised in Other Operating Income in the profit and loss statement.

FAIR VALUES

Cash and cash equivalents, Loans and receivables and Held to maturity investments or at amortised cost are stated at amortised cost. At FVTPL and Hedging derivatives are classed as at fair value through profit or loss.

The fair values and the carrying amounts of the financial instruments shown in the balance sheet are shown in the following table. Financial assets are classified into categories.

FINANCIAL ASSETS 2009

in EUR thousands	Cash and cash equivalents	Loans and receivables	Held to-maturity investments	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
Cash and cash equivalents	211,192	0	0	0	0	211,192
Fair value of derivative financial instruments	0	0	0	3,485	0	3,485
Other financial assets	0	0	90,000	0	0	90,000
Other non-current assets	0	645	0	0	0	645
Trade receivables	0	49,265	0	0	692	49,957
Total	211,192	49,910	90,000	3,485	692	355,279

FINANCIAL LIABILITIES 2009

in EUR thousands	Cash and cash equivalents	Loans and receivables	At amortised cost	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
Other current liabilities	0	0	0	0	0	0
Fair value of derivative financial instruments	0	0	0	2,502	0	2,502
Trade payables	0	0	21,419	0	0	21,419
Advance payments from customers	0	0	87,918	0	1,692	89,610
Total	0	0	109,337	2,502	1,692	113,531

FINANCIAL ASSETS 2008

in EUR thousands	Cash and cash equivalents	Loans and receivables	Held to-maturity investments	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
Cash and cash equivalents	67,462	0	0	0	0	67,462
Fair value of derivative financial instruments	0	0	0	4,389	0	4,389
Other financial assets	0	0	3,000	0	0	3,000
Other non-current assets	0	673	0	0	0	673
Trade receivables	0	38,814	0	0	0	38,814
Total	67,462	39,487	3,000	4,389	0	114,338

FINANCIAL LIABILITIES 2008

in EUR thousands	Cash and cash equivalents	Loans and receivables	At amortised cost	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
Other current liabilities	0	2	0	0	0	2
Fair value of derivative financial instruments	0	0	0	2,476	0	2,476
Trade payables	0	0	18,782	0	0	18,782
Advance payments from customers	0	0	52,566	0	0	52,566
Total	0	2	71,348	2,476	0	73,826

DERIVATIVES

The fair value is the estimated amount that a financial institution would receive or pay to terminate the derivative contracts at the reporting date, taking into account current exchange rates, volatility and the credit-worthiness of the counterparties (mark-to-market).

TRADE RECEIVABLES/PAYABLES

For trade receivables/payables due within less than one year, the fair value is taken to be the nominal value. All other receivables/payables are discounted to determine the fair value.

29 // OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

in EUR thousands	
2010	3,261
2011	2,894
2012	2,257
2013	722
2014	418
after 2014	169
	9,721

The Company leases certain office and plant facilities, office furniture and motor vehicles under various operating leases. Under most of the lease commitments for office and plant facilities the Company has options to renew the leasing contracts. The leases typically run for a period between one and fifteen years. None of the leases include contingent rentals.

The expenses for leasing contracts were kEUR 2,922, kEUR 2,174 and kEUR 1,944 for 2009, 2008 and 2007 respectively.

30 // CAPITAL COMMITMENTS

As of December 31, 2009, the Company had entered into purchase commitments with suppliers in the amount of kEUR 75,759 (2008: kEUR 15,886) for purchases within the next 12 months. Commitments for capital expenditures are kEUR 336 (2008: kEUR 1,834) as of December 31, 2008.

31 // CONTINGENCIES

The Company is involved in various legal proceedings or can be exposed to a threat of legal proceedings in the normal course of business. The Executive Board regularly analyses these matters, considering any possibilities of avoiding legal proceedings or of covering potential damages under insurance contracts and has recognised, where required, appropriate provisions. It is not expected that such matters will have a material effect on the Company's net assets, results of operations and financial position.

International Rectifier Corporation ("I.R."), of El Segundo, California, USA filed a complaint on September 8, 2008 in the U.S. District Court for the Central District of California against seven of I.R.'s former employees, including I.R.'s founder and former CEO Alex Lidow, as well as five companies, including AIXTRON AG. I.R.'s complaint alleged that I.R.'s seven former employees misappropriated, divulged to a business named Efficient Power Conversion Corporation ("EPCC") and illegally using trade secrets of I.R. relating to Gallium Nitride Technology ("GaN"). I.R. alleged that some of the companies, including AIXTRON AG, of aiding the seven main defendants by providing additional information relevant to the technology at issue. In February 2009, the U.S. District Court dismissed the two U.S. federal claims in the case against the defendants and declined to exercise its discretionary jurisdiction over the remaining claims, which all arose under California law. Having had its lawsuit dismissed in the U.S. District Court, I.R. re-filed essentially the same lawsuit in California state court in March 2009 based on the California state claims alone, and alleged five causes of action against AIXTRON. After multiple rounds of motions to dismiss, I.R. dropped some of its claims against the defendants, and the California court dismissed additional claims. Two of I.R.'s claims, one for alleged misappropriation of trade secrets and one for alleged breach of contract, remain in the case against AIXTRON AG. The lawsuit seeks USD 61m in damages jointly and severally against all of the defendants, plus exemplary damages and attorneys' fees and legal costs against AIXTRON AG, and punitive damages against other defendants.

AIXTRON AG fully rejects the allegations contained in I.R.'s California lawsuit and is vigorously defending itself against the two remaining claims raised in I.R.'s California action against AIXTRON AG.

Furthermore, AIXTRON AG filed an action in the Aachen Landgericht in Germany (case no. 41 O 121/08) for a negative declaratory judgment against I.R. with the aim of establishing in Germany, and in the U.S., that all allegations and claims that I.R. raised against AIXTRON AG are unfounded (the "German action"). In the German action, I.R. counterclaimed for injunctive relief and damages. In April 2009, the Aachen Landgericht issued a judgment in favor of AIXTRON AG and against I.R. on all of AIXTRON AG's claims and all of I.R.'s counterclaims in the German action. The time for I.R. to appeal from the judgment in the German action has expired, and the judgment in favor of AIXTRON AG and against I.R. in the German action is now final and res judicata.

AIXTRON AG reserves the right to seek recovery from I.R. of any and all costs and damages that might result from I.R.'s unjustified allegations and the proceedings brought by I.R. against AIXTRON AG.

32 // RELATED PARTIES

IDENTITY OF RELATED PARTIES

Related parties of the Company are members of the Executive Board and members of the supervisory board.

REMUNERATION OF EXECUTIVE BOARD

Active members of the executive board are remunerated as follows:

in EUR thousands	2009	2008
Short-term employee benefits	5,149	2,507
Total cash remuneration	5,149	2,507
Share-based payment	1,344	276
Total remuneration	6,493	2,783

The following table shows the remuneration of the Executive Board for each individual member in 2009:

	Fixed remuneration (kEUR)	Variable remuneration (kEUR)	Total monetary Remuneration (kEUR)	Number of granted Options (No.)	Option Value at grant date (kEUR)	Total Remuneration (kEUR)
Executive Board Member						
Paul Hyland	434	1,791	2,225	52,000	448	2,673
Wolfgang Breme	309	1,119	1,428	52,000	448	1,876
Dr. Bernd Schulte	377	1,119	1,496	52,000	448	1,944
Total	1,120	4,029	5,149	156,000	1,344	6,493

REMUNERATION OF SUPERVISORY BOARD

Remuneration of the members of the Supervisory Board consists of the following:

in EUR thousands	2009	2008
Fixed remuneration	153	153
Variable remuneration	384	264
Attendance fee	30	30
Remuneration of Supervisory Board total	567	447

The following table shows the remuneration of the Supervisory Board in 2009 for each individual member:

SUPERVISORY BOARD MEMBER

	Fixed	Variable	Attendance Fee	Total
Kim Schindelhauer* (Chairman of the Supervisory Board)	54	136	6	196
Dr. Holger Jürgensen* (Deputy Chairman of the Supervisory Board)	27	68	6	101
Prof. Dr. Wolfgang Blättchen* (Chairman of the Audit Committee)	18	45	12	75
Karl-Hermann Kuklies	18	45	0	63
Prof. Dr. Rüdiger von Rosen	18	45	0	63
Joachim Simmroß*	18	45	6	69
	153	384	30	567

*member of the audit committee

The remuneration of the Supervisory Board is included in other operating expenses (see [note 7](#)).

The Remuneration Report which is included in the audited Corporate Governance report contains further details regarding the remuneration of Executive Board and Supervisory Board (see [page 46](#) of the Annual Report).

33 // CONSOLIDATED ENTITIES

AIXTRON AG controls the following significant subsidiaries:

	Country	Share of capital in %	
		2009	2008
AIXTRON Inc	USA	100	100
AIXTRON Ltd.	England & Wales	100	100
AIXTRON Korea Co. Ltd.	South Korea	100	100
AIXTRON Taiwan Co. Ltd.	Taiwan	100	100
AIXTRON AB	Sweden	100	100
AIXTRON KK	Japan	100	100
Genus trust *	USA	n.a.	n.a.

* The shares in Genus trust are attributed, as beneficial owner, to AIXTRON, as control exists due to the trust relationship with AIXTRON AG (see note 22).

34 // EVENTS AFTER THE REPORTING PERIOD

There are no events which have occurred after the balance sheet date, of which the directors have knowledge, which would result in a different assessment of the Company's net assets, results of operation and financial position.

35 // AUDITORS' FEES

Fees expensed in the income statement for the services of the group auditor Deloitte & Touche are as follows:

in EUR thousands	2009	2008
for audit	640	691
for other confirmation services	94	56
for tax advisory services	142	208
for other services	9	2
	885	957

Included in the total amount of fees are fees for the group auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Duesseldorf, in the amount of kEUR 409 for audit (2008: kEUR 437), kEUR 94 for other confirmation services (2008: kEUR 56), kEUR 113 for tax services (2008: kEUR 59) and kEUR 9 for other services (2008: kEUR 2).

36 // EMPLOYEES

Compared to last year, the average number of employees during the current year was as follows:

EMPLOYEES BY FUNCTION

Average number for the year	2009	2008
Sales and Service	208	208
Research and Development	197	195
Manufacturing	141	134
Administration	90	80
Employees (§314 HGB)	636	617
Executive board members	3	3
Apprentices	16	11
Total Employees	655	631

37 // STATEMENT OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

In 2009, Executive and Supervisory Boards have made the declaration of compliance in accordance with Section 161 of AktG and this is permanently available to shareholders on the Company's web site www.aixtron.com.

38 // SUPERVISORY BOARD AND EXECUTIVE BOARD

Composition of the Supervisory Board as of December 31, 2009

// DIPLO.-KFM. KIM SCHINDELHAUER

Aachen / businessman / Chairman of the Supervisory Board since 2002

// DR. HOLGER JÜRGENSEN

Aachen / physicist / Deputy Chairman of the Supervisory Board since 2002

// PROF. DR. WOLFGANG BLÄTTCHEN

Leonberg / business consultant / Executive Board of Blättchen & Partner AG, Leonberg / member of the Supervisory Board since 1998

Membership of Supervisory Boards and controlling bodies:

// HAUBROK AG, Düsseldorf – Deputy Chairman of the Supervisory Board

// APCOA Parking AG, Leinfelden-Echterndingen – member of the Supervisory Board

// Datagroup IT Services Holding AG, Pliezhausen – member of the Supervisory Board

// MR. KARL-HERMANN KUKLIES

Duisburg / businessman / member of the Supervisory Board since 1997

// PROF. DR. RÜDIGER VON ROSEN

Frankfurt/Main / businessman / Deutsches Aktieninstitut e.V., Frankfurt/Main

Managing member of the Executive Board / member of the Supervisory Board since 2002

Membership of Supervisory Boards and controlling bodies:

// PriceWaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Frankfurt/Main
member of the Supervisory Board

// Prime Time Entertainment AG, Mörfelden – Deputy Chairman of the Supervisory Board

// DIPLO.-KFM. JOACHIM SIMMROß

Hanover / businessman / member of the Supervisory Board since 1997

Membership of Supervisory Boards and controlling bodies:

// Commerz Unternehmensbeteiligungs-Aktiengesellschaft, Frankfurt/Main – member of the Supervisory Board

// WeHaCo Unternehmensbeteiligungsgesellschaft mbH, Hanover – member of the Advisory Board

// BAG Health Care GmbH, Lich – member of the Advisory Board

// HANNOVER Finanz GmbH Beteiligungen und Kapitalanlagen, Hanover – member of the Advisory Board (until 06.30.2009)

// Astyx GmbH, Ottobrunn – member of the Advisory Board

The following gentlemen are members of the Company's Executive Board:

// PAUL HYLAND

Aachen / businessman / Chairman, President and Chief Executive Officer since 2002

// DR. BERND SCHULTE

Aachen / physicist / Executive Vice President and Chief Operating Officer since 2002

// DIPLO.-KFM. WOLFGANG BREME

Aachen / businessman / Executive Vice President and Chief Financial Officer since 2005

Membership of Supervisory Boards and controlling bodies:

// Deutsches Aktieninstitut e.V., Frankfurt/Main – member of the Executive Board

39 // CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

The preparation of AIXTRON's Consolidated Financial Statements requires the Company to make certain estimates, judgments and assumptions that the Company believes are reasonable based upon the information available. These estimates and assumptions affect the reported amounts and related disclosures and are made in order to fairly present the Company's financial position and results of operations. The following accounting policies are significantly impacted by these estimates and judgments that AIXTRON believes are the most critical to aid in fully understanding and evaluating its reported financial results include the following:

REVENUE RECOGNITION

Revenue is generally recognised in two stages for the supply of equipment to customers, partly on delivery and partly on final installation and acceptance (see [note 2 // \(0\)](#)). The Company believes, based on past experience, that this method of recognising revenue fairly states the revenues of the Company. The judgements made by management include an assessment of the point at which substantially all of the risks and rewards of ownership have passed to the customer.

GOODWILL

As stated in the accounting policies, the Company tests at least annually whether goodwill has suffered impairment. If there is an indication, the recoverable amount of the cash generating unit has to be estimated. This is the greater of the fair value less costs to sell and the value in use. The determination of the value in use involves making judgements and estimates related to the projection and discounting of future cash flows. Although the Company believes the assumptions used to calculate recoverable amount are appropriate, any unforeseen changes in these assumptions could result in impairment charges to goodwill which could adversely affect the future financial position and operating results.

VALUATION OF INVENTORIES

Inventories are stated at the lower of cost and net realisable value. This requires the Company to make judgments concerning obsolescence of materials. This evaluation requires estimates, including both forecasted product demand and pricing environment, both of which may be susceptible to significant change.

In future periods, write-downs of inventory may be necessary due to (1) reduced demand in the markets in which the Company operates, (2) technological obsolescence due to rapid developments of new products and technological improvements, or (3) changes in economic or other events and conditions that impact the market price for the Company's products. These factors could result in adjustment to the valuation of inventory in future periods, and significantly impact the Company's future operating results.

INCOME TAXES

At each balance sheet date, the Company assesses whether the realisation of future tax benefits is sufficiently probable to recognise deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to future taxable income. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

RESULTS //

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements – comprising balance sheet, income statement, statement of changes in equity, statement of cash flows and statement of recognized income and expense as well as notes to the financial statements, prepared by AIXTRON Aktiengesellschaft, Herzogenrath (previously Aachen), as well as the group management report for the business year from January 1, 2009 to December 31, 2009. The preparation of the consolidated financial statements and the group management report in accordance with International Financial Reporting Standards (IFRS), as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) HGB ("Handelsgesetzbuch": "German Commercial Code") is the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in consolidation, the determination of the companies to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, which is based on the results of our audit, the consolidated financial statements of **AIXTRON** Aktiengesellschaft, Herzogenrath (previously Aachen), comply with the IFRS, as applicable in the EU, and the regulations under German commercial law as complementarily applicable under § 315a (1) HGB and convey a true and fair view of the Group's net assets, financial position and results of operations in accordance with these regulations. The group management report is consistent with the consolidated financial statements, conveys, in the aggregate, a true and fair view of the Group's position and suitably presents the risks and opportunities of future development.

DÜSSELDORF, MARCH 10, 2010

DELOITTE & TOUCHE GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

CRAMPTON
WIRTSCHAFTPRÜFER

PPA. GRÜNEWALD
WIRTSCHAFTSPRÜFER

RESPONSIBILITY STATEMENT

Responsibility Statement required by section 37y no. 1 of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act) in conjunction with sections 297(2) sentence 2 and 315(1) sentence 6 of the Handelsgesetzbuch (HGB – German Commercial Code) for the consolidated financial statements:

“To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

HERZOGENRATH, MARCH 10, 2010
AIXTRON AKTIENGESELLSCHAFT

EXECUTIVE BOARD

GLOSSARY

A ALD

Atomic Layer Deposition is a method for producing ultra thin films for → semiconductor devices and new, emerging non-semiconductor applications. ALD is a technology that is capable of meeting scaling production requirements of next-generation geometries (90 → nanometer and below). The ALD process uses pulse and purge of two reactants to deposit films, where the purge is done using inert gases like argon or nitrogen.

A AVD®

Atomic Vapor Deposition. A liquid delivery and evaporation technology. Liquid precursors or precursor solutions are sprayed in the form of discrete pulses directly into the flash vaporizer via injectors. Up to four injectors, one for each precursor source can be used.

B Backlighting

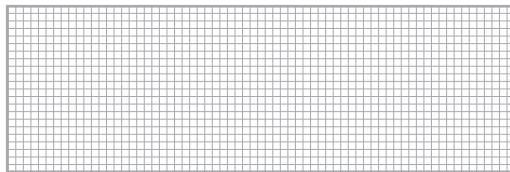
The components used to illuminate the liquid-crystal displays (→LCDs) of electronic equipment are known as "backlighting". LEDs are used for backlighting because their advantages – long operating lifetime, robustness and small dimensions – are of particular benefit. → Displays for small mobile equipment such as mobile phones or navigation devices are a typical example. LCD televisions equipped with LEDs are also coming to the market in increasing numbers.

C Capacitors

A circuit element formed by placing an insulating layer between two conducting layers; its function is to store a amount of electrical charge until needed. It is a very important component of → memory chips.

C Capital market

The capital market is part of the financial market and is the entirety of all institutions and transactions whose purpose is to combine supply and demand for long-term (financial) capital.



C Carrier gas

In the process for the production of → compound semiconductor layers or silicon devices, the raw materials are converted into gases and are then transported into the reactor with a carrier gas. Principally used carrier gases are hydrogen and nitrogen. Very pure hydrogen can be produced easily and nitrogen is not highly reactive.

C CCS® / Close Coupled Showerhead®

In this technology, the reagent gases are introduced vertically into the reactor through a water-cooled showerhead surface over the entire area of deposition. The showerhead is close to the substrates and is constructed to enable precursors to be separated right up to the point where they are injected onto the → substrates through a multiplicity of small tubes. The gases are injected into the reactor chamber through separate orifices in a water-cooled showerhead injector in order to create a very uniform distribution of reagent gases.

C Chip

A very small part of a → semiconductor → wafer which is turned into a complete device.

C Clean room

The place where → semiconductor manufacturers do all their → wafer processing. Dust and particles which might fall on the wafers during processing and result in the circuits not working are kept out of the clean room by filtering the air and managing the air flow. Humans are required to wear specially designed clean room bunny suits (overalls) and booties over their street clothes, and must put on gloves and face masks (humans tend to shed skin and hair). Normal paper is not allowed in clean rooms - only clean room low particulate paper may be taken in.

C CMOS

Complementary Metal Oxide Semiconductor is a major class of integrated circuits. CMOS technology is used in → chips such as microprocessors, microcontrollers, static RAM, and other digital logic circuits. CMOS technology is also used for a wide variety of analog circuits such as image sensors, data converters, and highly integrated transceivers for many types of communication.

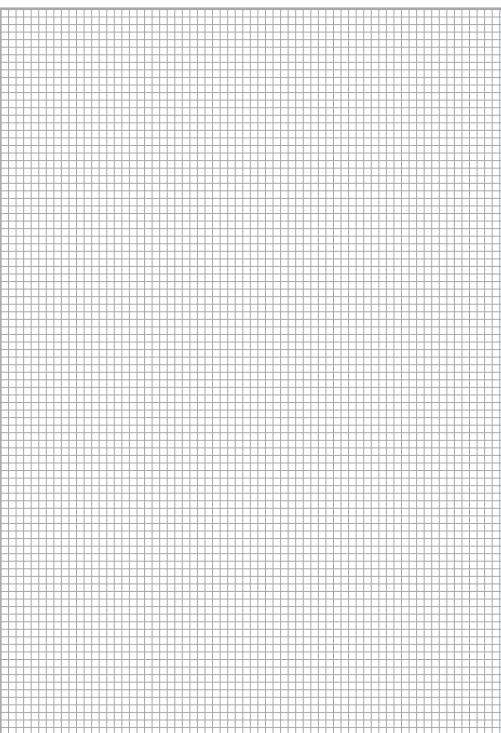


<p>C CNT</p> <p>Carbon nanotubes (CNTs) are microscopically small tube-shaped structures of carbon (molecular nanotubes). Depending on the structural detail the electrical conductivity within the tubes is either metallic or semiconducting. There are also carbon nanotubes with superconducting properties at low temperatures. → Transistors and simple circuits have already been produced using semiconducting carbon nanotubes.</p>	<p>D Diodes</p> <p>A two-terminal electronic device which permits significant current flow in only one direction. Diodes typically function as a rectifier, i.e., converting alternating current into direct current.</p>
<p>C Compound semiconductors</p> <p>These → semiconductors consist of several elements. They can be subdivided into three categories according to the groups in the periodic system to which they belong. Compound semiconductors have several advantages over simple, single element semiconductors. These components are very fast and some can also operate under very high temperatures. They also possess good opto-electronic characteristics. They convert energy into light and lasers, or they detect light and produce energy. At the same performance level, they require less energy than silicon chips.</p>	<p>D Display</p> <p>A display device, also known as an information display, is a device for visual presentation of images (including text) acquired, stored, or transmitted in various forms. Most common displays are designed to present information dynamically in a visual medium.</p>
<p>C Corporate Governance</p> <p>Corporate governance deals with establishing and adhering to behavioral rules that apply to a company's staff or the company itself. Corporate governance is of particular significance for stock corporations.</p>	<p>D DRAM</p> <p>Dynamic Random Access Memory is a type of → semiconductor memory. DRAMs account for a significant percent of the total semiconductor market (between 15 and 30%) and so DRAM manufacturers are big equipment buyers. DRAM manufacturing is concentrated in Japan and Korea.</p>
<p>C CVD</p> <p>Chemical Vapor Deposition is the deposition of thin films (usually dielectrics/→insulators) on silicon → wafers by placing the wafers in a mixture of gases which react at the surface of the wafers. CVD can be done at medium to high temperature in a furnace, or in a CVD reactor in which the wafers are heated but the walls of the reactor are not. Plasma enhanced CVD avoids the need for a high temperature by exciting the reactant gases into a plasma.</p>	<p>E Epitaxy</p> <p>The deposition of thin single crystalline layers on a suited → substrate in the form of crystal growth.</p> <p>E Electronic paper</p> <p>Electronic paper (also e-paper, E-Paper or ePaper) is an electronic device that aims to imitate printed paper. Displays of so called E-Book Readers (EBR) reflect light in the same way as common paper devices do. Digital information such as texts or pictures is shown permanently and does not require any additional energy. The → display can be changed at any time and requires only a small energy input. Some methods allow the production of electronic paper displays which are as flexible as common paper devices.</p>
<p>D Deposit / Growth</p> <p>→ Semiconductor devices comprise several layers. A deposit is the correct term for the laying down of these layers on a wafer as the layers grow.</p>	<p>F FeRAM</p> <p>Ferroelectric random access memory is a type of non-volatile computer memory chip. It is similar in construction to DRAM, which is currently the most commonly used main memory in computers, but it uses a ferroelectric layer to achieve non-volatility.</p>
<p>D Devices</p> <p>These are the completed products which are manufactured with the → compound or silicon semiconductor chips at their core. For example, LEDs and lasers, → transistors, → memory and logic chips, and solar cells.</p>	<p>F Flash memory</p> <p>See → NAND flash memory</p>

<p>F Flat rate tax</p> <p>The German flat rate tax is a withholding tax on capital gains, which has been in effect in Germany since 2009. The flat rate tax is 25 % plus solidarity tax (5.5% of the flat rate tax) and, if applicable, church tax (8 or 9% of the flat rate tax).</p>	<p>G German Securities Trading Act (WpHG)</p> <p>The German Securities Trading Act (WpHG) regulates the securities trade in Germany to control and monitor service providers dealing with securities and forward transactions, but also to protect customers.</p>
<p>G Gas Foil Rotation®</p> <p>The → wafer holders in AIXTRON → MOCVD equipment turn friction-free on gas cushions. This movement is powered by a directed gas flow.</p>	<p>G German Stock Corporation Act (AktG)</p> <p>The German Stock Corporation Act (AktG) regulates the setting up, incorporation, accounting, liquidation, and stockholders' meetings of stock corporations and partnerships limited by shares.</p>
<p>G Gate</p> <p>An element of a → transistor to which voltage may be applied in order to turn a circuit on or off. A gate structure requires the use of insulating materials to allow the build up of an electrical field.</p>	<p>G Glovebox</p> <p>The hermetically sealed cabinet with arm-length gloves in which the operator can slide his hands in order to carry out internal work from outside the cabinet. These cabinets are at the core of the equipment which produces → compound semiconductors. They are filled with extremely pure gas, for example, with nitrogen, and house the → MOCVD reactor.</p>
<p>G GDP</p> <p>The Gross Domestic Product measures the output of a nation's economy. The GDP indicates all goods and services that are available at their current market prices and are produced by citizens and foreigners in a country for end consumption within one year.</p>	<p>G Gross proceeds</p> <p>Gross proceeds, or gross yield or gross profit, is the difference between a company's sales and its input of goods and materials.</p>
<p>G General Lighting</p> <p>General lighting is the uniform, even illumination of a space. The term "solid-state lighting" is also used in this context. Today this is what all semiconductor-based lighting components are called. They include → LEDs and → OLEDs, among others.</p>	<p>H HVPE</p> <p>Hydride Vapor Phase Epitaxy is a technique employed to produce → semiconductors e.g. III-V → compound semiconductor materials from metallic sources of Group III elements and hydrogen compounds of Group V elements of the semiconductor crystal.</p>
<p>G German Commercial Code (HGB)</p> <p>The German Commercial Code (HGB) contains the core of the commercial law of Germany.</p>	<p>I Insulator</p> <p>A material which will not allow an electric current to flow through it. In → semiconductor → chips, commonly used insulators are silicon dioxide (glass) and silicon nitride (silicon + nitrogen). Also commonly referred to as a dielectric in the semiconductor industry.</p>
<p>G German Investor Protection Improvement Act</p> <p>The purpose of the German Investor Protection Improvement Act (AnSVG) is to protect investors with regard to information on the → capital market and against illegitimate market practices.</p>	<p>I Integrated circuit</p> <p>A complete electronic circuit with → transistors and wires connecting these transistors (metal interconnects) on a → semiconductor → chip.</p>

<p>I ISO 9001</p> <p>ISO 9001 is part of a series of standards that document the principles for quality management measures. This standard describes the entire quality management system as a model and is the basis for a comprehensive quality management system.</p>	<p>M Micron</p> <p>One thousand microns make one millimeter. A human hair is about 100 microns thick. A → transistor in an advanced → semiconductor process might have an area of about 4 microns by 1.5 microns (though of course transistors vary greatly in size depending on their purpose). In general, the micron number assigned to a technology (e.g. 0.25 micron technology) refers to the width of the smallest patterned feature of a transistor which is the polysilicon transistor → gate.</p>
<p>L LCD</p> <p>Liquid Crystal Display is, similar to a television tube, a monochrome or color display which is a flat, energy-saving display.</p>	<p>M MOCVD</p> <p>With this → compound semiconductor production method, the raw material "metallo-organic compounds" are transformed into gases and then, bound to a → carrier gas, are fed into the reactor. This transformation also occurs under reduced pressure, around one-tenth of normal atmospheric pressure. The advantage is that the gases introduced are clean as with the MBE method and can be finely dosed. MOCVD equipment allows the processing of quite large surface areas and is therefore first choice for the production of compound semiconductors. MOCVD is also the cheapest method. AIXTRON is the global market leader in this technology.</p>
<p>L LED</p> <p>The main use for → compound semiconductors. A light-emitting diode (LED) is an electronic semiconductor device. LEDs can emit very bright light and are energy-efficient. To compare: on average, an LED has a life of up to 100,000 hours, while a compact fluorescent lamp lasts for about 19,000 hours and a normal light bulb lasts for just about 8,000 hours. LEDs with low brightness generally have an area of 0.1 mm^2 whereas high-brightness (HB) and ultra-high brightness (UHB) LEDs have an area of up to 1 mm^2. This places LEDs among the world's smallest light sources. Their reduced power consumption and low operating temperatures make LEDs more economical and safer than traditional lighting.</p>	<p>N NAND flash memory</p> <p>A non-volatile computer memory manufactured in NAND (Not/AND) technology. Flash memories are characterized by the fact that they can be electrically erased and re-programmed. This technology is mainly used for memory cards. The data of a flash memory is kept even after interruptions in the power supply.</p>
<p>L Logic chip</p> <p>A → chip which does computations, makes decisions, or makes things happen. For example, the main chip in a computer is a microprocessor and does mathematical computations, amongst other things.</p>	<p>N Nanometer</p> <p>One nanometer (nm) is equal to one billionth of a meter and is approximately 70,000 times thinner than a human hair.</p>
<p>M Memory chip</p> <p>A chip which retains information for → logic chips to use. For example, in a computer, the memory chips will store the word processing program while it is being used, and the letters of the word processing documents which are being worked on. → DRAM is the type of memory used most in computers, and is by far the most important type of memory from a total worldwide revenue standpoint.</p>	<p>N Nanotechnology</p> <p>The term "nanotechnology" refers to the research being conducted in cluster physics and surface physics, surface chemistry, semiconductor physics, specific areas of chemistry and, to a more limited extent, in areas of engineering and food technology ("nano food"). The collective term is derived from the magnitude common to all of the research areas, namely, structures with sizes ranging from a single atom to 100 nanometers (nm). Nanomaterials play an increasingly important role in the miniaturization of circuit elements. Typical modern representatives of nanotech products are the so-called "quantum dots". Modern processors also have structures smaller than 100 nm, which could therefore also be called "nanotech" as well.</p>

<p>N NASDAQ</p> <p>NASDAQ (which originally stood for "National Association of Securities Dealers Automated Quotations") is a stock exchange founded in 1971 as a fully electronic platform. Since February 27, 2008, it has been operated by the NASDAQ OMX Group and with over 3,700 listed companies it is the largest stock exchange in the United States. Securities trading on NASDAQ is regulated by the United States Securities and Exchange Commission (SEC).</p>	<p>P PECVD</p> <p>Plasma-Enhanced Chemical Vapor Deposition or also Plasma Assisted Chemical Vapor Deposition (PACVD) is the term for a special type of Chemical Vapor Deposition (→ CVD), a process used to deposit thin films by chemical reaction, as with the CVD technique. In addition, the process is supported by a plasma. The plasma can burn directly in the → substrate to be layered (direct plasma method) or in a separate chamber (remote plasma method).</p>
<p>N Non-volatile memory</p> <p>→ Semiconductor memory which will not forget its data once the power is switched off. This is in contrast to volatile memory (e.g. → DRAMs), which lose their information when there is no power supplied to the → chip.</p>	<p>P Periodic system</p> <p>All natural elements are ordered according to their atomic number. Hydrogen is the first element with an atomic number of one.</p>
<p>O OLED</p> <p>Organic Light Emitting Diode: An OLED is a monolithic, solid-state device that typically consists of a series of organic thin films sandwiched between two thin-film conductive electrodes. The choice of organic materials and the layer structure determine the device's performance features: emitted color, operating lifetime and power efficiency.</p>	<p>P Planetary Reactor®</p> <p>The Planetary Reactor® is based on the principle of a horizontal laminar flow reactor. The laminar flow principle guarantees extremely precise heterojunctions and unequalled control of deposition rates at the monolayer level. The combination of this principle with AIXTRON's unique multiple substrate carrier rotation, known as → Gas Foil Rotation® (GFR), ensures excellent deposition homogeneity regarding layer thickness, composition and doping. In addition, the special reactor inlet valve, which allows the separation of certain gases, ensures a uniform outward radial flow and optimum distribution adjustment.</p>
<p>O OVPD®</p> <p>Organic Vapor Phase Deposition is a technology for the thin film deposition of small molecular organic materials. It utilizes the advantages of gas phase deposition, where the materials are transported to the → substrate by an inert → carrier gas.</p>	<p>P Planetary Rotation</p> <p>A production process which is constituent of the MOCVD reactor, whereby a number of small discs in a large plate orbit like planets in space. The large plate also turns. This method achieves a homogeneous, even deposit of → compound semiconductor layers on the wafer. AIXTRON uses this process as part of its → MOCVD technology (→ Planetary Reactor®).</p>
<p>P PCRAM</p> <p>This abbreviation stands for phase-change RAM and refers to a type of non-volatile memory in electronics. The active principle of this memory is based on the differences in electrical resistivity exhibited by the material depending on whether it is in the amorphous phase (high resistivity/ RESET state) or the crystalline phase (low resistivity/ SET state). The material used is a chalcogenide alloy (chalcogenide compound) similar to the material used for data storage in a CD-RW or DVD-RAM – also on the basis of phase change.</p>	<p>P Prime Standard</p> <p>As a sub-segment of the Regulated Market with additional requirements for admission, organized under private law and regulated by legislation, the Prime Standard is the segment of the Frankfurt Stock Exchange with the highest transparency standards, surpassing those of the General Standard. Admission to Prime Standard is a prerequisite for shares to be included in the DAX®, MDAX®, → TecDAX® and SDAX® indices.</p>

<p>P PVPD</p> <p>Polymer Vapor Phase Deposition. This process is used e.g. in the production of → electronic paper.</p>	<p>T Transistors</p> <p>Transistors are miniature electronic switches. They are the building blocks of the microprocessor which is the brain of the computer. Transistors have no moving parts and are turned on and off by electrical signals. The on/off (binary) switching of transistors facilitates the work performed by microprocessors.</p>
<p>R RFID Chips</p> <p>Radio-frequency identification (RFID) is the use of an object (typically referred to as an RFID tag) applied to or incorporated into a product, animal, or person for the purpose of identification and tracking using radio waves. This makes the capture and storage of data considerably easier.</p>	<p>V VPE</p> <p>This is an older, established process for the production of → compound semiconductors. In contrast to → MOCVD, this gas phase process uses inorganic substances as starting materials. The method allows for clean → deposits of very thick and pure layers. However, not all materials can be produced by this method. AIXTRON produces such equipment for niche applications. Recently, this method (also referred to as → HVPE – Hydride VPE) has gained much attention as a way to produce high quality gallium nitride → substrates or templates.</p>
<p>S Sarbanes-Oxley Act</p> <p>The Sarbanes-Oxley Act of 2002 (also SOX) is a United States federal law designed to improve the reporting reliability of companies that make use of the public → capital market of the United States.</p>	<p>W Wafer</p> <p>The technical term for the round → substrate material, a thin disc, on which the gas mixtures are deposited in the reactor. Wafers are typically 2, 4, 6, 8, 12 inch in diameter.</p>
<p>S Semiconductor</p> <p>A material such as silicon whose conductivity is between that of a conductor and an insulator. Its conductivity can be modulated by adding impurities such as boron or phosphorus.</p>	
<p>S Substrate</p> <p>The base material on which the gas mixture is → deposited. The substrate is a very thin crystalline disc, also called the → wafer, and consists of gallium arsenide, sapphire or silicon.</p>	
<p>S Susceptor</p> <p>This serves as the holder for the → wafer, the → substrate. Normally it consists of graphite so that even temperatures can be achieved.</p>	
<p>T TecDAX®</p> <p>The TecDAX® is a German stock market technology index established on March 24, 2003. It is the successor to the Nemax50. Along with those in the DAX®, the MDAX® and the SDAX®, the companies in the TecDAX® are listed in the → Prime Standard.</p>	
<p>T TFT (flat display)</p> <p>A thin-film → transistor (TFT) is a special field-effect transistor with an isolated → gate that allows the production of electronic circuits with large areas. As a flat screen backlit by → LEDs, it is increasingly used in laptops, computer monitors and televisions.</p>	

INFORMATION

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FINANCIAL CALENDAR

// APRIL 29, 2010: Q1 / 2010 RESULTS

// MAY 18, 2010: ANNUAL GENERAL MEETING

// JULY 29, 2010: Q2 / 2010 RESULTS

// OCTOBER 28, 2010: Q3 / 2010 RESULTS

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