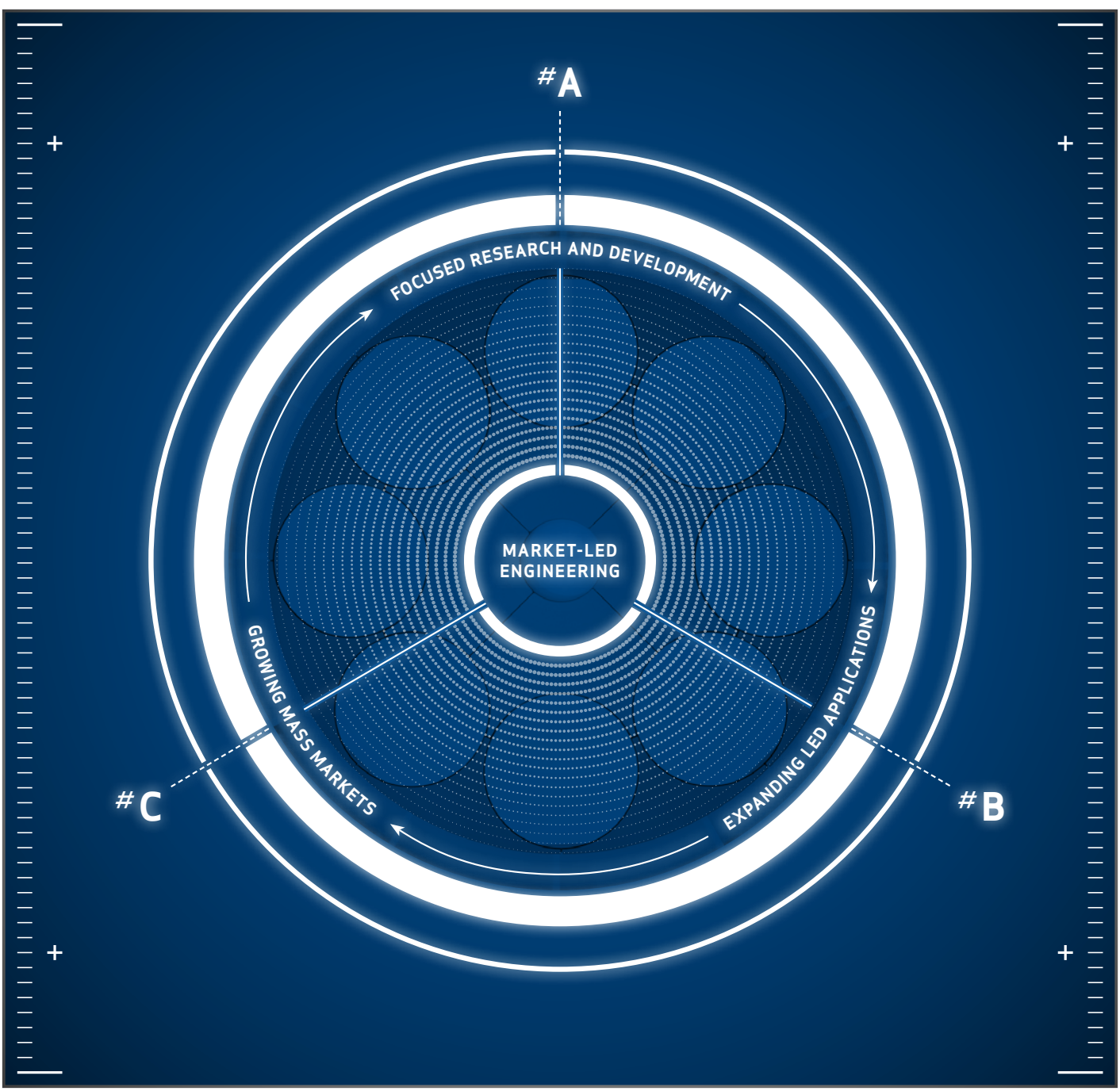
AIXTRON

KEY TO A BRIGHT FUTURE

ANNUAL REPORT 2010



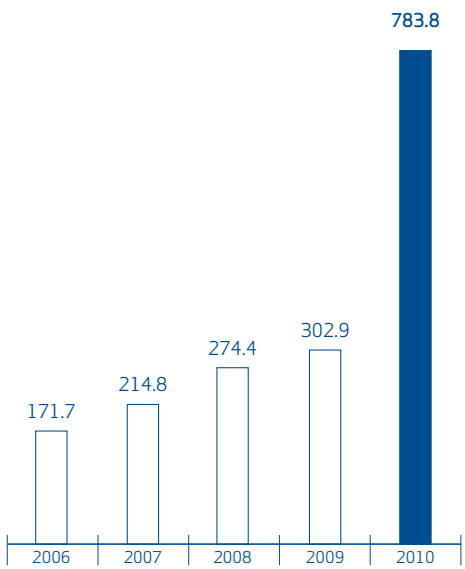
KEY FINANCIALS

in EUR million	2010	2009	2008	2010-2009
Revenues	783.8	302.9	274.4	159%
Gross profit	411.8	134.7	112.9	206%
Gross margin	53%	44%	41%	9 pp
Operating result (EBIT)	275.5	62.7	32.5	339%
EBIT-margin	35%	21%	12%	14 pp
Net result	192.5	44.8	23.0	330%
Net result margin	25%	15%	8%	10 pp
Net result per share – basic (EUR)	1.93	0.49	0.26	294%
Net result per share – diluted (EUR)	1.89	0.48	0.25	294%
Free cash flow*	95.9	75.8	2.6	26%
Equipment order intake	748.3	370.1	250.8	102%
Equipment order backlog (end of period)	274.8	203.8	105.0	35%

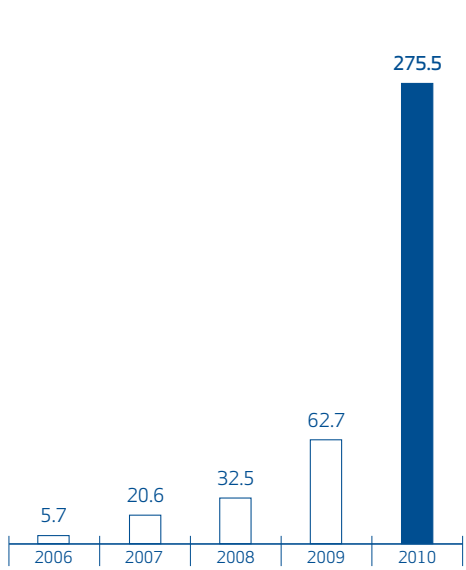
* Operating CF + Investing CF + Changes in Cash Deposits

ADDITIONAL INFORMATION IN THE FLAP >>>

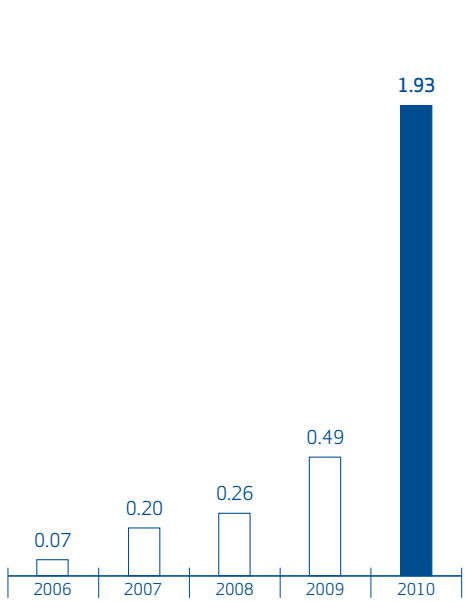
REVENUES IN EUR MILLION



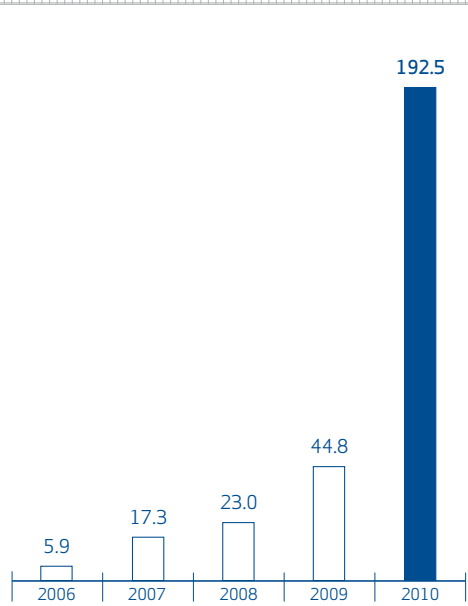
OPERATING RESULT (EBIT) IN MILLION EUR



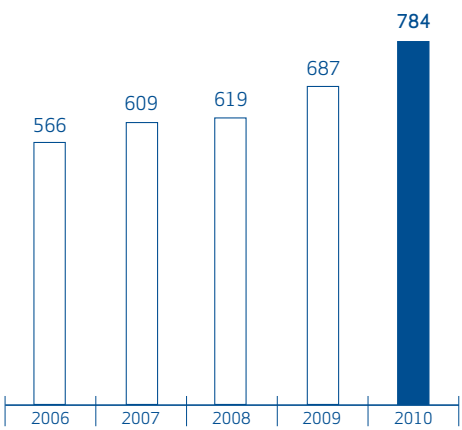
NET RESULT PER SHARE IN EUR



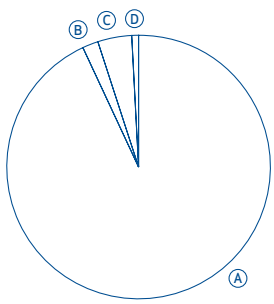
NET RESULT IN EUR MILLIONS



NUMBER OF EMPLOYEES

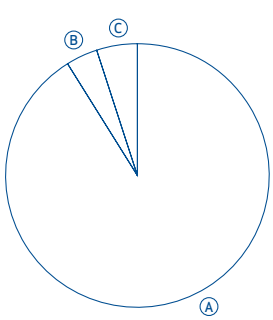


REVENUE BY END APPLICATION IN 2010 (EQUIPMENT ONLY)



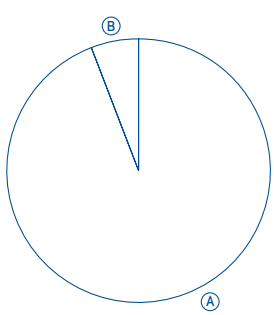
Ⓐ	LED	93%
Ⓑ	Telecom / Datacom	2%
Ⓒ	Display & others	4%
Ⓓ	Silicon	1%

REVENUES BY REGION IN 2010



Ⓐ	Asia	91%
Ⓑ	Europe	4%
Ⓒ	USA	5%

REVENUES BY EQUIPMENT AND SERVICE IN 2010



Ⓐ	Equipment	94%
Ⓑ	Spare Parts & Service	6%

KEY TO A BRIGHT FUTURE

ANNUAL REPORT 2010

AIXTRON 2010

FOCUSED INNOVATION: OUR KEY TO SUCCESS

AIXTRON PLAYS A KEY-ENABLING TECHNOLOGY ROLE IN THE WORLD'S MOST PROMISING SEMICONDUCTOR MARKETS – ALWAYS ONE STEP AHEAD.

--- OUR TECHNOLOGY ---

AIXTRON develops and manufactures cutting-edge deposition systems for the production of the complex material structures required for the production of compound, silicon and organic semiconductors. Those same semiconductor components are the key elements of the latest generation of displays, memory and logic chips, lasers, solar cells and optoelectronic devices.

--- OUR SUCCESS ---

We have progressively built on our reputation as the technology and market leader in this area of complex material deposition. We have grown the business to be one of the most successful companies in the industry by focusing on our core competence in innovative market-led engineering and thereby: delivering key enabling technology. This has translated into exceptional fiscal success in 2010 with revenues of EUR 783,8m, and an operating margin of 35%.

--- OUR GROWTH ---

The consistently high level of performance we achieved in 2010 is in part due to the sustainability and ongoing development and focus of our core business:

// Our internal and external research and development activities are determined by our customer and market roadmaps and are focused within a process efficient framework of 'market-led engineering'.
// The group-wide network we have developed, gives all relevant parts of the AIXTRON group access to all necessary aspects of our technology, process and support resources wherever it resides, utilizing and developing synergies in an optimum manner.
// By involving our key suppliers in our flexible outsourcing policy, we have been able to meet all of the challenges a growth market such as ours has presented to us in recent years. Our manufacturing capacities can be rapidly adjusted to meet any fluctuations in demand without any compromises in terms of quality.
// However satisfied we may be with our operational structures, by far the most valuable resource we have, remains our workforce. We have only been able to grow AIXTRON's business because of the consistency and commitment of an exceptional team. Their strength lies not only in their remarkable focus and flexibility but also in their refusal to accept second best.

--- OUR FUTURE ---

Our business objective is to match the growth of the emerging mass markets we are serving and maintaining our position as technology and market leader.

#AIXTRON 2010

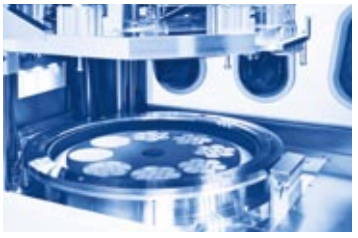
Key-Enabling Technologies: Delivering Today – Enabling Tomorrow

THE PLANETARY REACTOR®: ONE EXAMPLE FROM OUR KEY TECHNOLOGY PORTFOLIO

This cutting-edge technology is based on a reactor technology employing rotating substrates*. The wafers* on the susceptor and their rotation speed can be addressed individually and set up very precisely. This technology enables a highly-precise, reliable and extremely individualized deposition of complex materials on an atomic scale combined with a high throughput. This is as perfectly suited for the manufacture of special and niche applications as it is for mass production - a design objective that applies to all AIXTRON technologies, i.e. ALD, AVD®, OVPD®, MOCVD, PECVD*. ---

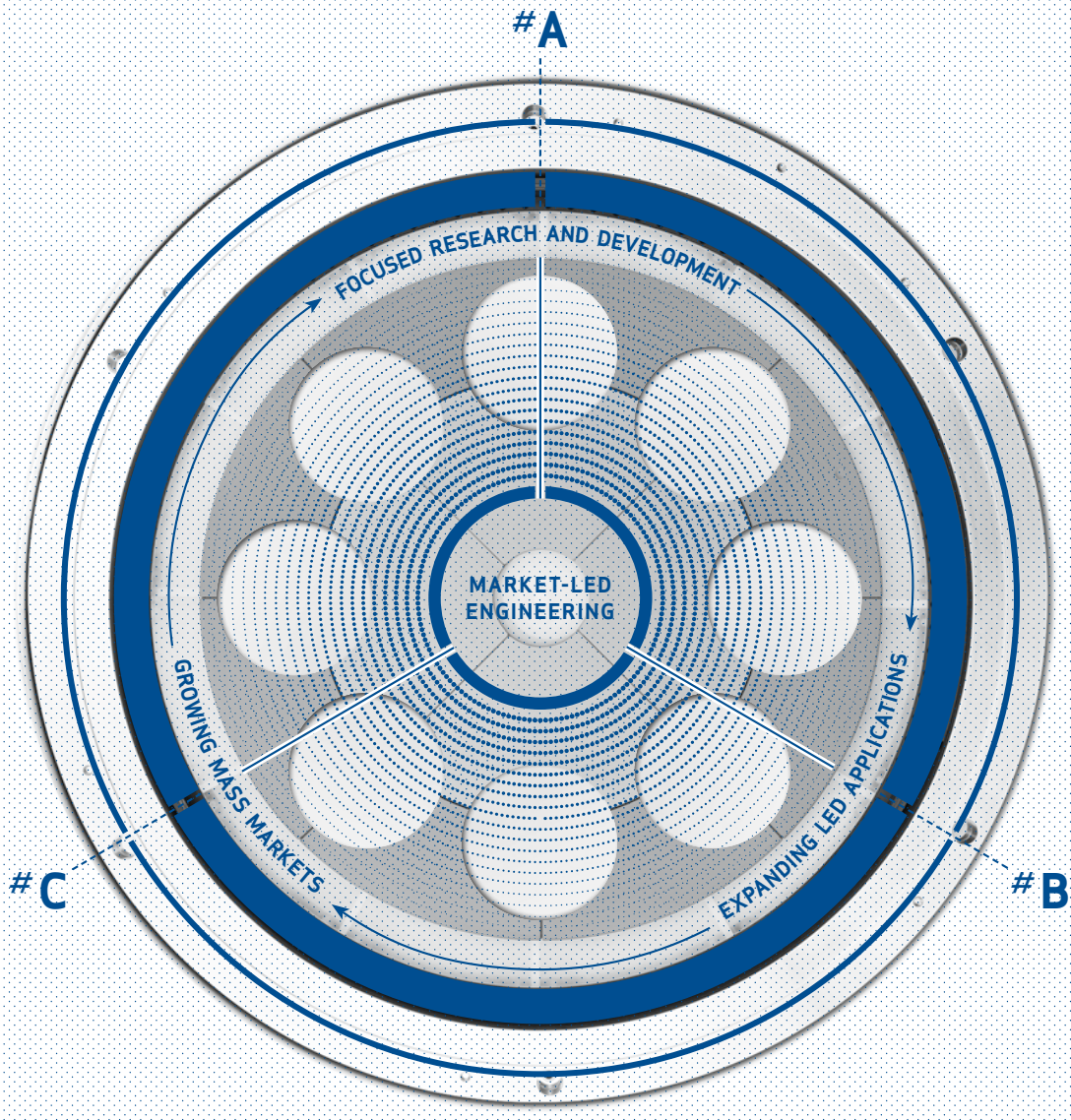
SYSTEM ---

REACTOR ---



WAFER ---

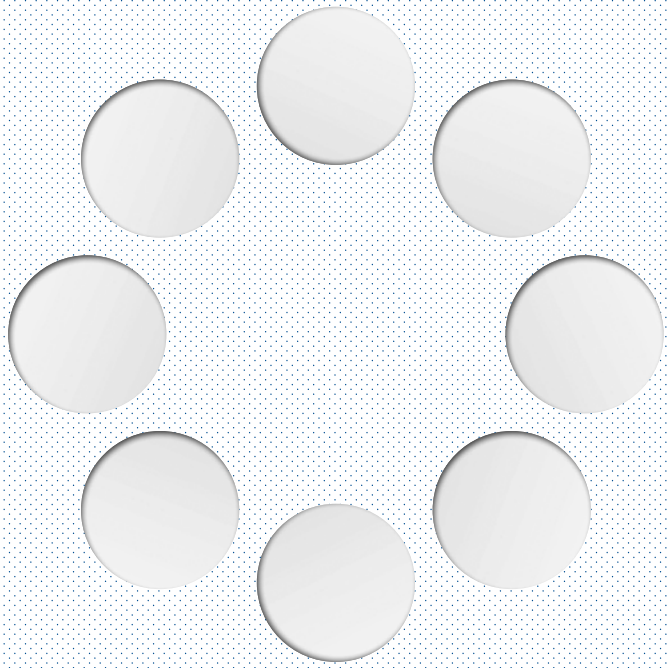
* Please refer to the glossary.



--- PLANETARY REACTOR® ---

#A

Technology and Market Leadership



FROM INNOVATION TO MARKET SUCCESS

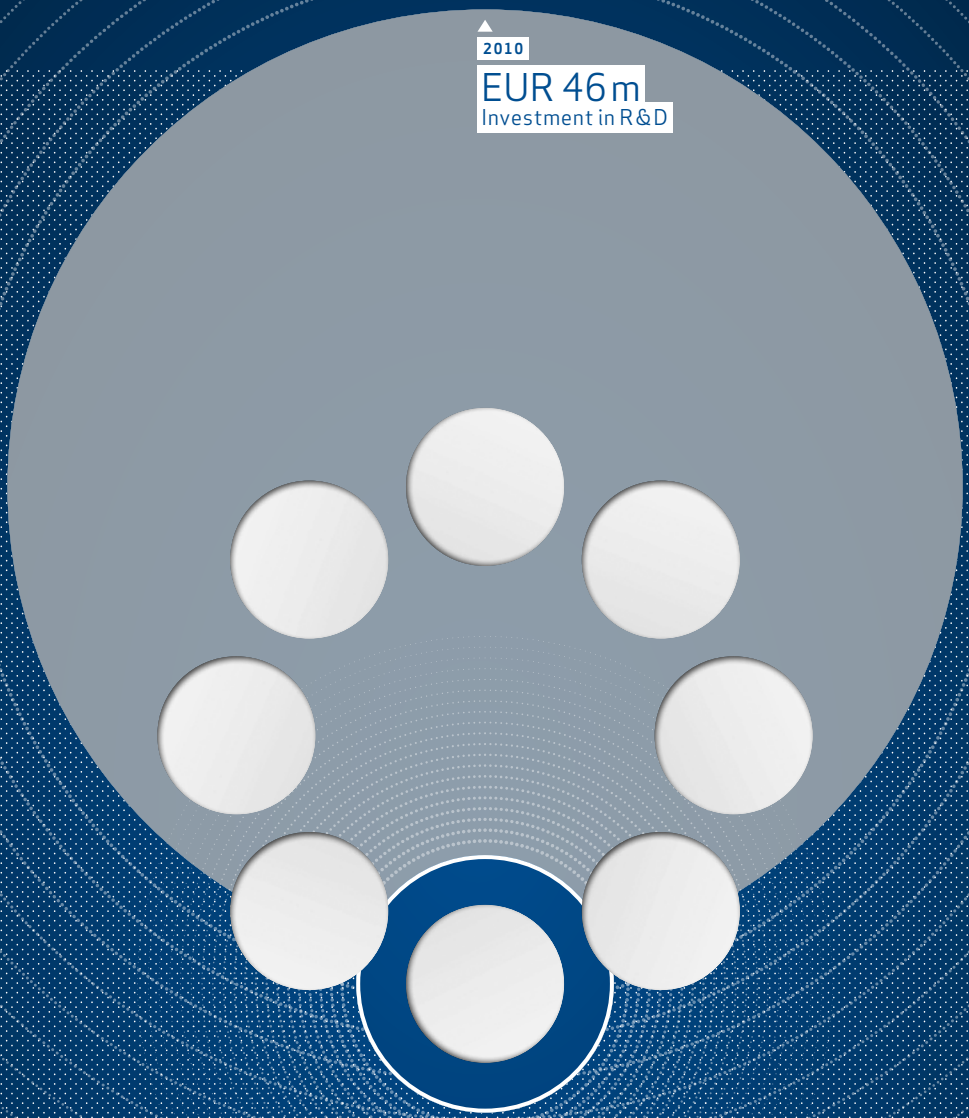
Understanding market opportunities and then developing, driving and delivering technically innovative and cost effective solutions in a timely and customer-oriented manner is a focused and disciplined process and is one of AIXTRON's core strengths. The quality, sustainability and speed of this process comes from our work in:

// Researching and Developing promising materials and processes on three levels:
+ From a 'blue sky' basic research level to a more precise process development level.
+ Extensive project work in the research community, including publicly funded programs.
+ Collaboration with customers on continuously improving our proven system technologies.

// Whether our simulation team is testing the technical feasibility of a customer concept or indeed one of our own, starting with an explicitely clear understanding of the customer's needs is the most critical success factor.

// Having the biggest and most experienced concentration of MOCVD expertise in the world, combined with a customer focused approach, means we have the necessary prerequisites for sustainable and profitable growth with the market opportunities in front of us. ---

AIXTRON INVESTMENT: COMMITMENT TO RESEARCH & DEVELOPMENT ---



AIXTRON: KEY TO SUCCESS ---

MARKET

Investment in Research & Development
(in EUR Million)

TIME PERIOD

1998 vs. 2010

TREND

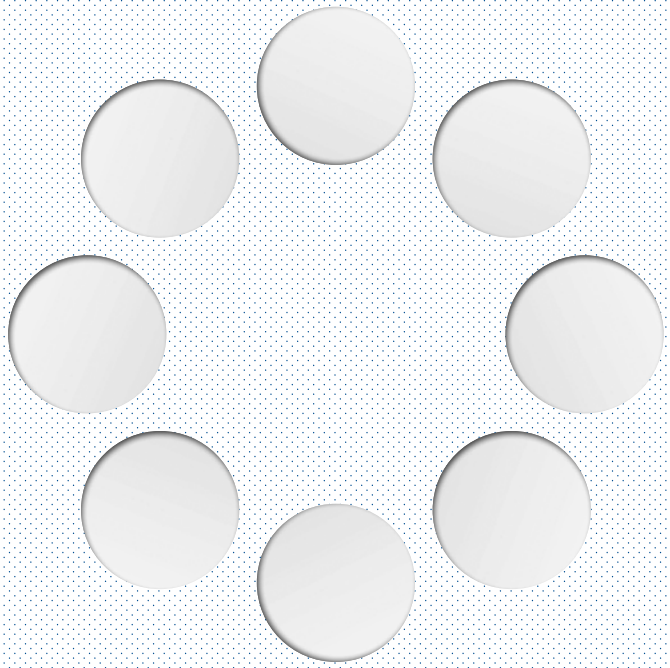
New AIXTRON R&D Center (Herzogenrath, Germany)

Our modular R&D Center – energy efficient, lower maintenance, cost effective - built for purpose.

Source: AIXTRON / Display Search Q3/2010

#B

LED Lighting is Coming!



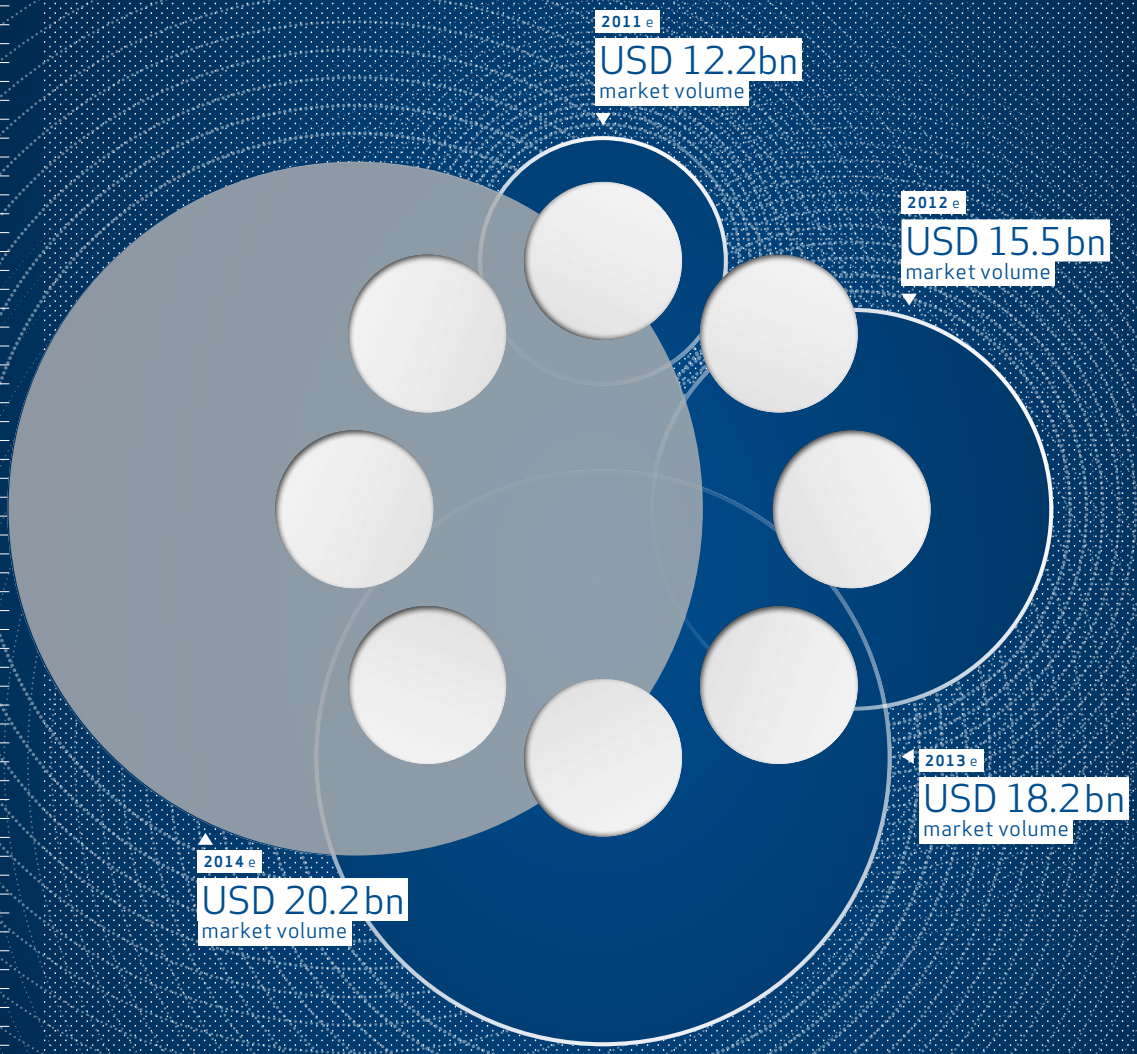
THE BRIGHTEST MARKET OPPORTUNITY SO FAR

In 2010, we have seen strong signals that LED technology is on the verge of making a breakthrough as a general lighting alternative. We have experienced increasingly strong demand for our mass production systems geared towards LED lighting applications.

Coming so soon after the arrival of LED backlighting for TV and monitors, the emergence of LED lighting is continuing the momentum that is driving the industry from being a small technical niche market into a more substantial volume market. The diversity of general lighting applications we are now seeing – municipal, industrial and consumer lighting devices – supports the perception of the sustainability of the market to come.

AIXTRON will benefit from the longer term implications of this development. With our flexible business model and structured technical roadmap we are able to meet the rapidly changing needs of this growing market. Our expertise, experience and regional presence put us in the ideal position to deliver precisely the market-led engineering our customers need. A market, customer and technology focused approach is our key to success – yesterday, today and tomorrow. ---

FUTURE: DEVELOPMENT OF THE LED LIGHTING MARKET ---



AIXTRON: KEY TO SUCCESS ---

MARKET

High Brightness (HB) LED Market Forecast
(in USD Billion)

TIME PERIOD

2011 e – 2014 e

TREND

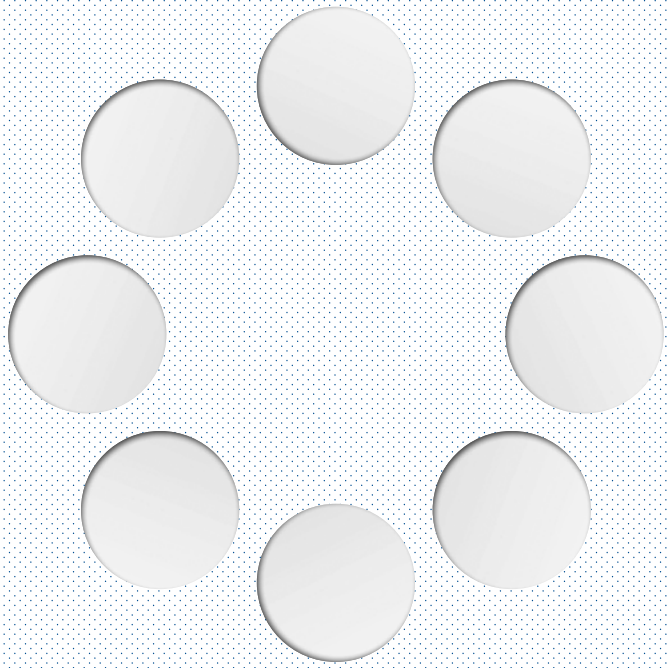
LED Street Lighting gaining traction

Growing market for light sources of the future – LED Lighting for private, commercial and public purposes.

Source: AIXTRON / Display Search Q3/2010 (e = estimated)

#C

Evolution from a Niche to a Sustainable Mass Market



MATCHING MARKET GROWTH WITH ORGANISATIONAL DEVELOPMENT

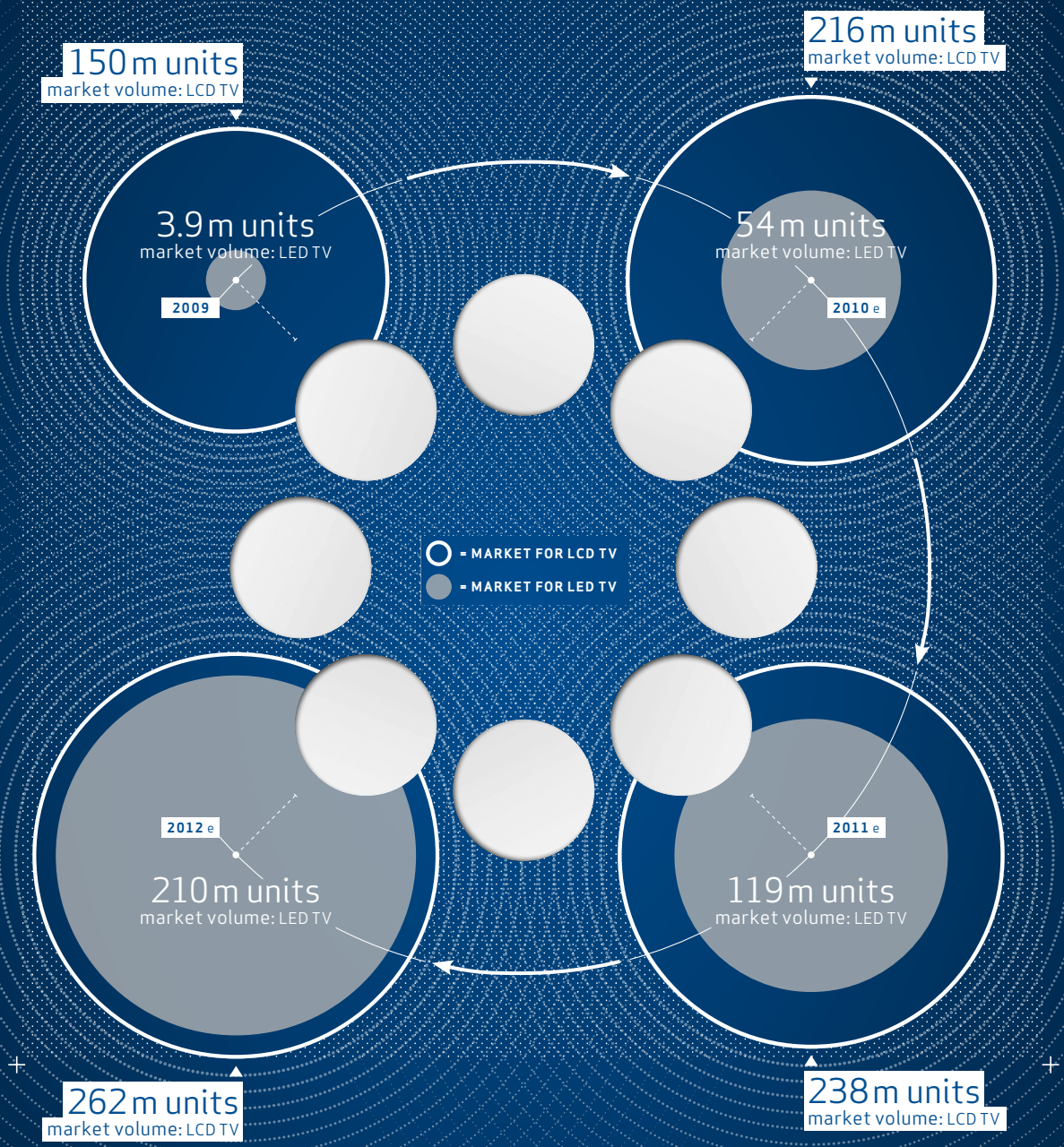
AIXTRON started out almost 30 years ago as a spin-off from the Rheinisch-Westfälische Technische Hochschule (RWTH) in Aachen, arguably one of the best technical universities in Germany.

Today, we are both technology leader and the largest manufacturer of MOCVD systems in the world, with an extensive international infrastructure network.

The long-term and profitable growth of the company is achieved through more than 780 highly qualified employees who operate out of our headquarters in Germany, our principal subsidiaries in Sweden, the UK, the US and our sales and service agencies in China, Japan, Korea and Taiwan. The AIXTRON team reflects the corporate culture which is market-led and driven by leading-edge technical innovation.

As the most prominent player in this space, we have seen both the company and the compound semiconductor market steadily progress over the last decade from a small technical niche market into a very exciting emerging market, serving a much larger and sustainable mass consumer electronics and utility market. ---

TV MASS MARKET: FUTURE TREND FROM LCD TO LED ---



AIXTRON: KEY TO SUCCESS ---

MARKET

TV Mass Markets: from LCD to LED
(in units)

TIME PERIOD

2009 – 2012 e

TREND

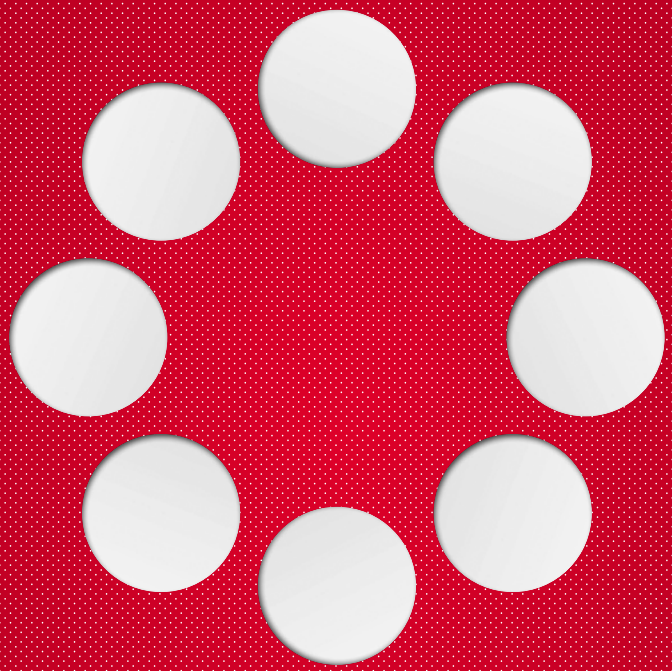
Growing LED TV Market

Flat, brilliant and successful – the LED TV Market is still growing strongly.

Source: AIXTRON / Display Search Q3/2010 (e = estimated)

#AIXTRON 2010

The Key to Success



CONSIDERATION, COORDINATION AND COMMITMENT

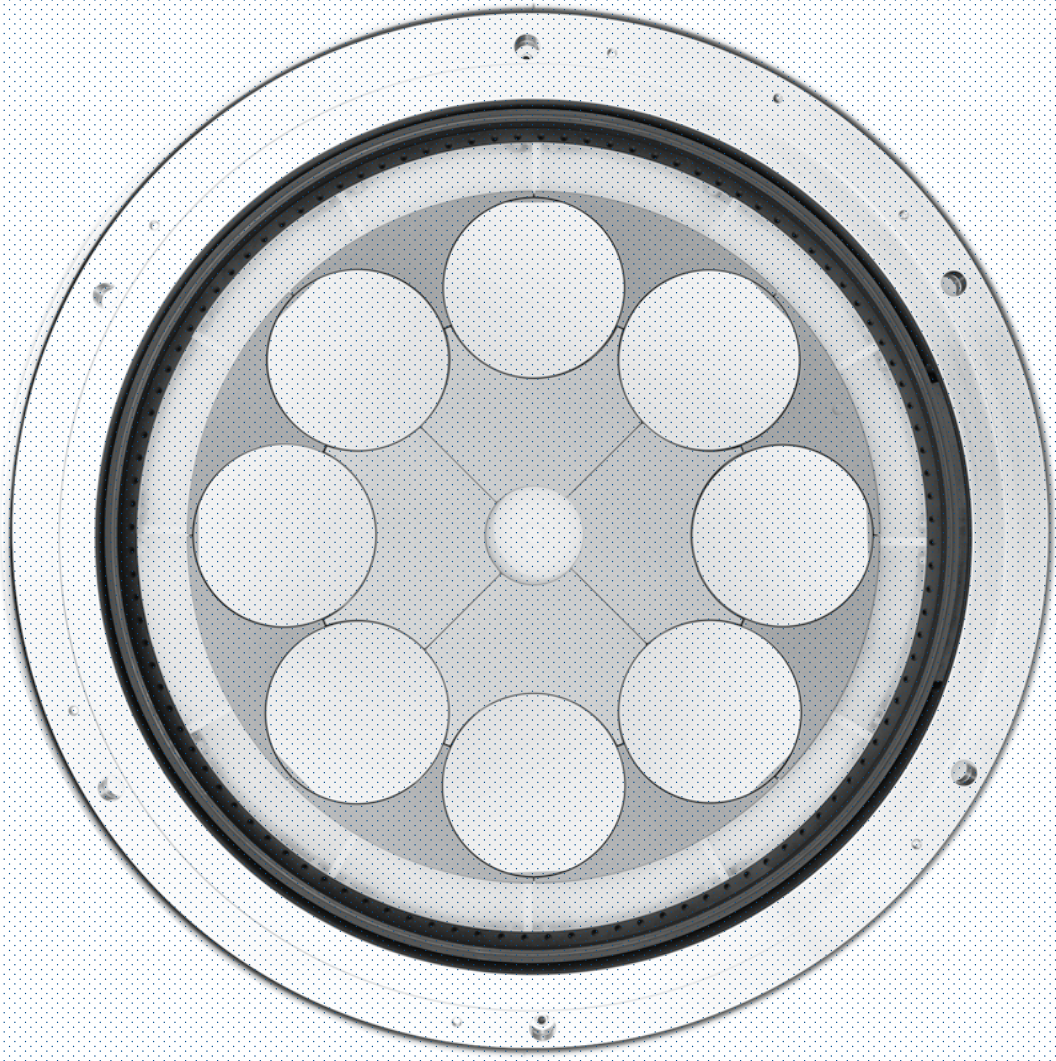
AIXTRON's success is based on the business structure we have developed and the positive interaction across the entire business.

The customer focused nature of our product development and the flexible business model gives us the foundations for that platform.

The experience and expertise of our employees and the quality of our communication with both customers and partners, are critical success factors in ensuring that we can use that platform to always be able to compete at the highest level in those markets we choose to address.

We believe that we are the market leader because we are the technology leader with the ability to deliver increasingly streamlined solutions to increasingly complex productivity challenges. Focused and intelligent research and development is the long-term key to a successful future.

AIXTRON's objective will remain to be 'Always One Step Ahead'. ---



--- PLANETARY REACTOR® ---

ALWAYS ONE STEP AHEAD

SINCE 1983

--- 1983 ---
AIXTRON is founded as spin off from 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 Reactor®.

--- 1990 ---
Delivery of the first MOCVD multi-wafer reactor.

--- 1994 ---
First deposition system for the production of blue LEDs.

--- 1995 ---
AIXTRON becomes MOCVD world market leader (VLSI).

--- 1997 ---
Initial public offering on the Frankfurt Stock Exchange.

--- 1999 ---
Extension of portfolio with Close Coupled Showerhead® and SiC/CVD technology.

--- 2000 ---
Exclusive license from UDC for OVPD® technology.

--- 2005 ---
Extension of technology portfolio with ALD and AVD® process.

--- 2007 ---
Further portfolio extension with PECVD.

--- 2009 ---
AIXTRON raises EUR 160m for anticipated business growth.
Rapid adoption of LED TV drives significant market growth.

--- 2010 ---
Launch of the new AIX G5 HT and CRIUS® II system generation.


1

INVESTMENT //

DEAR SHAREHOLDERS,

I am very proud to report that in 2010 AIXTRON has, for the third year in succession, delivered the best operational performance in its history.

Thanks to the exceptional team we have here at AIXTRON, we were able to respond quickly and efficiently to the dramatic increase in customer demand for AIXTRON's production systems throughout the year, resulting in record revenues and operating profit.

The explosive nature of the demand we saw in 2010 is reflected in the outperformance of our original 2010 forecast of EUR 600m of revenues and an operating margin of 25%, and the eventual 2010 result of EUR 783.8m of revenues and an operating margin of 35% or EUR 275.5m. The 2010 EBIT figure was in fact higher than our full year revenues as recently as 2008.

We can afford to briefly enjoy this moment and have good reason to be proud of how we were able to manage this profitable growth in 2010. But, it is also important to understand where this sudden increased demand came from and look forward into 2011 and beyond to set our sights on the next targets to be achieved.

What we saw in 2010, was not only a continuation of the market driven demand for LEDs for TV backlighting, but also an increased effect of government sponsored demand and some early investments by customers beginning to position themselves for the emerging LED lighting market.

There is now a growing list of governments who are actively encouraging and sponsoring the development of energy efficient LED lighting applications by offering bottom-up industry subsidies (to encourage LED production capacity growth) and top-down capital project subsidies (to encourage the development of LED lighting products).

Mainland China has to be given a special mention in this context, because Chinese customers are emerging as major investors and demand driver in this region, strongly encouraged and supported by their government.

Another good indication of LED lighting momentum worth monitoring is the speed at which the LED equivalent of the ubiquitous 60 Watt light bulb becomes commercially attractive enough to trigger demand from large commercial users. My sense is that that speed has accelerated in the course of 2010. As private consumers, we may have to be a little more patient, but these are very promising and necessary developments for us as well.

So it is not a question anymore of 'if' LED lighting is coming; it is more a question of 'when' and last year's developments would appear to have vindicated our judgment to raise capital in 2009 because evidently; the emergence of LED general lighting is imminent.

The effect of these extraordinary market developments over the past few years has been to transform the industry we serve, from being one small technical niche market into potentially two significantly larger and sustainable mass markets; namely consumer electronics and utility lighting. In a very short period of time, the industry has found that essential 'critical mass'.

The foundation of our success in the past has been our commitment to innovative Research and Development and focused market led Engineering and these are exactly the same qualities that are required to compete in the bigger and more dynamic markets we will serve in the future.

On time and on budget, we have completed and moved into the first building phase of our new R&D center, in Herzogenrath. We are expecting to finalize the full project by early 2012. This state-of-the-art research facility will be a major and essential asset in our objective to extend our technology positioning and leadership. Given where the equipment industry is going; if you are not investing extensively today, you will not be competing tomorrow.

The streamlining of our operations continues to deliver the flexible business model we desire and the result is a lean and efficient manufacturing process, which translates to a very attractive combination of growth and profitability. In 2010, we have been able to ramp up our manufacturing output again, by 50%, from about 100 systems per quarter at the beginning of the year to 150 systems per quarter at the end of it, with minimal capital investment. During the same period, our operational profitability has improved from 21% in 2009 to 35% in 2010.

In summary, AIXTRON has had a great year in 2010, but we should not linger on past successes, we need now to turn our attention to the challenges and opportunities ahead. Despite the ongoing global fiscal uncertainty, we go into 2011 stronger than ever before and confident in the efficiency of our business model and capability of our team.

In terms of outlook; if we deliver the revenue forecast we have given for 2011, it would mean that we would deliver record sales for the fourth year in a row, a result that we would be very proud to present to you, our shareholders, next year.

This outlook and the very positive development of AIXTRON during 2010 could not have been achieved without the extraordinary level of focused dedication of all our employees and business partners. It is a remarkable team performance that we are very proud of.

It could also not have been achieved without the very active support and encouragement of our Supervisory Board, for which we are very appreciative.

Finally, on behalf of the Executive Board of AIXTRON SE, I would also like to take this opportunity to express our gratitude to all of our shareholders for your continued support and patience, and to assure you of the continued enthusiasm and commitment of the Executive Board to the ongoing development of your company.

HERZOGENRATH, MARCH 2011
AIXTRON SE

PAUL HYLAND
PRESIDENT & CHIEF EXECUTIVE OFFICER

AIXTRON

INVESTMENT //

EXECUTIVE BOARD OF AIXTRON SE

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

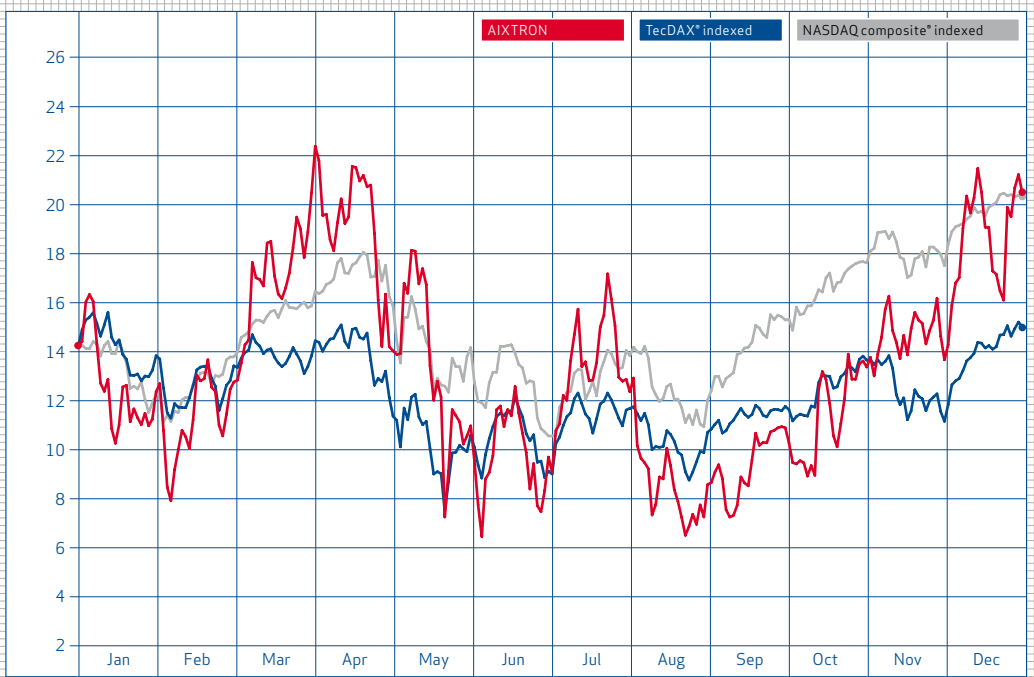
EDUCATION: Businessman. 2000–2002: Managing Director Thomas Swan.
Previously: Managing Director of various international technology companies.

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.

DEVELOPMENT OF SHARE PRICE IN EUR



KEY SHARE DATA

XETRA in EUR, NASDAQ in USD	2010 Shares/ Germany	2010 ADS/ NASDAQ	2009 Shares/ XETRA	2009 ADS/ NASDAQ	2008 Shares/ XETRA	2008 ADS/ NASDAQ
Closing Price (end of period)	27.61	37.20	23.50	33.53	4.76	6.81
Period High Price	28.87	38.56	25.29	38.24	10.39	16.08
Period Low Price	18.99	23.11	3.15	3.88	2.92	3.53
Average daily trading volume (EUR, USD)	39,966,892	15,405,830	14,878,415	4,353,314	6,305,757	1,087,934
Average daily trading volume (number of shares, ADS)	1,717,062	495,203	1,016,748	170,069	895,424	97,120
Number of shares issued (end of period)	**101,179,866**		**100,667,177**		**90,894,616**	
Market capitalization (end of period), million EUR, million USD	2,793.6	3,763.9	2,365.68	3,375.37	432.7	619.0

INVESTMENT //

THE AIXTRON SHARE

2010 was a year characterized by substantial growth for the AIXTRON Group. The Company reported the highest revenues and earnings in its history. Sales revenues were more than twice the level posted the previous year and both operating and net result more than quadrupled during fiscal year 2010.

The AIXTRON share price rose 17% in German trading during fiscal year 2010 and performed 13 percentage points better than the TecDAX® Technology Index (+4%). Following the significant increase in the share price seen the previous year, in 2010 the AIXTRON share consolidated the gains made at this new level, albeit with some volatility in the course of the year.

Following the share price's strong rise in the previous year, some inevitable profit-taking occurred at the very beginning of the year and consequently, the AIXTRON share trended below average in the context of a weak market environment and dropped to its temporary low of EUR 19.80 on February 5, 2010.

The public introduction of AIXTRON's new generation of system platforms in February and the positive outlook, portrayed in the 2010 guidance which predicted a year on year doubling of sales revenues and earnings, and which was first disclosed at the publication of the Company's 2009 figures in March, caused the share price to increase to its high of EUR 28.87 for the year on April 6, 2010.

Although Management confirmed high demand for AIXTRON systems and further raised guidance on the publication of Q1 figures at the end of April, the significant worsening of the crisis in some euro zone countries placed the stock markets in general, and the AIXTRON share in particular, under considerable pressure. As a result, the share lost just under 30% of its value by the beginning of June and reached its low of EUR 18.99 for the year on June 8.

Stronger consensus optimism regarding the development of AIXTRON's business in Asia initially caused the share price to rise toward the end of July. However, renewed uncertainty about demand in the LED industry and increasing concerns in financial markets brought on by the euro zone debt crisis and by its potential impact on the real economy caused the share price to fall again toward the end of August, despite the publication of strong figures for the first half year and yet another upward revision of the year end guidance forecast.

The early part of the third quarter saw more positive consensus comments being made about the technology sector and the developments in LED lighting. At the end of October, AIXTRON again reported strong quarterly figures for the third quarter and was able to confirm the strong 2010 revenue forecast while increasing the predicted EBIT margin by 2 percentage points to circa 35% for the full year 2010.

Further evidence of improvements in economic trends in some regional markets contributed to a sense of an improving global economy. This overall positive mood was reflected in a general stock market recovery in the final quarter and led to an AIXTRON share price increase toward the end of the year against a background of continued share price volatility.

The AIXTRON share rose 17% during 2010 and ended the year at EUR 27.61 (2009 closing price: EUR 23.50) with a market capitalization just under EUR 2.8 billion. The highest daily closing price of EUR 28.87 was reached on April 6 and the lowest daily closing price of EUR 18.99 was recorded on June 8, 2010. In comparison; the TecDAX® increased 4% from 817.6 points on December 31, 2009 to 850.7 at the end of 2010. The NASDAQ Composite® Index rose 17% from 2,269.2 points on December 31, 2009 to 2,652.9 on the last trading day of 2010.

INVESTOR RELATIONS

The AIXTRON share is listed in the Prime Standard segment of the Deutsche Börse and – in the form of American Depositary Shares – on the NASDAQ® Global Select Market℠. In line with the US listing requirements, AIXTRON continues to comply with strict American transparency guidelines. The share is included in many important indices, such as the TecDAX®, the NASDAQ Composite® and the STOXX® 600 Index. In addition, it is included in several sustainability indices, such as the Dow Jones Sustainability Index and the Natur-Aktien-Index.

AIXTRON remains committed to providing its shareholders and the 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.

This involves regular publication of press releases and key financial figures that reflect AIXTRON's current business situation. In addition, AIXTRON regularly participates in numerous major investor conferences and roadshows in the world's most important financial centers, where it discusses current financial results, strategies and product, industry and market trends with institutional and private investors, journalists and financial analysts. At year-end 2010, a total of 32 analysts (2009: 22) commented on the Company on a regular basis as part of an official coverage of the stock.

During fiscal year 2010, AIXTRON logged over 170 man-days reporting to the financial markets at roadshows or conferences worldwide, conducting over 600 personal discussions and teleconferences with leading players in the financial markets in the process. On request, the Investor Relations department sent out over 350 annual reports and maintains regular contact with many interested parties.

Because AIXTRON was perceived to deliver the same value and quality of service to its private investors as to the Company's institutional investors, AIXTRON was presented with the "Best Investor Relations in Germany" (Beste Investor Relations Deutschlands BIRD 2010) award for 2010. With this award the readers of an investment magazine ranked AIXTRON higher than all other listed companies in Germany. In separate surveys of institutional investors, AIXTRON ranked No. 4 (2010 Capital IR Prize) and No. 2 (2010 German Investor Relations Prize) among all TecDAX® companies.

Many investors regularly attend AIXTRON's Annual General Meeting in order to get a better understanding of the Company's situation. At the meeting on May 18, 2010, AIXTRON's Executive and Supervisory Boards welcomed more than 500 visitors in Aachen and through presentations, exhibitions and explanations gave them a comprehensive first-hand report on the status of the Company.

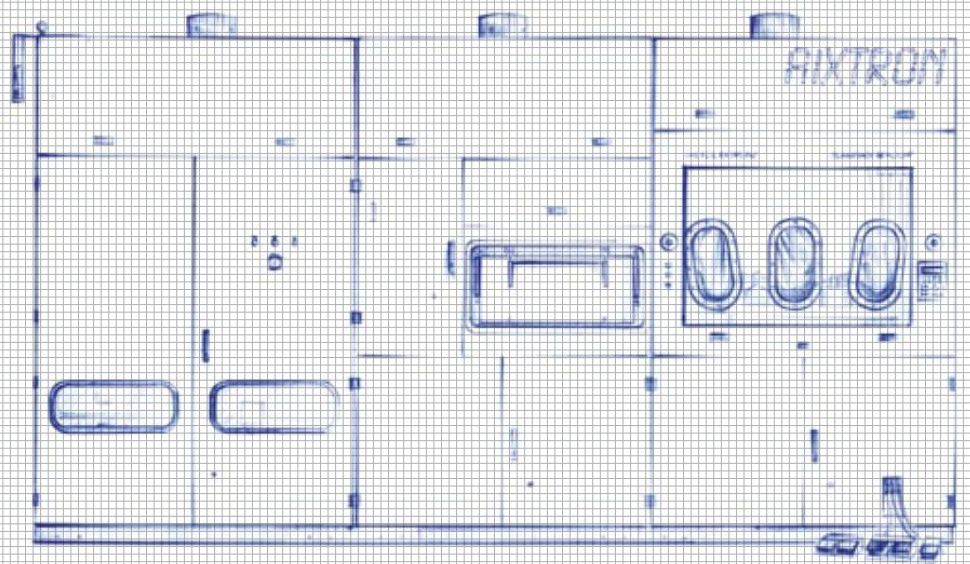
SHAREHOLDER STRUCTURE

As of December 31, 2010, approximately 20% of AIXTRON's shares were held by private individuals, with around 80% held by institutional investors. While most of the private shareholders are in Germany, the bulk of the institutional investors (around 40%) are in the US, followed by the United Kingdom (25%) and Germany (15%). The remaining investors are distributed throughout other parts of Europe and the rest of the world. In 2010, AIXTRON's largest shareholder continued to be Camma GmbH (Aachen, Germany), with just under 8% of AIXTRON stock. 92% of the shares were in free float, according to the definition of the Deutsche Börse.

As of December 31, 2010, the following further investors had shareholdings in AIXTRON SE exceeding the 3% reporting threshold (shares held as of the reporting date, pursuant to Section 26 (1) of the German Securities Trading Act/WpHG):

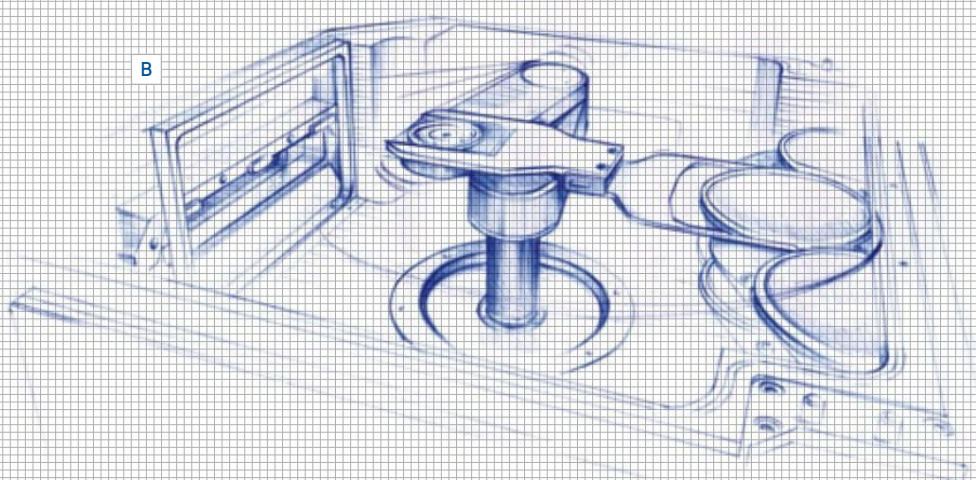
// DWS Investment GmbH, Frankfurt am Main, 5.1%
// Jupiter Asset Management, London, 3.2%
// Allianz Global Investors Kapitalanlagegesellschaft mbH, Frankfurt am Main, 3.1%
// Baillie Gifford & Co, Edinburgh, 3.1%
// Ameriprise Financial, Minneapolis (Threadneedle Asset Management, London), 3.1%
// Norges Bank, Oslo, 3.0%

AIXTRON MOCVD



A

B



A // SYSTEM	The AIX G5 HT, a modular system for the deposition of semiconductor materials for the production of LEDs, lasers and solar cells, and others.
B // TRANSFER	The Transfer Module enables automated reactor loading and reloading with wafers.


2

PERFORMANCE //

SUPERVISORY BOARD REPORT

The Supervisory Board is very pleased to be able to report another outstanding year for AIXTRON, with substantial growth in both revenue and operating profit in 2010.

The strong commitment to innovative Research and Development (R&D) is an important element of the Company's growth strategy, evidenced by the Company's investment into the new R&D center, since only efficiently managed, market led R&D activities can provide the required technological foundations for future growth.

The nature of the markets that AIXTRON serves, have changed dramatically over the last three years and we are very encouraged by the way in which the Company has been developed and evolved in response to the growth and change in its principal end markets.

We go into 2011, confident the Company has the business acumen and technology expertise to meet the exciting opportunities and challenges ahead.

The Company's increasing size and the growing international focus of the AIXTRON Group had encouraged us, following a careful, thorough examination of the situation, to accept the Executive Board's proposal to convert AIXTRON AG into a European Company (Societas Europaea/SE). We agree with the Executive Board that the SE has a strong international reputation, is looked upon favorably by the financial markets and more appropriately reflects our international shareholder base. Our Company's transformation (change of legal form) from AIXTRON AG into AIXTRON SE became effective at the point in time when it was recorded in the German Commercial Register on December 22, 2010. Consequently, this SE Supervisory Board report shall simultaneously serve as a report by the (former) Supervisory Board of AIXTRON AG.

Just as we believe that the new research and development center established last year at the Company headquarters in Herzogenrath, represents another important milestone in the Company's ability to maintain AIXTRON's market and technology leadership position, we also believe that the conversion to SE further strengthens our ability to meet our responsibilities as a growing, flexible company.

During fiscal year 2010, we supported the Executive Board through a regular dialog on 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 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, orderly, appropriate and cost-effective manner.

SUPERVISORY BOARD MEETINGS AND CONTENT

During 2010, the Supervisory Board of AIXTRON AG held four ordinary Supervisory Board meetings on March 10, May 17, September 15 and December 3, each of which was attended by all six Supervisory Board members.

At each of these meetings, the Executive Board reported to us on the current financial position, operations and various product development/qualification projects, and specifically, the new G5 and CRIUS II products. In addition, we received a regular status report on the conversion of AIXTRON AG into an SE and the progress on the construction of the new research and development center in Herzogenrath. 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 for the entire AIXTRON Group through updated forecasts and business development plans. Variances between the actual business performance and the Company's budget planning figures were comprehensively explained to our satisfaction. The latest share price trends, analyst recommendations on the AIXTRON share, the share ownership structure, the USD/EUR exchange rate trend and the related hedging strategy were also regular meeting topics. To gain a more detailed insight into specific areas of the business and to gauge the quality of the management, selected managers have been invited by the Supervisory Board to attend Supervisory Board meetings and have reported about their respective areas of responsibility to the meeting.

Between meetings, all Supervisory Board members received monthly and detailed quarterly reports on the status of the Company. Through a secure intranet web portal specially devised for the Supervisory Board, we had 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. These conversations primarily focused on the Company's strategy, business development and risk management topics.

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

At the first ordinary meeting of the year on March 10, 2010, the Financial Statements for AIXTRON AG as of December 31, 2009, the Consolidated Financial Statements as of December 31, 2009, their respective Management Reports (including the Risk Report), the Auditor's Report and the report by the Audit Committee on the key audit results were extensively discussed by the Supervisory Board, and then subsequently 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 General Shareholders' Meeting in 2010 (including the agenda, a resolution for the appropriation of net income 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 Conformity dated March 2010 for publication in the Annual Report.

The rationale for proposing to the General Shareholders' Meeting that AIXTRON AG be transformed into a European Company (Societas Europaea/SE) was thoroughly explained by AIXTRON AG's Executive Board and discussed during the Supervisory Board meeting. The milestones and changes required for the conversion process (including the consequences on the Executive Board, Supervisory Board and employees) was elucidated by the law firm advising the Company. We discussed in detail the issues raised and how the conversion could affect Corporate Governance. We subsequently approved the Executive Board's conversion proposal and the draft conversion plan presented, based on the detailed verbal reports by the Executive Board and the extensive written documentation we received. We also adopted resolutions increasing the D&O insurance and we approved the Executive Board's proposal for the composition of the corporate bodies of the AIXTRON subsidiaries. At the end of the March 10, 2010 meeting, we amended the by-laws for the Supervisory Board, the Audit Committee and the Executive Board to reflect the most current legal requirements.

Following a detailed discussion at the May 17, 2010 meeting, we decided to accept the Executive Board's proposal to withdraw Capital Measures items 8 to 10 from the agenda for the forthcoming General Shareholders' Meeting, as a number of shareholders had expressed misgivings, in particular concerning the volumes of the proposed authorizations for capital measures in the current economic environment. The decision to accept the withdrawal of these agenda items reflects our appreciation of these concerns.

At the September 15, 2010 meeting, as part of our business expansion in the People's Republic of China, we approved the founding of an independent legal entity as a subsidiary of

AIXTRON AG in China, based on our existing representative office. This subsidiary will consequently be able to set up liaison offices or branch offices within China. We also approved the dissolution of DOTRON GmbH, an inactive wholly owned subsidiary of AIXTRON AG, and additionally approved a further tranche („2010 Tranche") of the 2007 stock option plan, with the same allocation plan structure as the year before.

On December 3, 2010, AIXTRON AG's Supervisory Board held its last ordinary meeting, followed by the inaugural meeting of AIXTRON SE's Supervisory Board.

During the last Supervisory Board meeting for AIXTRON AG, we approved the budget for 2011 submitted by the Executive Board, which includes revenue, income, financial and investment planning and planned personnel development. In this same meeting we discussed and approved the Executive Board's proposed intent for the appropriation of the expected 2010 net income and dividend distribution policy. During this meeting, we also approved the decision to outsource the pension obligations of two former Executive Board members to a third party pension fund.

During our inaugural meeting of the first Supervisory Board of AIXTRON SE which was attended by all six Supervisory Board members, we elected the Chairman and Deputy Chairman of the Supervisory Board of the future AIXTRON SE. In consideration of the most recent changes to the German Corporate Governance Code (item 5.1.2 GCGC), we discussed the desire for diversity within the Executive Board. The Supervisory Board aims for an appropriate consideration of women but came to the conclusion, that in this transitional period it would be in the best interest of the Company to secure the continuity of the Executive Board's work and leave its composition unchanged. We therefore appointed the Executive Board members and its Chairman for the future AIXTRON SE, representing no change in composition of the AIXTRON AG Executive Board. We also adopted a resolution defining the by-laws for the Executive Board, the Supervisory Board and the Audit Committee of the future SE. In addition, we deliberated extensively on the proposals of the Nomination Committee and passed a resolution on the criteria and objectives for selecting members of the Supervisory Board pursuant to item 5.4.1 GCGC. The Supervisory Board also adopted the presented internal SE formation audit report from the Executive Board and the Supervisory Board.

The following additional topics were subjects of discussion and/or monitoring during our four ordinary meetings (but did not necessarily necessitate any formal resolutions):

// Implications of the most recent changes to the German Corporate Governance Code
// Efficiency audit of the Supervisory Board
// Personnel issues such as employee communication, standardization efforts within the human resources department, compliance, diversity, personnel development/promotional opportunities, the treatment of temporary employees and the challenges posed by demographic change

// Development trends and medium-term corporate strategy in Korea and China/Taiwan
// Risk of potential and current legal disputes, such as the lawsuit involving International Rectifier Corporation, USA
// Future strategic orientation of AIXTRON (strategy for product development, technology, production, finance and investment)
// Voting behavior of and contact with U.S. proxy voting services representing institutional investors at the General Shareholders' Meeting
// Status of Group-wide SAP implementation program
// Investor events and Capital Market activities

USE OF NET INCOME

Based on German generally accepted accounting principles, as laid out in the German Commercial Code (Handelsgesetzbuch/HGB) and the requirements of the German Stock Corporation Act (Aktiengesetz/AktG), the AIXTRON Group's controlling company, AIXTRON SE, posted net accumulated income of EUR 124.9 in fiscal year 2010. The Executive Board proposed to the Supervisory Board that a dividend of EUR 0.60 per share be distributed for fiscal year 2010. The Supervisory Board examined this proposal for profit distribution, taking into consideration the Company's projected liquidity and the financial and investment planning requirements. 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' interests. We therefore agreed with the Executive Board's proposal for the appropriation of net income. The Supervisory Board and the Executive Board will propose to the 2011 General Shareholders' Meeting that a dividend of EUR 0.60 per share be distributed for fiscal year 2010.

COMMITTEES

The Supervisory Board currently has two committees, an Audit Committee and a Nomination Committee.

The Audit Committee is composed of a Chairman, who is an independent member and whose area of expertise is reporting and audits (as required by law: Articles 107(4); 100(5) German Stock Corporation Act/AktG) and three other members. The Audit Committee primarily deals with matters such as accounting, risk management, compliance, the effectiveness of the internal control system and the internal audit system and implementation of the provisions of Section 404 of the Sarbanes-Oxley Act (SOX 404), the auditors' mandate, the identification of areas to be audited and auditors' fee arrangements, whilst also ensuring the necessary independence of the auditors. The Chairman of the Committee regularly reports to the Supervisory Board on the work of the Audit Committee.

Within the scope of the pre-defined set of objectives, the task of the Nomination Committee is to propose suitable candidates to the Supervisory Board for recommendation to the General

Shareholders' Meeting. This committee is composed of a Chairman and two other members and was set up on September 15, 2010, primarily to determine the relevance to AIXTRON of the more stringent requirements in the German Corporate Governance Code regarding diversity on Supervisory Boards and to prepare for new Supervisory Board elections in 2011 following the end of the term of office of AIXTRON SE's first Supervisory Board.

The four Audit Committee meetings held during fiscal year 2010 (on March 9, May 17, September 14 and December 2) were attended by all committee members. In addition to the financial position and budget planning, the Audit Committee members addressed the following issues:

// Review and discussion of the Statement of Independence and the Management Letter written by the auditors (main conclusions from the 2009 annual audit of AIXTRON AG and AIXTRON Group accounts as well as the internal control system)
// Results of operations of the individual subsidiaries
// Improving audit efficiency through ongoing implementation of the SAP information system
// Hedging strategy and specific exchange rate hedging transactions and the monitoring of compliance with Supervisory Board rules regarding the use of derivative financial instruments
// Balance sheet recognition of deferred taxes
// Risk screening, risk management system effectiveness and risk management report (i.e. the Audit Committee ascertained a lawful and effective risk management by the Executive Board according to Article 91(2) AktG (German Stock Corporation Act)
// Effectiveness of internal control and compliance system, including an audit to determine the extent to which our internal control system satisfies the requirements of the Sarbanes-Oxley Act
// Review of the work and effectiveness of the Internal Audit Department that reports directly to the Chief Compliance Officer (CCO)
// Creation of the internal Compliance Manual and revision of the Code of Conduct
// Changes in the May 26, 2010 version of the German Corporate Governance Code and impact of these on AIXTRON

On December 3, 2010, the AIXTRON SE Supervisory Board elected the members of both the Audit and the Nomination Committee of AIXTRON SE. Subsequently, both committees appointed their chairmen with all committee members being present. Prof. Dr. Wolfgang Blättchen was elected as chairman of the Audit Committee, Dr. Holger Jürgensen was elected as chairman of the Nomination Committee.

MONITORING OF THE EXECUTIVE BOARD

During fiscal year 2010, the Supervisory Board paid special attention to AIXTRON's investment strategy, and particularly to maintaining the Company's technology and market leadership position. We requested that the Executive Board continued to keep us informed about

the competitive environment, the Company's market share development and the measures being employed. In addition, we regularly checked on the status of construction on the new research and development center and had the Executive Board explain the product and technology development work planned for the center. Finally, we asked about and monitored the flexibility and expansion in production capacity initiated by the Executive Board to meet the increase in demand.

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 Article 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 by and discussions with the auditors, and the additional monitoring measures implemented as described.

CORPORATE GOVERNANCE

The Supervisory Board regularly checks on the development of Corporate Governance standards and together with the Executive Board writes an annual Corporate Governance report. We will continue to support the Executive Board in its efforts to maintain full compliance with the German Corporate Governance Code recommendations. Our response to the Code's new recommendations, such as ensuring that an appropriate number of women are being considered for appointment to management positions as well as to the Executive Board and Supervisory Boards, is discussed in greater detail in the Corporate Governance Report. AIXTRON has provided for those recommendations in the mid-term by having defined diversity objectives for the composition of a future Supervisory Board and is therefore in full compliance with the Code's recommendations, including the most recent changes to the Corporate Governance Code. This is confirmed by the February 2011 Declaration of Conformity, in accordance with Article 161 of the German Stock Corporation Act (AktG).

During the year under review, no conflicts of interest within the meaning of item 5.5.2 GCGC arose involving members of the Supervisory Board. Neither was the Supervisory Board required during the year to address any conflict of interest issues concerning the Executive Board.

AUDIT AND ANNUAL FINANCIAL STATEMENTS

Following the resolution passed at the Company's General Shareholders' Meeting on May 18, 2010, the Supervisory Board has subsequently awarded the mandate to audit the annual accounts of both, AIXTRON SE and the AIXTRON Group to Deloitte & Touche GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany for the 2010 fiscal year.

The auditors also reviewed the internal control system for compliance with SOX, as well as measures implemented by the Executive Board to detect, at an early stage, business risks that could jeopardize the continued 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 Article 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 2010.

The Financial Statements of AIXTRON SE as of December 31, 2010 and the Management Report were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch/HGB), while the Consolidated Financial Statements for the AIXTRON Group and the Consolidated Management Report were prepared in accordance with Article 315a HGB, on the basis of International Financial Reporting Standards (IFRS). The Financial Statements of AIXTRON SE and the Company's Consolidated Financial Statements were given an unqualified audit opinion. The auditors have determined that the Management Reports of both AIXTRON SE and the AIXTRON Group present a true and fair view of the current and future business development of AIXTRON SE and of the AIXTRON Group.

The Annual Financial Statement documents (Annual Financial Statements of AIXTRON SE and Consolidated Financial Statements as of December 31, 2010, 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 SE and the Consolidated Financial Statements for the AIXTRON Group, as well as the respective Management Reports, were discussed in detail in the Supervisory Board and the Audit Committee meeting held on February 28, 2011, 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 as they relate to the accounting process, 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 single-entity and Consolidated Financial Statements submitted; the respective Management Reports matched our own assessment of the Company's and Group's situation. We fully concurred with the auditors' results and opinion and consequently in a resolution passed on February 28, 2011 we approved both the Annual Financial Statements for AIXTRON SE and the Consolidated Financial Statements for the AIXTRON Group prepared by the Executive Board for fiscal year 2010. The Annual Financial Statements of the Company and the AIXTRON Group are, therefore, formally adopted.

EXECUTIVE AND SUPERVISORY BOARD MEMBERS

The terms of office of all six members of the previous Supervisory Board of AIXTRON AG ended on December 22, 2010, the date on which our Company's transformation into an SE was recorded in the Commercial Register. AIXTRON SE's Supervisory Board likewise consists of six members who were appointed in accordance with AIXTRON SE's Articles of Association and Article 40(2), sentence 2 of the SE Regulation, as described in the conversion plan adopted by the General Shareholders' Meeting held on May 18, 2010. The SE's first Supervisory Board is composed of the following members:

// Prof. Dr. Wolfgang Blättchen, Leonberg, management consultant,
// Dr. Holger Jürgensen, Aachen, physicist,
// Karl-Hermann Kuklies, Duisburg, businessman,
// Prof. Dr. Rüdiger von Rosen, Frankfurt am Main, Managing Director, Deutsches Aktieninstitut e.V.,
// Kim Schindelhauer, Aachen, Dipl.-Kaufmann (Degree in Business Administration),
// Joachim Simmroß, Hannover, Dipl.-Kaufmann (Degree in Business Administration)

The same individuals, who were members of the (former) AIXTRON AG, are now the appointed members of the Supervisory Board of AIXTRON SE. The newly inaugurated Supervisory Board appointed Mr. Kim Schindelhauer as Chairman of the Supervisory Board and Dr. Holger Jürgensen as Deputy Chairman.

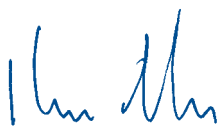
In accordance with the legal requirements, the mandates of the members of the Executive Board were automatically terminated with the entry into force of the change in legal form to SE on December 22, 2010, the date it was recorded in the German Commercial Register. The Supervisory Board of AIXTRON SE subsequently formally resolved at its inaugural meeting on December 3, 2010, to appoint the same individuals as members of the Executive Board of AIXTRON SE. The existing management contract terms were continued in their previous form.

NOTE OF THANKS FROM THE SUPERVISORY BOARD

After the remarkable business and financial performance in 2010, we would like to thank the AIXTRON Executive Board and all employees for their extraordinary 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 AIXTRON AG and AIXTRON SE.

HERZOGENRATH, FEBRUARY 2011

AIXTRON SE



KIM SCHINDELHAUER
CHAIRMAN OF THE SUPERVISORY BOARD

PERFORMANCE //

CORPORATE GOVERNANCE

1 // DECLARATION ON CORPORATE GOVERNANCE

1.1 // DECLARATION OF CONFORMITY

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

The Government Commission of the German Corporate Governance Code recommendations (Regierungskommission "Deutscher Corporate Governance Kodex"), which the Federal Ministry of Justice (Bundesministerium der Justiz) published in the official version of the electronic Federal Gazette as amended, have been complied with in full since the latest Declaration of Conformity of March 2010.

The Company intends to remain fully compliant in the future.

HERZOGENRATH, FEBRUARY 2011

AIXTRON SE

FOR THE EXECUTIVE BOARD OF AIXTRON SE

PAUL HYLAND
CHAIRMAN OF THE EXECUTIVE BOARD

FOR THE SUPERVISORY BOARD OF AIXTRON SE

KIM SCHINDELHAUER
CHAIRMAN OF THE SUPERVISORY BOARD

1.2 // INFORMATION ABOUT CORPORATE GOVERNANCE PRACTICES

AIXTRON SE (formerly AIXTRON AG) has had a **Code of Ethics** since 2006 for the Executive Board members and certain managers in Finance. The aim of the Code is to prevent misconduct and promote upright and ethical conduct, including the 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 to ensure accountable responsibility for compliance with the Code. The complete text of the Code may be found on 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 required to be conscientious and in conformity with the law. Among other things, this Code covers the following issues: responsibility and respect towards society 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 the treatment of Company property. The full text of the Code of Conduct can be downloaded from the AIXTRON website.

1.3 // FUNCTION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD AND COMPOSITION AND FUNCTION OF THE SUPPORTING COMMITTEES

As a European Company, AIXTRON SE is subject not only to the German Stock Corporation Law, but also to the superseding European SE regulations (SE-VO) and the German SE Implementation Act (SE-Ausführungsgesetz). It has a dual management and supervisory board structure consisting of an Executive Board and a Supervisory Board.

EXECUTIVE BOARD

Pursuant to the guidelines set forth in the German Stock Corporation Act, which are also valid for AIXTRON SE, via the SE statutes, the Executive Board of AIXTRON SE is responsible for the management of the Company and informs the Supervisory Board regularly, comprehensively and without delay, of any appropriate issues or developments regarding business trends, corporate planning and strategy, and on the Company‘s risk status.

According to Article 8 of AIXTRON SE‘s Articles of Association, the Executive Board is to comprise of two or more persons.

The Supervisory Board determines the precise number of Executive Board members and also decides whether there should be a Chairman and whether deputy members or a Deputy Chairman should be appointed.

Since 2005, AIXTRON SE's (or, formerly, AIXTRON AG's) Executive Board has been comprised of 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

In addition to the joint liability of the Executive Board, defined by law and the 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 coordinates the tasks of the Executive Board and is responsible for the corporate operations at the AIXTRON Group, focusing in particular on Strategic Planning, Communication, Product Development & Manufacturing, as well as Procurement & Logistics.

The Chief Financial Officer in addition to Group finances is also responsible for Corporate Governance & Compliance, IT, Human Resources and Legal & Risk Management. The Chief Operating Officer has responsibility within the Group for Business Development/Operations, Marketing, Sales & Service, Technology, Technology Transfer and Research & Development.

With the Supervisory Board's approval, the Executive Board has adopted by-laws 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: Company strategies, 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 or significant 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 public consumption above and beyond normal

reporting requirements; the initiation of lawsuits and legal disputes; the granting of collateral and assumption of guarantees.

In addition, the Executive Board by-laws and the Articles of Association, respectively, contain lists of material transactions and measures which require the prior approval of the Supervisory Board. Transactions and measures requiring approval pursuant to the Articles of Association or by-laws include, but are not limited to, decisions to build or dispose of operating sites or land; starting or ending business activities; and extending or taking out loans.

According to the by-laws, meetings of the Executive Board are to be held at least twice a month or whenever the Company's interests shall so dictate. Executive Board meetings are convened and directed by the Chairman of the Board. Any member of the Executive Board may request an Executive Board meeting be convened for a specific issue. If the Chairman cannot attend, the meeting shall be chaired by a Board member appointed by the Chairman. The Executive Board shall be deemed to have a quorum if all of the members have been invited and more than half of the members are able to participate in person, via a telephone link or via proxy when resolutions are being voted on. The Executive Board makes decisions by a simple majority of the votes cast by the members involved in the meeting unless otherwise determined by the law, the Articles of Association and the by-laws. In case of a tie, the Executive Board Chairman casts the deciding vote.

Every Executive Board member must immediately disclose actual or imminent 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, including posts on company and supervisory boards outside the Group and consultancy roles, after receiving Supervisory Board approval.

SUPERVISORY BOARD

The Supervisory Board is responsible for the appointment and employment terms of Executive Board members. It oversees and advises the Executive Board regarding its management duties.

Pursuant to Article 11 of AIXTRON SE's Articles of Association, the Supervisory Board consists of six members. The General Shareholders' Meeting can specify any other number of Supervisory Board members divisible by three. The members of the Supervisory Board are generally appointed until the end of the General Shareholders' Meeting, in which the shareholders represented, resolve on the approval of the Supervisory Board's activities for AIXTRON SE's fourth fiscal year. The members of AIXTRON SE's first Supervisory Board were appointed pursuant to AIXTRON SE's Articles of Association in accordance with Article 40(2), sentence 2 of the SE Regulation.

The Supervisory Board elects a Chairman and a Deputy Chairman from its midst. The Supervisory Board Chairman or - if he is prevented from doing so - his Deputy convenes the meetings of the Supervisory Board and leads them.

At the end of fiscal year 2010, AIXTRON's Supervisory Board comprised the following six members:

Name	Position	Member since	End of Term
Kim Schindelhauer*/**/****	Chairman of the Supervisory Board	2002	AGM 2011***
Dr. Holger Jürgensen*/**/****	Deputy Chairman of the Supervisory Board, Chairman of the Nomination Committee	2002	AGM 2011***
Prof.Dr.Wolfgang Blättchen*/**	Chairman of the Audit Committee, Financial Expert	1998	AGM 2011***
Karl-Hermann Kuklies		1997	AGM 2011***
Prof. Dr. Rüdiger von Rosen		2002	AGM 2011***
Joachim Simmroß*		1997	AGM 2011***

* Member of the Audit Committee
** Member of the Nomination Committee
*** Members of the first Supervisory Board are appointed until the end of the General Shareholders' Meeting that resolves on the approval of the Supervisory Board's activities for AIXTRON SE's first fiscal year, but in any event for a maximum term of three years.
**** Former Executive Board Member of AIXTRON AG

An independent and appropriately experienced Supervisory Board member has chaired the Audit Committee since 2005 (pursuant to item 5.3.2 of the German Corporate Governance Code/GCGC).

The Company is already in compliance with the requirement for diversity on the Supervisory Board (item 5.4.1 GCGC) due to the broad range of skills of the individual Supervisory Board members (in the areas of finance, the capital markets, technology and market experience).

Pursuant to item 5.4.1. GCGC, the Supervisory Board has defined diversity objectives for its composition during the meeting on December 3, 2010, which are being explained within this Report.

As required under item 5.4.2 of the German Corporate Governance Code, the Supervisory Board includes no more than two former Executive Board members.

Prior to the Supervisory Board Meeting on December 3, 2010, 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.

Other directorships held by Executive and Supervisory Board members are listed under **36 // Supervisory Board and Executive Board** in the Notes to the Consolidated Financial Statements.

The Company did not initiate or conclude any binding material transactions with related parties during the fiscal year 2010.

The Supervisory Board has additionally adopted its own set of by-laws governing Supervisory Board duties, rights and obligations and organization procedures for meetings and resolutions, including the formation of appropriate committees. The Audit Committee operates according to separate by-law requirements approved by the Supervisory Board.

The Supervisory Board, like the Audit Committee, generally holds four ordinary meetings per calendar year (the minimum number of meetings according to the by-laws is two per calendar year). The Nomination Committee convenes a meeting to propose appropriate candidates prior to General Shareholders' Meetings or as and when required.

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, monthly and detailed 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, the Supervisory Board Chairman and the Chairman of the Audit Committee are promptly and comprehensively informed by the Executive Board about relevant material developments and forthcoming decisions.

Resolutions of the Supervisory Board and the Committees are generally passed during formally convened meetings. In exceptional cases, Supervisory Board members may, if justified, participate in a board or committee meeting via telephone or video conference. All three bodies are deemed to have a quorum if two-thirds or at least three of their members are able to participate in person or outside of formal meetings if no objections are raised by any member via a telephone link or via proxy to vote on resolutions. Resolutions are adopted if a majority of the votes cast are in favor. In case of a tie, the Chairman of the body casts the deciding vote.

Every member of the Supervisory Board must disclose potential and actual conflicts of interest to 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, beyond temporary conflict of interest involving a Supervisory Board member cannot be resolved to the satisfaction of the Supervisory Board, it will result in that member having to resign.

EXECUTIVE AND SUPERVISORY BOARD COOPERATION

During 2010, the Executive Board and the Supervisory Board worked closely together 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 Stock Corporation Act (AktG), AIXTRON 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 about all relevant issues or developments involving planning, business trends, the Company's risk situation, risk management and compliance.

The Supervisory Board appoints the members of the Executive Board and oversees and advises the Executive Board in its management duties. For certain transactions and measures, specified in the Articles of Association of AIXTRON SE or the Executive Board's by-laws, the Executive Board must obtain the prior approval of the Supervisory Board. When concluding, amending or terminating major agreements that do not require approval under the Articles of Association or the Executive Board's by-laws, the Executive Board must report such events to the Supervisory Board.

This two-tiered management structure was retained when AIXTRON AG was converted into an SE. In accordance with the legal requirements, the formal mandates of the members of the Executive Board were automatically terminated with the entry into force of the change in legal form on December 22, 2010, the date it was recorded in the German Commercial Register. Prior to the entry into force of the SE, the Supervisory Board of AIXTRON SE formally resolved at its inaugural meeting on December 3, 2010, to appoint the same individuals as members of the Executive Board of AIXTRON SE, with the same Executive Board management contract terms that were in force prior to the conversion.

FUNCTION AND COMPOSITION OF THE COMMITTEES

AIXTRON's Executive Board has not formulated any separate committees.

The Supervisory Board of AIXTRON currently has two committees; the Audit Committee and the Nomination Committee.

The Audit Committee is composed of a Chairman, who is an independent member and whose area of expertise is reporting and audits (as required by law: Articles 107(4); 100(5) German Stock Corporation Act/AktG) and three other members. The by-laws for the Supervisory Board specify that the Audit Committee is responsible, in particular, for preparing, on behalf of the Supervisory Board, proceedings and resolutions concerning accounting issues, the accounting process and the effectiveness of the internal control system, the risk management system and the internal audit system, as well as supervising the audit of the financial statements (and especially the independence of the auditors and any additional services performed by the auditors) and the handling of compliance issues. In addition, the Audit Committee is responsible for issuing the mandate to audit the annual accounts and the consolidated Group accounts and to carry out any examination of interim reports of AIXTRON SE; for identifying the main focus areas of the audit and for agreeing on the fee arrangements with the auditors. The Audit Committee forwards to the Supervisory Board its recommendation on which firm should be appointed as auditor.

The Nomination Committee is composed of a Chairman and two other members. According to the by-laws for the Supervisory Board, the task of the Nomination Committee is to propose suitable candidates to the Supervisory Board for recommendation to the General Shareholders' Meeting, taking care to ensure that jointly, the members of the Supervisory Board will have the necessary expertise, skills and professional experience to properly discharge their duties. The nature of the Company's international operations, potential conflicts of interests, the specified age limit for Supervisory Board members and diversity requirements, including an appropriate consideration of women must all be taken into account by the Nomination Committee.

The Supervisory Board should have what it considers to be a sufficient number of independent members. No more than two former AIXTRON Executive Board members should belong to the Supervisory Board. The members of the Supervisory Board should not fulfill a board function or consultancy task for a material competitor of the company. The Supervisory Board must at least have one independent member with expertise in accounting, internal controls and audits.

The interaction and cooperation of the Executive Board, the Supervisory Board and its committees during fiscal year 2010 are further described in the Supervisory Board Report which is also part of this Company's Annual Report which can be downloaded from the AIXTRON corporate website.

2 // CORPORATE GOVERNANCE REPORT

2.1 // REPORT ON CORPORATE GOVERNANCE FROM THE EXECUTIVE AND SUPERVISORY BOARDS

AIXTRON is committed to observing the principles of transparent and responsible conduct of business aimed at creating value on a sustainable basis, by employing appropriate corporate governance. We, the Executive and Supervisory Boards of AIXTRON SE, 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, prepared in accordance with 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 pursuant to Article 161 of the German Stock Corporation Act (AktG) in February 2011, 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.

FULL COMPLIANCE

AIXTRON has complied with all recommendations of the German Corporate Governance Code, as updated from time to time, for the last five years, including fiscal year 2010. Our internal monitoring and control systems – the robustness of which has been regularly tried and tested during this time – 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 February 2011, 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.

With respect to the most recent changes to the Code (item 4.1.5 GCGC) concerning the need for greater diversity within companies, AIXTRON is of the opinion that, due to the current demographic status and the current shortage of appropriately skilled personnel in Germany, that the company should aim to further increase the employment of both women and international employees amongst the general employee group and at managerial level. While there has always been a significant number of international employees at AIXTRON, the advancement and employment of women is perceived to be in the best long-term interest of the Company and society. The Company is also particularly keen to encourage the necessary longer-term changes in both social and educational policies and attitudes, required in order to increase the number of women in the key AIXTRON occupations such as mechanical engineers, technicians, physicists and chemists. The greater availability of appropriately qualified women in the above

mentioned professions would greatly assist AIXTRON in the company's ambition to recruit more women into the workforce.

With regard to future appointments to the Supervisory Board (items 5.4.1 and 5.4.2 of the GCGC), the Supervisory Board members have already, as part of the preparation process for the new elections held in conjunction with the Company's transformation into an SE, defined outline objectives on the following criteria:

// With respect to nominations of Supervisory Board members the Nomination Committee will ensure that the Supervisory Board will at all times consist of members who, individually and collectively as a team, have the knowledge, skills and experience required to perform their tasks properly. In addition, the members should be independent. Thus, the nomination committee will help to enhance efficiency and transparency of the selection process. As a general rule, the Supervisory Board members are nominated for election for the longest permissible period as provided for in the articles of association.
// AIXTRON currently exports more than 95% of its products overseas and more than 90% thereof to the Far East. Experience in the electronics and lighting appliances markets overseas that are specific to AIXTRON is of great benefit. .
// As a general rule, the members of the Supervisory Board should not be older than 70 when they retire from the Supervisory Board. They should be available to the Company for at least two election periods.
// The Supervisory Board has six members. The aim should be that the individual Supervisory Board members will have training, qualification, expertise and international experience that is as diversified as possible so that collectively they will have the knowledge, skills and experience required to perform their tasks properly. Company and product oriented coverage with an understanding of the business model, the specifics of the industry, and the processes in the various departments business management and administration, accounting, audit of annual financial statements, corporate development, capital market, technology, special machine production, markets/sales, lighting, lobby etc. is of benefit.
// It is in the interest of the Company to use the potential of well-trained and motivated women in order to become more competitive nationally and internationally. The Supervisory Board aims for an appropriate participation of 20% by women in the Supervisory Board.
// The Supervisory Board members shall not have any business or personal relationships with the Company or its Executive Board that might give rise to a conflict of interest.
// The Supervisory Board shall not have more than two former members of the Executive Board amongst its members.
// The Supervisory Board members shall not hold any function as a board member in or act as a consultant for any major competitors of the Company.
// The Supervisory Board must have at least one independent member with expertise in accounting, internal control processes and auditing of annual financial statements. This Supervisory Board member will then also be a member of the audit committee.

// Given the increased demands on professionalization of Supervisory Board members and with a view to ensuring that their services will be delivered as efficiently as possible as in previous years, new Supervisory Board members should not hold more than five seats in other listed companies or other companies with similar demands. The aim is to prefer candidates who are based in Germany or in other parts of Europe.
// As part of our efforts to further encourage and improve the professionalism of the Supervisory Board through continuing education, its members have participated in advanced training for both their Supervisory Board functions and for their regular external job functions.

SHAREHOLDERS AND GENERAL SHAREHOLDERS' MEETING

The regular General Shareholders' Meeting 2010 was held in Aachen on May 18, 2010. The invitation to the General Shareholders' Meeting was announced online in the German Federal Gazette (Bundesanzeiger), as prescribed by law, and included the agenda and proposed resolutions from the Executive and Supervisory Boards and the conditions for participating in the General Shareholders' Meeting and exercising voting rights. The Company's ADS (American Depositary Shares) holders received additional special proxy voting forms within the required timeframe. All of the reports and documentation required by law were available on our website at www.aixtron.com from the date the General Shareholders' Meeting was called. Immediately after the General Shareholders' Meeting, AIXTRON published the attendance figures and voting results in a press release and on its website.

Eight out of twelve agenda points required the approval of the General Shareholders' Meeting. All of the resolutions were approved with at least 94.6% of the votes present, with around 46% of AIXTRON shareholders represented at the General Shareholders' Meeting. Under agenda item 2, the decision was made to distribute a dividend of EUR 0.15 per share for fiscal year 2009. Under agenda item 5, the General Shareholders' Meeting approved the remuneration system for Executive Board members. Under agenda item 7, the shareholders voted to renew the authorization for the repurchase and use of treasury stock. Under agenda item 11, the General Shareholders' Meeting adopted a resolution to amend the Articles of Association to reflect the Act Implementing the Shareholder Rights Directive (ARUG/Gesetz zur Umsetzung der Aktionärsrechterichtlinie) and under agenda item 12, it decided to convert AIXTRON AG into a European Company (Societas Europaea/SE). Agenda items 8 through 10 dealing with Company financing (creating new authorized capital and authorization to issue new bonds with warrants and/or convertible bonds) were withdrawn beforehand and consequently not voted on.

SHARES HELD BY EXECUTIVE AND SUPERVISORY BOARD MEMBERS

As of December 31, 2010, members of AIXTRON SE's Supervisory Board directly and indirectly held a total of 8,731,504 shares, or 8.6% of the Company's share capital, which stood at EUR 101,179,866 at year-end.

As of December 31, 2010, 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. Information regarding the purchase and sale of AIXTRON SE shares by persons performing managerial responsibilities according to Article 15a of the German Securities Trading Act (Wertpapierhandelsgesetz or WpHG) is published on the AIXTRON website under the category "Corporate Governance/Directors Dealings" without undue delay after the Company has been formally notified. In accordance with Article 10 of the German Securities Prospectus Act (Wertpapierprospektgesetz or WpPG), every transaction is also published in an annual document, which is available on the Company's website. During fiscal year 2010, five such transactions were published; these involved the direct sale of 74,608 AIXTRON shares and the acquisition of derivatives on the AIXTRON shares.

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 AIXTRON SE and the AIXTRON Group is provided in German and/or English, in the form of:

// the Annual Report with the Group Annual Report, the Group Management Report and the Supervisory Board Report
// the SE's annual financial statements and the related Management Report
// the explanatory report by the Executive Board pursuant to Articles 289(4) and 315(4) of the German Commercial Code (HGB)
// Form 20-F for the United States Securities and Exchange Commission ("SEC")
// Interim financial reports
// Quarterly analyst conference calls
// Company presentations
// Ad-hoc and corporate news releases
// Forms 6-K for the SEC
// Marketing releases

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

REPORTING AND AUDIT

The Group interim financial reports as of March 31, June 30, and September 30, 2010 and the Consolidated Financial Statements for the period ending on December 31, 2010 have been prepared in accordance with IFRS (International Financial Reporting Standards). The separately reported parent-company Annual Financial Statements 2010 for AIXTRON SE, on which dividend payment is based, are prepared in accordance with German accounting standards (HGB) and the requirements of the German Stock Corporation Act (Aktiengesetz, or AktG).

The Consolidated Financial Statements were audited by the appointed external auditor and approved 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. No such material events were recorded in the current year.

STOCK OPTION PLANS

AIXTRON currently has four stock option plans which provide for the issuance to members of the Executive Board, officers and employees of the Company, of options to buy AIXTRON shares and/or American Depositary Shares (ADS).

During the year under review, the Company released a fourth tranche ("2010 Tranche") under the terms of the 2007 stock option plan by issuing 779,950 new stock options at an exercise price of EUR 26.60. 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; a further 25% can be exercised after at least three years and the remaining 25% after at least four years. The maximum duration of the stock options is 10 years.

Pursuant to the Act on the Appropriateness of Executive Board Compensation (VorstAG), any stock option plans launched in the future will be structured so that the stock options can be exercised no earlier than four years after they are granted.

As of December 31, 2010, the 2007, 2008 and 2009 Tranches of the 2007 stock option plan and the previous stock option plans (AIXTRON 1999 and 2002 plans, Genus 2000 Stock Option Plan) still had outstanding options to subscribe to 5,161,362 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 **23 // Share-based payments**.

2.2 // REMUNERATION REPORT

As in previous years, the AIXTRON Remuneration Report for 2010 is included in this Corporate Governance Report. It contains 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 and/or of the Management Report/Group Management Report. The Remuneration Report is therefore an integral part of the audited Annual Financial Statements/Consolidated Financial Statements. Therefore, the information explained in this report is not reproduced 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 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. In addition, on May 18, 2010, the General Shareholders' Meeting, acting in accordance with Article 120(4) of the German Stock Corporation Act (Aktiengesetz, or AktG), approved the remuneration system summarized below.

The level of remuneration of AIXTRON's Executive Board members 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 plan), a variable bonus, and a share-based payment.

The Executive Board employment contracts stipulate an annual income 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 private pension insurance.

The variable bonus (profit-sharing) is based on consolidated net income for the year and is paid from an "accrued internal bonus", defined as up to 10% of the modified consolidated net income for the year, but not to exceed EUR 6.5 million. 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 retained earnings in the Annual Financial Statements of AIXTRON 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 consolidated net income from subsequent fiscal years.

In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The stock option plans, including the exercise thresholds, are adopted at each General Shareholders' Meeting. The number of options granted to 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 is regularly reviewed by the Supervisory Board. Attention is also paid to ensuring that the terms of the remuneration components do not induce the Executive Board to take inappropriate risks.

In fiscal year 2010, the total fixed and variable remuneration of the Executive Board (including benefits in kind and pension allowance) totaled EUR 7,620,046 (2009: EUR 5,148,351; 2008: EUR 2,507,112). Moreover, the Executive Board was granted 156,000 options in 2010 (2009: 156,000; 2008: 156,000) with a grant-date fair value of EUR 1,383,720 (2009: EUR 1,344,720; 2008: EUR 276,120). The division between the individual members of the Executive Board for the years 2008 to 2010 is presented in the table below.

Executive Board Member	Year	Fixed remuneration* (EUR)	Variable remuneration (EUR)	Total fixed and variable remuneration (EUR)	Options granted (number)	Grantdate fair value of options (EUR)	Total EB remuneration (EUR)
Paul Hyland	2010	434,191	2,888,890	3,323,081	52,000	461,240	3,784,321
	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
Wolfgang Breme	2010	308,968	1,805,555	2,114,523	52,000	461,240	2,575,763
	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
Dr. Bernd Schulte	2010	376,887	1,805,555	2,182,442	52,000	461,240	2,643,682
	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
Total	**2010**	**1,120,046**	**6,500,000**	**7,620,046**	**156,000**	**1,383,720**	**9,003,766**
	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**

* incl. benefits in kind and allowance for pensions

As of December 31, 2010, the AIXTRON Executive Board held a total of 953,758 Company stock options to subscribe to a total of 962,516 ordinary shares of the Company (December 31, 2009: 806,516 shares; December 31, 2008: 650,516 shares). The number of shares underlying the options is set out below. The actual profits from exercising the stock options may 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 2010	52,000	0	461,240	26.60	Nov 2020
	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	26,000	225,680	10.09	Dec 2017
	May 2006	55,000	41,250	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 2010	52,000	0	461,240	26.60	Nov 2020
	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	26,000	225,680	10.09	Dec 2017
	May 2006	55,000	41,250	84,150	3.83	Nov 2016
Dr. Bernd Schulte	Nov 2010	52,000	0	461,240	26.60	Nov 2020
	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	26,000	225,680	10.09	Dec 2017
	May 2006	55,000	41,250	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		**962,516**	**304,236**			

In accordance with IFRS 2, the "grant-date fair value of the options" is also used as the basis for recognizing options issued after November 7, 2002 under expenses on the Income Statement. For stock options issued before November 7, 2002, the fair value was calculated using the Black-Scholes model.

In fiscal year 2010, the Executive Board members exercised no options (2009: 0; 2008: 6,875) and none (2009: 0; 2008: 0) expired.

The current Executive Board members have no individual company pension benefits which would result in pension provisions being required to be made by the company. Instead, the combined Executive Board annual pension allowance (EUR 120,000 p.a. in 2010, 2009 and 2008), 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 (or similar plan).

Net obligations for funding of defined benefit pension plans of Euro 17k existed as of December 31, 2010 (2009 Euro 1,064k; 2008 Euro 845k). The Company's net pension commitments to two former members of the AIXTRON Executive Board were outsourced to a third party insurance company during 2010.

The Executive Board members receive no loans from the Company.

SUPERVISORY BOARD REMUNERATION

Remuneration of the Supervisory Board is regulated by AIXTRON's Articles of Association. 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 the amount received by a regular member of the Supervisory Board. The members of the Supervisory Board also receive, in aggregate, a variable compensation of 1% of the Company's net income, 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, committee members 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.

The remuneration of the members of AIXTRON SE's first Supervisory Board will be set by the General Shareholders' Meeting that resolves on the approval of the activities of AIXTRON SE's first Supervisory Board members.

In fiscal year 2010, the compensation of the Supervisory Board totaled 801,000 (2009: EUR 567,350; 2008: 446,958). The Supervisory Board compensation for the years 2008 through 2010 can be broken down as follows:

Supervisory Board Member	Year	Fixed (EUR)	Variable (EUR)	Attendance fee (EUR)	Total (EUR)
Kim Schindelhauer*/**/*** (Chairman of the Supervisory Board)	2010	54,000	216,000	7,500	277,500
	2009	54,000	135,651	6,000	195,651
	2008	54,000	93,162	6,000	153,162
Dr. Holger Jürgensen*/**/*** (Deputy Chairman of the Supervisory Board, Chairman of the Nomination Committee)	2010	27,000	108,000	9,000	144,000
	2009	27,000	67,826	6,000	100,826
	2008	27,000	46,581	6,000	79,581
Prof. Dr. Wolfgang Blättchen*/** (Chairman of the Audit Committee)	2010	18,000	72,000	13,500	103,500
	2009	18,000	45,217	12,000	75,217
	2008	18,000	31,054	12,000	61,054
Karl-Hermann Kuklies	2010	18,000	72,000	0	90,000
	2009	18,000	45,217	0	63,217
	2008	18,000	31,054	0	49,054
Prof. Dr. Rüdiger von Rosen	2010	18,000	72,000	0	90,000
	2009	18,000	45,217	0	63,217
	2008	18,000	31,054	0	49,054
Joachim Simmroß*	2010	18,000	72,000	6,000	96,000
	2009	18,000	45,217	6,000	69,217
	2008	18,000	31,054	6,000	55,054
Total	**2010**	**153,000****	**612,000*****	**36,000**	**801,000**
	2009	**153,000**	**384,345**	**30,000**	**567,345**
	2008	**153,000**	**263,958**	**30,000**	**446,958**

* Member of the Audit Committee
** Member of the Nomination Committee
*** Former Executive Board member of AIXTRON AG
**** of which kEUR 149 is for the period from Jan. 1, 2010 to Dec. 21, 2010 for duties performed as the Supervisory Board of AIXTRON AG and, subject to the resolution of the Annual General Meeting according to § 113 sec. 2 AktG, kEUR 4 for the period from Dec. 22, 2010 to Dec. 31, 2010 for duties performed as the Supervisory Board of AIXTRON SE
***** of which kEUR 595 for the period from Jan. 1, 2010 to Dec. 21, 2010 for duties performed as the Supervisory Board of AIXTRON AG and, subject to the resolution of the Annual General Meeting according to § 113 sec. 2 AktG, kEUR 17 for the period from Dec. 22, 2010 to Dec. 31, 2010 for duties performed as the Supervisory Board of AIXTRON SE

As in previous years, there were no payments made to any Supervisory Board member for advisory services in the year 2010.

The Supervisory Board members receive no loans from the Company.

OTHER

The Company has a D&O insurance contract in place, covering the activities of members of the Executive Board and members of the Supervisory Board. Following the entry into force of the Act on the Appropriateness of Executive Board Compensation (VorstAG), the D&O insurance policies for members of the Executive Board and also members of the Supervisory Board of AIXTRON were adjusted to reflect the new legal requirements. Effective 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.

PERFORMANCE //

GROUP MANAGEMENT REPORT AS OF DECEMBER 31, 2010

This Management Report relates to the Consolidated Financial Statements of AIXTRON SE (formerly AIXTRON AG) including the following subsidiaries (collectively referred to as "AIXTRON", "the AIXTRON Group", "the Group" or "the Company"): AIXTRON, Inc., Sunnyvale, California (USA); AIXTRON Ltd., Cambridge (United Kingdom); Nanoinstruments Ltd. (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 2** to the Consolidated Financial Statements.

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements regarding the business, results of operations, financial condition and earnings outlook of AIXTRON within the meaning of the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These statements may be identified by words such as "may", "will", "expect", "anticipate", "contemplate", "intend", "plan", "believe", "continue" and "estimate" and variations of such words or similar expressions. These forward-looking statements are based on our current views and assumptions and are subject to risks and uncertainties. You should not place undue reliance on these forward-looking statements. Actual results and trends may differ materially from those reflected in our forward-looking statements. This could result from a variety of factors, such as actual customer orders received by AIXTRON, the level of demand for deposition technology in the market, the timing of final acceptance of products by customers, the condition of financial markets and access to financing for AIXTRON, general conditions in the market for deposition plants and macroeconomic conditions, cancellations, rescheduling or delays in product shipments, production capacity constraints, extended sales and qualification cycles, difficulties in the production process, the general development in the semi-conductor industry, increased competition, fluctuations in exchange rates, availability of public funding, fluctuations and/or changes in interest rates, delays in developing and marketing new products, a deterioration of the general economic situation and any other factors discussed in any reports or other announcements field by AIXTRON with the U.S. Securities and Exchange Commission. Any forward-looking statements contained in this document are based on current expectations and projections of the executive board and on information currently available to it and are made as at the date hereof. AIXTRON undertakes no obligation to revise or update any forward-looking statements as a result of new information, future events or otherwise, unless expressly required to do so by law.

BUSINESS AND OPERATING ENVIRONMENT

ORGANIZATIONAL STRUCTURE

The table below shows a list of the AIXTRON subsidiaries as of December 31, 2010:

Name	Jurisdiction of Incorporation	Ownership Interest in %
AIXTRON Ltd.	England & 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
Nanoinstruments Ltd.	England & Wales	100
Genus Trust*	USA	n.a.

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

MANAGEMENT AND CONTROL

The mandates of the members of the Executive Board of AIXTRON AG were automatically terminated with the entry into force of the change in legal form on December 22, 2010, the date AIXTRON SE was recorded in the German Commercial Register. However, the Supervisory Board of AIXTRON SE formally resolved at its inaugural meeting on December 3, 2010, to appoint the same individuals as members of the Executive Board of AIXTRON SE. The Executive Board management contract terms were continued in their previous form.

Therefore, as of December 31, 2010, 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

The members of AIXTRON SE's first Supervisory Board were appointed by AIXTRON SE's Articles of Association in accordance with Article 40(2), sentence 2 of the SE Regulation (SE-VO) on December 22, 2010.

As of December 31, 2010, AIXTRON's Supervisory Board consisted of the following six individuals:

Name	Position	First Appointment	End of Term
Kim Schindelhauer*/**/****	Chairman of the Supervisory Board	2002	AGM 2011***
Dr. Holger Jürgensen*/**/****	Deputy Chairman of the Supervisory Board, Chairman of the Nomination Committee	2002	AGM 2011***
Prof. Dr. Wolfgang Blättchen*/**	Chairman of the Audit Committee, Independent Financial Expert	1998	AGM 2011***
Karl-Hermann Kuklies		1997	AGM 2011***
Prof. Dr. Rüdiger von Rosen		2002	AGM 2011***
Joachim Simmroß*		1997	AGM 2011***

* Member of the Audit Committee
** Member of the Nomination Committee
*** Members of the first Supervisory Board are appointed until the end of the General Shareholders' Meeting that resolves on the approval of the Supervisory Board's activities for AIXTRON SE's first fiscal year, but in any case for no longer than three years.
**** Former Executive Board Member of AIXTRON AG

PRINCIPLES OF MANAGEMENT COMPENSATION

The level of remuneration of the Executive Board members of AIXTRON SE 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, and the desire to retain them, 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. The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The variable bonus (profit-sharing) is based on the consolidated net income for the year. In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans. The current Executive Board members have no individual Company pension benefits, which would result in pension provisions being required to be made by AIXTRON, 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 AIXTRON's Articles of Association. 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 the amount received by a regular member of the Supervisory Board. The members of the Supervisory Board also receive, in aggregate, a variable compensation of

1% of the Company's net income, less an amount corresponding to 4% of the paid-in contributions to the share capital. In addition, committee members 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 **note 30** of the Consolidated Financial Statements as well as in the Corporate Governance/Remuneration Report.

INFORMATION CONCERNING SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE ("HGB") ON TAKEOVERS

The Company's stated share capital (Grundkapital) as of December 31, 2010 amounted to EUR 101,179,866 (December 31, 2009: EUR 100,667,177; December 31, 2008: 90,894,616) divided into 101,179,866 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, 2010	Approved since	Expiry Date	Dec. 31, 2009	Dec. 31, 2008	2010–2009
Issued shares	101,179,866	–	–	100,667,177	90,894,616	512,689
Authorized Capital 1 – Capital increase for cash or contribution in kind with existing shareholders' preemptive rights	expired	18/05/2005	17/05/2010	35,919,751	35,919,751	–35,919,751
Authorized Capital 2 – Capital increase for cash excluding existing shareholders' preemptive rights	0	18/05/2005	17/05/2010	0	8,979,937	0
Conditional Capital 2 – Stock Options Program 1999	1,926,005	26/05/1999	31/12/2017	1,926,005	1,926,005	0
Conditional Capital 4 – Stock Options Program 2002	972,183	22/05/2002	31/12/2016	1,247,197	2,039,821	–275,014
Conditional Capital 1 2007 – Authorization to potentially issue convertible notes or warrants in future	35,875,598	22/05/2007	21/05/2012	35,875,598	35,875,598	0
Conditional Capital 2 2007 – Stock Options Program 2007	3,681,699	22/05/2007	31/12/2018	3,919,374	3,919,374	–237,675

In accordance with section 71(1) no. 8 German Corporations Act, AktG, the Company is authorized until May 17, 2015, with the approval of the Supervisory Board, to purchase its own shares representing an amount of up to EUR 10,084,445 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 on several occasions 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 (Article 59 SE Regulation, SE-VO; §179 German Corporations Act, AktG). Other amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least one half of the share capital is represented, a simple majority of the votes cast.

As of December 31, 2010, about 20% of AIXTRON shares were held by private individuals, with around 80% held by institutional investors. The largest AIXTRON shareholder was Camma GmbH, Aachen (Germany) with approximately 8% holdings in AIXTRON stock. Circa 92% of the shares are considered as free float according to Deutsche Börse's definition.

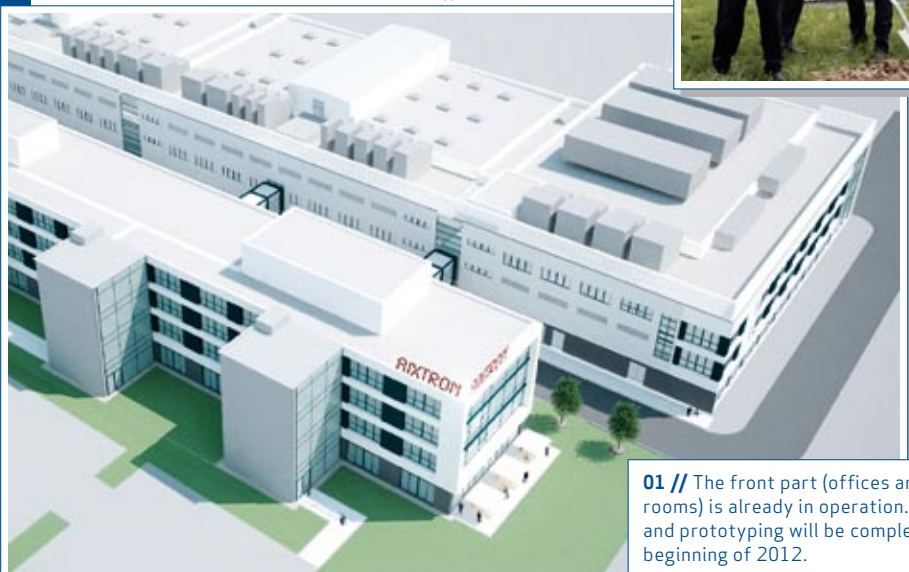
The Supervisory Board appoints and removes from office the members of the Executive Board, who may serve for a maximum term of five years before being reappointed.

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.

FUTURE

02 GROUNDBREAKING CEREMONY IN APRIL 2010 //

01 ARCHITECTURAL MODEL OF THE NEW BUILDING //



01 // The front part (offices and conference rooms) is already in operation. Laboratory and prototyping will be completed by the beginning of 2012.

02 // The groundbreaking ceremony kicked off the first phase of construction.

03 // The topping out ceremony for the first phase of construction with many invited guests.

04 // The first phase of construction was completed in October 2010.

03 TOPPING OUT CEREMONY IN SEPTEMBER 2010 //

04 OFFICE COMPLEX IN OCTOBER 2010 //

LOCATIONS

The Company has its registered office in Herzogenrath, Germany, and had a total of 15 facilities worldwide owned or rented as of December 31, 2010:

Facility location	Use	Approx. size (m²)	Lease expiry
Herzogenrath, Germany (owned)	Headquarters, Manufacturing, Service, Engineering	12,457	–
Herzogenrath, Germany (owned)	Research and Development	7,515	–
Herzogenrath, Germany (leased)	Administration, Sales	2,419	31/12/2011
Aachen, Germany (leased)	Research and Development	200	29/01/2014
Alsdorf, Germany (leased)	Manufacturing	1,588	31/12/2011
Cambridge, UK (leased)	Manufacturing, Engineering, Research and Development	2,180	13/09/2019
Cambridge, UK (leased)	Sales and Service, Engineering	1,386	27/06/2020
Cambridge, UK (leased)	Manufacturing	2,093	29/04/2011
Lund, Sweden (leased)	Engineering, Service	449	31/12/2011
Sunnyvale, CA, USA (leased)	Manufacturing, Sales and Service, Engineering, Research and Development	9,300	31/10/2012
Seoul, South Korea (leased)	Sales and Service	1,032	31/08/2011
Shanghai, China (leased)	Representative Office	492	30/06/2013
Hsinchu, Taiwan (leased)	Sales and Service	1,418	31/12/2011
Tainan, Taiwan (leased)	Service	203	26/05/2013
Tokyo, Japan (leased)	Sales and Service	534	30/09/2012

As publicly announced in January 2010, AIXTRON has started a building project for a new Research and Development ("R&D") center at its premises in Herzogenrath in support of the Company's R&D strategy. The new facility will be mainly used for Engineering and R&D. Phase 1 of the building project was completed in October 2010, when the first 250 staff members relocated into the new facility, which is modular in design. The 2nd phase includes new application laboratories and a prototype production facility for an additional 150 staff members. It is scheduled to be finished early 2012. The new facilities will total approximately 16,000 square meters and will draw upon an energy efficient design, including LED lighting, to minimize its carbon footprint.

For more detailed information regarding the investments for the new R&D center, please refer to chapter **Investments** in this report.

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 optoelectronic 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 R&D 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 chapter **Risk Report** for potential factors that could adversely affect the Company's business activities, model and strategy going forward.

EMPLOYEES

AIXTRON's success very much depends on the achievements and motivation of the Company's staff. The employees are recruited on the basis of professional and personal qualifications and experience. Apart from direct advertising of job opportunities, to attract new employees, AIXTRON regularly participates in job fairs and other career events, publishes dedicated press articles, and enjoys a close collaborative relationship with RWTH Aachen University.

During the last few years, the Company has implemented various measures to increase the attractiveness of AIXTRON as an employer, with the aim of achieving the long-term retention of employees. These measures include: flexible work times, individual work place design, project team structures, regular performance feedbacks, health management, child care support, staff canteen, employee communication newspaper "AIXpression", etc. Several internal training programs facilitate the identification and promotion of talent.

The Company's training center offers a number of training classes, ranging from new hire orientation 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.

As a global Company with an international corporate culture, AIXTRON manages diversity with the aim of creating a productive work atmosphere, to prevent social discrimination, and to cultivate equal opportunities.

In 2010, the total number of employees increased by 14%, from 687 employees at the end of 2009 (2008: 619) to 784 at December 31, 2010, due to the personnel requirements arising from a higher operating output. The biggest individual increase in employees occurred in the group who work in R&D, which grew by 20% in 2010. As in 2009, the largest group of permanent employees was employed in Manufacturing and Service positions during 2010.

EMPLOYEES BY FUNCTION

	2010		2009		2008		+/-	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Sales	62	8	72	10	75	12	-10	-14
Research and Development	248	32	206	30	200	32	42	20
Manufacturing and Service	375	48	316	46	261	42	59	19
Administration	99	12	93	14	83	14	6	6
Total	**784**	**100**	**687**	**100**	**619**	**100**	**97**	**14**

As of December 31, 2010, the majority of AIXTRON's worldwide permanent employees were based in Europe.

EMPLOYEES BY REGION

	2010		2009		2008		+/-	
	Dec. 31	%	Dec. 31	%	Dec. 31	%	abs.	%
Asia	154	20	116	17	84	14	38	33
Europe	524	67	472	69	428	69	52	11
USA	106	13	99	14	107	17	7	7
Total	**784**	**100**	**687**	**100**	**619**	**100**	**97**	**14**

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 larger 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, Nanowires or Graphene).

AIXTRON also manufactures full production and research scale deposition systems for silicon semiconductor applications capable of depositing material films on wafers of up to 300mm 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®	Gen1 R&D Tool	Lynx CVD
	200 Series	Gen2 Production Tool	Tricent® ALD
	Close Coupled Showerhead®	Gen 3.5 Production Tool	Tricent® AVD®
	Nano CVD Reactors; Black Magic Series		QXP-8300
	Hot Wall Reactors: VP series		
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	
	High-Frequency devices (such as Hetero Bipolar Transistors and High Electron Mobility Transistors) for wireless datacom	Electronic semiconductor structures, e.g. for flexible displays	
	Silicon Carbide ("SiC") based high power devices	Functional polymer layers	
	Gallium Nitride (GaN) based power devices	Dielectric or passivating polymer films	
	Solar cells		
	Carbon Nanostructures for electronic,display & heat sink applications		
	Graphene structures for electronic 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 can also assist 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 & DEVELOPMENT

02 R&D REACTOR CCS 3X2" //

01 R&D SYSTEM CCS //

03 HORIZONTAL HVPE SYSTEM //

04 HORIZONTAL HVPE REACTOR //

01 // The Close Coupled Showerhead® (CCS) system is highly regarded for its uniformity and scalability.

02 // Close Coupled Showerhead® Reactor (CCS) for R&D on InP, GaAs and GaN materials.

03 // Hydride Vapor Phase Epitaxy (HVPE) is the oldest vapor phase epitaxy process for compound semiconductors.

04 // The core component of AIXTRON HVPE technology is a hot wall reactor made of quartz, which is located in a multizone oven.

RESEARCH AND DEVELOPMENT

With 248 Research & Development employees, AIXTRON maintains a strong, well funded and focused R&D program within the business. The R&D infrastructure is currently being extended with the new purpose built facility being built at the Company's Herzogenrath/Aachen County premises. For more information regarding the new R&D Center please refer to chapter **Locations** in this report. 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 2010, R&D expenditures increased year on year, in line with expectations, by EUR 13.2 million, from EUR 32.9 million in 2009 (2008: EUR 28.3 million) to EUR 46.1 million, reflecting the Company's determination to further strengthen its technological positioning. For more information regarding R&D expenses from fiscal year 2008 through 2010, refer to chapter **Development of Results** in this report.

Supported by the strong financial performance, AIXTRON plans to further increase R&D expenditures in 2011, underlining the commitment to remain a recognized technology and market leader. In the current, Compound Semiconductor market environment, where the number of market participants is increasing, especially in China, and product cycle times are becoming shorter, Management believes that focused and market-led R&D is a critical success factor for AIXTRON.

In the short to medium term, it is planned to further increase the R&D focus on the opportunities that will arise from the development of a market for LED lighting devices. AIXTRON will also remain focused on the continual improvement programs for existing technologies, e.g. through more integration, automation or by developing new system architectures, all of which are targeted at enabling customers to achieve improvements in throughput and efficiencies. Moreover, the Company will continue to pursue new opportunities to leverage its core know-how of complex material deposition into new market and technology areas, as evidenced by the many internally and externally funded research projects, AIXTRON is actively engaged in.

AIXTRON maintains R&D laboratories in Aachen and Herzogenrath in Germany, in Cambridge, United Kingdom and in Sunnyvale, United States. 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 semiconductors structures. The projects pursued in the R&D laboratories are supported by cutting-edge simulation systems and techniques, which have been developed in-house, to become critical tools in significantly shortening 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. Most 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:

RESEARCH PROJECT "NEULAND"

// The principal aim of this German government funded project, which was started in the second quarter of 2010, is to further develop MOCVD technology for Gallium Nitride on Silicon applications, focused on a route to eventual mass production. The proposed new reactor and process technology could result in an increased usage of MOCVD equipment for high power applications. On a device level, it will potentially enable a substantial increase in the energy efficiency of electronic material structures contributing to the global focus on the search for energy efficient electronic devices.

RESEARCH PROJECT "EEMI450" AIMING AT 450MM SILICON WAFER EQUIPMENT

// This joint research project, formally started in the third quarter of 2010 and funded by the EU and the German government, is based upon an industrial initiative by European equipment and material suppliers eager to become engaged and competitive in 450mm wafer size technologies. The main task of AIXTRON will be to lead the efforts for the design, development and building of a 450mm showerhead deposition chamber for multi-component materials. AIXTRON is aware of the increasing market opportunities in the area of Silicon based micro technology and expects to directly benefit from this project by further strengthening the Company's competitive positioning.

RESEARCH PROJECT "NANOWIRING": FROM FUNDAMENTAL PHYSICS TO DEVICE APPLICATIONS

// The interest in semiconductor nanowires has been growing steadily in the last few years due to their potential as basic building blocks of nanoscale devices and circuits. This technology has the potential to positively contribute to the challenge the semiconductor industry faces in trying to address the obstacles involved in the physical scaling down of conventional semiconductor device structures. The aim of the EU-funded NANOWIRING joint research project, with AIXTRON as one of two industrial partners, is to increase European competitiveness in what is seen as an important emerging technological field. The main technological issues that the joint research program, which was formally started in November 2010, intends to address are the following: semiconductor nanowires for (1) sensors, (2) optoelectronic, (3) nanoelectronic and (4) renewable energy applications.

VEROM PROJECT (VAPORIZATION OF ORGANIC MATERIALS) AS PART OF A RESEARCH PROJECT TO PRODUCE AND STUDY ORGANIC SOLAR CELLS

// As part of this German research project, which was approved in the fourth quarter of 2010, AIXTRON is developing, constructing and qualifying a new OVPD® source technology, to be used for research into organic solar cells. This involves implementing a new modular source concept and jointly investigating it with project partners. The concept allows a low thermal load to be employed in the deposition process, requiring only a small quantity of organic materials. This innovative source concept will enhance the investigation of several new organic materials for use in organic solar cell technology.

PATENTS

To enable a more efficient use of resources throughout the Group and more accurately reflect the Group's technology matrix in support of the increased focus on R&D, AIXTRON has consolidated the intellectual property of its subsidiary AIXTRON, Inc. into the parent company AIXTRON SE as of July 1, 2010. This consolidation project included all production technologies, patents and inventions.

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, 2010, 187 patent-protected inventions were in use, of which 16 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 and renewed annually and will expire between 2011 and 2030.

MANUFACTURING AND PROCUREMENT

The AIXTRON manufacturing operation 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 and executes the final system assembly and product configuration and testing procedures.

Since 1994, AIXTRON has been assessed annually and awarded unlimited ISO 9001 certification. In 2003, the process-oriented management system was successfully certified in accordance with worldwide quality standard DIN EN ISO 9001:2000. In October 2009, this certification was upgraded to DIN EN ISO 9001:2008.

The Company complies with international standards and procedures for the equipment industry. The "CE" label confirms the conformity of AIXTRON products with the applicable European standards. Moreover, the "UL" standard for product admission to the US market and the tighter regulations of the SEMI organization are also complied with. When developing new equipment the "Restriction of Hazardous Substances Directive, RoHS" is also adhered to. Internal controls for compliance with these rules and standards have been implemented at AIXTRON accordingly. Several independent certification companies, such as "TÜV" in Germany, "UL" or "ETL" in the US also confirmed compliance with their requirements and specifications through the issuance of the respective examination certifications.

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.

AIXTRON's Sales and Service Organization 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 as well as operational support of such system.

See also chapter **Development of Revenues** for a breakdown of revenues by technology and region.

CUSTOMERS AND GEOGRAPHIC REGIONS

AIXTRON's semiconductor device customers are principally, but not exclusively, focused on the manufacturing of LEDs, integrated circuits, 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. Others 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. The Company's customers also include research centers and universities. Most of the world's leading electronic device manufacturers produce in Asia and consequently, the majority of AIXTRON sales continue to be delivered into this region.

In 2010, 91% (2009: 82%; 2008: 87%) of our revenues were realized with customers in Asia, 4% (2009: 14%; 2008: 7%) of our sales went to Europe and 5% (2009: 4%; 2008: 6%) into the USA.

COMPETITIVE POSITIONING

AIXTRON's main competitor in MOCVD applications is Veeco Instruments, Inc. (USA) with part of its "LED & Solar" business segment. 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 are considering developing their own MOCVD tools. For example; both Applied Materials, Inc. (USA) and Jusung Engineering Co. Ltd. (South Korea) are currently in the development process for an in-house equipment solution for the production of LEDs.

Based on the market research by Gartner Dataquest (as of March 2010), it is estimated that the share of the worldwide MOCVD equipment market (estimated 2009 total market value: USD 533m) held by AIXTRON in 2009 was around 68%. The Company's strongest competitor in terms of sales, Veeco Instruments, Inc., had an estimated market share of approximately 26% for the same period. Viewed in the mid to long term, AIXTRON continues to target a market leading position of circa 60% of the global MOCVD market. Market research company Gartner Dataquest anticipated in December 2010 that the final value of the MOCVD equipment market would be circa USD 1.5bn by the end of 2010.

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 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 deposition 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's system technology 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), IPS Technology (South Korea), Jusung Engineering Co. Ltd. (South Korea), and Hitachi Kokusai Electric Co. Inc. (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 22nm 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.

The specific market niche to be addressed by AIXTRON's system technologies for the production of specialized applications such as gate stacks and capacitors is estimated by Gartner Dataquest (in December 2010) to be valued at USD 240m by the end of 2010 (2009: USD 166m). In line with other capital equipment companies targeting future sub 32nm memory and sub 22nm logic integrated circuits, AIXTRON has continued to experience low order intake and revenue levels in 2010. AIXTRON's market share in this area is therefore not considered meaningful at this point in time.

KEY PERFORMANCE INDICATORS

The Executive Board has implemented numerous control systems and procedures to manage, monitor, analyze, and document Company risks and opportunities, including a Key Performance Indicator system addressing all relevant business areas, with a primary focus on the "Market", "Finance" and "Technology Development" control areas.

In the "Market" control area, using third party reports and direct customer dialog, AIXTRON pursues a market-led product development strategy through the careful examination of market trends and customer requirements. The objective of this strategy is to ensure the market availability of new and appropriately competitive product generations in line with customer requirements.

In the "Finance" control area, the Executive Board uses a range of internal and external key performance indicators, with particular focus on: total sales, contribution margins, net result data and cash flow. The objective of these controls 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 objective of this review process 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 Germany, the UK and the US, including, for example, the Bundesamt für Wirtschaft und Ausfuhrkontrolle, BAFA in Germany, the Department for Business, Innovation and Skills in the UK as well as the Department of State and the Department of Commerce in the US.

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 defined 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

Optimism about a sustainable economic recovery has considerably increased during 2010.

However, the initial speed of recovery – the global economy expanded at an annualized rate of 5.25% during the first six months of 2010 compared to the same period in 2009 – positively surprised most observers. As growth slowed slightly in the second half of the year, the International Monetary Fund (IMF) forecasted the eventual full year 2010 increase for the global economy would be 4.8%. However, there was considerable regional variety in the reported rate of economic growth for the reporting period 2010.

Emerging and developing countries stimulated the economic recovery with growth rates in excess of 7%. The more developed Asian economies grew even more at 9.4%, with China leading this development with a growth rate of 10.5% according to the IMF. The dynamics of this specific market were seen clearly in the significant demand growth that AIXTRON recorded for China in 2010.

In comparison, the more advanced economies generated significantly lower growth rates, adding on average only 2.7% to their gross domestic product (GDP) compared with the prior year. Again, the pace of recovery varied widely: In the US, a high unemployment rate of 9.7% was perceived to have suppressed domestic demand and limited GDP growth to 2%, according to the Organization for Economic Co-operation and Development (OECD).

In Europe, the threat of a debt crisis persisted. Difficulties in Greece, Ireland, Portugal and Spain weighed on European economic growth, limiting it to 1.7% for the year, according to the Economic Outlook of the OECD. Germany's export-driven economy, having been significantly affected by weak global trade in 2009 led the European economy with a solid GDP growth of 3.3%. In comparison, other key European countries such as France, the UK and Italy achieved GDP growth rates of only 1.6%, 1.4% and 1.0% respectively, while Spain decreased by 0.3%.

In 2010, stock markets continued the positive development first seen in the second half of 2009: the German DAX index rose from 5,957 points at the beginning of the year to 6,914 points (+16%) at the end of December. The TecDAX index, of which AIXTRON is now one of the highest ranking constituents concerning market capitalization and turnover, was volatile but largely unchanged year on year, increasing from 818 points by only 33 points to 851 points as of 31 December (+4%). Major international indices such as the S&P 500 and the FTSE 100 ended the year up by 12% and 9%, respectively.

The US Dollar strengthened significantly during the first half of the year, appreciating against the Euro by circa 17% to 1.19 USD/EUR, while the Euro remained under pressure, arising from continued tensions and uncertainties about fiscal saving plans and the future debt financing and redemption capabilities of the above mentioned Euro zone countries.

During the second half of the year some of the previous US Dollar gains against the Euro were lost again due to the continued weakness of the US domestic economy, sharply increasing national debt and raising unemployment. The currency ended the year at 1.33 USD/EUR, which represents a gain of 8% for the year against the Euro.

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

THE SEMICONDUCTOR EQUIPMENT MARKET

While the recorded world real gross domestic product increased in value terms by an estimated 4.8% (according to the IMF) in 2010, the electronics equipment industry increased by 13.7% (according to Gartner Dataquest, December 2010).

In comparison, semiconductor capital spending recovered strongly by about 109% in 2010, and specific spending on Wafer Front End equipment (WFE), which includes spending on deposition tools supplied by AIXTRON, increased even more, by an estimated 133% year on year (according to Gartner Dataquest, December 2010).

The customer end-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 2010 report, to grow by 52% in 2010, and unit volume sales were predicted to increase at least in line with revenue year on year. Reflecting this growth prediction in combination with the positive short to mid-term outlook for the HB LED market, AIXTRON's system revenues actually increased year on year by 168% in 2010. The main driver of this development was the continuously increasing adoption of LEDs used as backlighting for LCD TVs and the corresponding demand for MOCVD equipment from LCD TV producers and chip and component manufacturers. Early stage demand for LED lighting production equipment was also more evident in 2010 and contributed to the emergence of more LED lighting devices.

AIXTRON SPECIFIC FACTORS

MARKET INTRODUCTION OF AIXTRON'S NEW GENERATION PRODUCTS

// In February 2010, we announced the launch of AIXTRON's next generation MOCVD systems, the AIX G5 HT and CRIUS® II, which can be configured as part of the new IC 2 platform. Based

on the established Planetary and Showerhead Reactor designs, the AIX G5 HT and the CRIUS® II systems feature the largest proven wafer capacity available on the market. The new systems have the potential to more than double AIXTRON's customers' productivity compared to the previous MOCVD system generation. If customers opt for fully automated/clustered systems, they can potentially achieve further substantial cost of ownership improvements.

// With several new generation MOCVD system orders received during 2010 from established LED production customers, the market acceptance has been progressing positively and in line with Management's expectations during the reporting year. In Q4/2010, around 55% of the total LED production system orders were for the new generation G5 and CRIUS® II systems (full year 2010: 26%).

// AIXTRON believes that these high volume production systems are becoming increasingly attractive for customers planning and preparing for the early adoption of LED lighting applications.

REGIONAL REVENUE SHIFT TO CHINA

// With Chinese local government subsidies initiated in 2009 having been further extended into the current reporting year, demand from China located customers continued to be strong with orders for the increase of production capacity, primarily targeted at LED lighting applications. Local government authorities, mandated by the Chinese central government, have continued to support LED makers through substantial direct subsidies. Supported by these "bottom up" subsidies, many customers became financially able to place large multiple orders in order to build up their LED production facilities.

// AIXTRON's 2010 order book significantly benefitted from these incentives, with orders from Chinese customers steadily increasing throughout the four quarters of 2010. Consequently, revenues from Chinese customers significantly increased to become 25% of the total 2010 revenues and the second largest revenue region after Taiwan - for the first time in AIXTRON's history.

// The sustainability of Chinese investments in the area of LED production equipment will not be disadvantaged by the stated objectives of the 12th Chinese 5-year plan, which is due for full publication in March 2011. There is a widespread view that LED technology will be an integral part of this 5-year plan in order to enable China to support their growing needs for more efficient energy consumption and their aspirations to become a meaningful global player in this market.

TANGIBLE MOMENTUM IN THE DEVELOPMENT OF LED LIGHTING APPLICATIONS

// The LED lighting industry has been seemingly gaining momentum throughout the year 2010, evidenced by an increasing number of LED lighting devices being employed (for commercial, industrial and municipal applications) and an increasing number of LED replacement products for incandescent or fluorescent light bulbs becoming commercially available in retail outlets (for domestic consumer applications).

// Government and public body regulatory requirements and financial incentive and support programs have been sustained in many international markets, but particularly in Asia, encouraging and creating a healthy capital equipment investment environment in the emerging LED lighting industry.

// In 2010, several leading companies including Osram Sylvania, Philips, GE, Cree, Toshiba, Sharp, Panasonic, LG and Samsung have launched or announced general-purpose LED lights designed to replace incandescent, halogen, or compact fluorescent light sources. Most of those products produce the equivalent light output of a 60-watt or less incandescent bulb. In addition to consuming far less electricity than incandescent light bulbs, LED bulbs could last for 20 years or more, they do not contain harmful mercury and have many other advantages versus incumbent technologies.

// Whilst early product positioning prices of around USD 40 for a 60-watt equivalent replacement product do not yet constitute the volume tipping point, the recent ability and willingness of suppliers to drive this price down is encouraging. The attractiveness of even premium priced products is increasingly being driven by a greater awareness of the beneficial total lifetime costs of LED lighting. The continuing momentum in this area, evident for the first time during this reporting period, is very encouraging.

AIXTRON EXPANDS TO NEW R&D FACILITIES

// During 2010, AIXTRON started to build a new, state-of-the-art R&D center to support the Company's accelerated R&D program and increased focus on new product development.

// Phase 1 of the building project, comprising of a modular designed office building with more than 300 employee workspaces, was completed in October 2010 when the first 250 staff members relocated into the new facility. Phase 2 includes new application laboratories and a prototype production facility for additional 150 staff members. It is currently being built and scheduled to be finished early 2012.

// In total, AIXTRON expects to have invested in excess of EUR 40m of its cash resources on the first two phases of the project.
// The new facilities will total approximately 16,000 square meters, employing an energy efficient design, including LED lighting, to minimize its carbon footprint. The facilities will be able to host up to 450 engineers, significantly increasing the resources available to develop next generation complex material deposition systems.

CONVERSION INTO EUROPEAN COMPANY (SE)

// In the General Meeting on May 18, 2010, the AIXTRON shareholders resolved upon the conversion of the legal form of AIXTRON from a German AG (Aktiengesellschaft) into a European SE (Societas Europaea) and to adopt the name AIXTRON SE.
// With the entry into the commercial register of the Aachen municipal court on December 22, 2010, AIXTRON confirmed the completion of the conversion into a European SE. On that day, the shareholders of AIXTRON AG automatically became shareholders of AIXTRON SE without their shareholders' rights being affected by the conversion. There are also no changes to the manner or content of financial reporting as a result of the conversion.
// An SE legal entity is a stock corporation in the form of a European Company under German law. The supranational legal form reflects AIXTRON's European and international orientation and is a natural step in respect of AIXTRON's global operations and business development. Nearly half of AIXTRON's employees work outside of Germany, the same applies to more than 90% of the Company's revenues.

MANAGEMENT ASSESSMENT OF COMPANY SITUATION

AIXTRON's 2010 business performance was again highly successful. AIXTRON has, for the third year in succession, delivered the best operational performance in its history. The Company responded quickly and efficiently to the dramatic increase in customer demand for AIXTRON's production systems throughout the year, resulting in record revenues and operating profit. The strong demand in 2010, was not only a continuation of the market driven demand for LEDs for TV backlighting, but also an increased effect of government sponsored demand and some early investments by customers beginning to position themselves for the emerging LED lighting market.

The foundation of AIXTRON's success in the past has been the commitment to innovative R&D and focused market-led engineering, and these are exactly the same qualities that are required to compete in the bigger and more dynamic markets the Group will serve in the future. Despite the ongoing global fiscal uncertainty, AIXTRON entered 2011 stronger than ever before and confident in the efficiency of the business model and capability of the team the Company has. As a result, AIXTRON's Management is looking forward with confidence to another profitable business performance in 2011, with the potential to increase sales for the fourth year in a row, and is extending its positive outlook to 2012 and beyond.

RESULTS OF OPERATIONS

DEVELOPMENT OF REVENUES

In fiscal year 2010, AIXTRON recorded revenues of EUR 783.8m, an increase of EUR 480.9m, or 159%, compared to EUR 302.9m in 2009 (2008: EUR 274.4m). This year on year growth comparison figure is made more dramatic by the fact that the revenues in 2009 were partly dampened by the negative residual effects of the global recession in that year. AIXTRON was able to rapidly adapt to the changing market conditions due to the business's flexible business model combined with the Company's outsourcing strategy. In addition to the significant absolute sales volume effect, the revenue development in 2010 was also favorably influenced by the stronger US Dollar, which increased on an average rate basis by 5% over the Euro from 1.39 USD/EUR in 2009 to 1.33 USD/EUR in 2010.

Apart from these macro effects, the increase in full year revenues was mainly driven by the 168% year on year increase in the Company's deposition equipment revenues (2010: EUR 735.7m; 2009: EUR 275.0m; 2008: EUR 247.3m). The equipment bought by customers is predominantly used for the production of LEDs, which in turn are primarily employed as backlighting devices in products such as TVs, monitors, laptops, netbooks, tablet PCs and emerging lighting applications. Total equipment sales generated 94% of total revenues in 2010 (91% in 2009; 90% in 2008).

The remaining revenues were generated by sales of spare parts and service, which at 6% in 2010 were 3 percentage points lower relative to total revenues than in 2009 (9% in 2009; 10% in 2008).

REVENUES BY EQUIPMENT AND SERVICE

	2010		2009		2008		2010–2009	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Revenues	**783.8**	**100**	**302.9**	**100**	**274.4**	**100**	**480.9**	**159**
Equipment revenues	735.7	94	275.0	91	247.3	90	460.7	168
Other revenues (service, spare parts, etc.)	48.1	6	27.9	9	27.1	10	20.2	72

A very high percentage, namely 91% of total revenues in 2010, were generated by sales to customers in Asia, which is 9 percentage points higher than the 82% recorded in 2009 (87% in 2008). 4% of revenues in 2010 were generated in Europe (14% in 2009; 7% in 2008) and the remaining 5% in the USA (4% in 2009; 6% in 2008).

REVENUES BY REGION

	2010		2009		2008		2010–2009	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Asia	716.9	91	250.0	82	238.1	87	466.9	187
Europe	31.1	4	41.6	14	18.5	7	-10.5	-25
USA	35.8	5	11.3	4	17.8	6	24.5	217
Total	**783.8**	**100**	**302.9**	**100**	**274.4**	**100**	**480.9**	**159**

DEVELOPMENT OF RESULTS

COST STRUCTURE

	2010		2009		2008		2010–2009	
	m EUR	%	m EUR	%	m EUR	%	m EUR	%
Cost of Sales	**372.0**	**47**	**168.1**	**56**	**161.5**	**59**	**203.9**	**121**
Gross profit/margin	**411.8**	**53**	**134.7**	**44**	**112.9**	**41**	**277.1**	**206**
Operating Costs	**136.2**	**17**	**70.0**	**24**	**80.4**	**29**	**64.1**	**89**
Selling expenses	48.9	6	25.5	8	27.8	10	23.4	92
General and administration expenses	30.1	4	21.3	7	18.0	7	8.8	41
Research and development costs	46.1	6	32.9	11	28.3	10	13.2	40
Net other operating (income) and expenses	11.1	1	(7.7)	-2	6.3	2	18.8	-244

COST OF SALES

Cost of sales increased year on year by 121% from EUR 168.1m in 2009 (2008: EUR 161.5m) to EUR 372.0m in 2010, while cost of sales relative to revenues significantly improved by 8 percentage points to 47% from 55% in 2009 (59% in 2008). This year on year improvement was mainly due to the increasing sales volume effect and a more favorable product mix.

GROSS PROFIT, GROSS MARGIN

While revenues increased by 159% and cost of sales, to a lesser extent, by 121%, the Company's gross profit increased by 206% year on year to EUR 411.8m in 2010 (2009: EUR 134.7m; 2008: EUR 112.9m), resulting in a 8 percentage points higher gross margin of 53% after 45% in 2009 (41% in 2008).

OPERATING COSTS

Operating costs increased year on year by 89% to EUR 136.2m in 2010 (2009: EUR 72.0m; 2008: EUR 80.4m). Operating costs relative to revenues were 17% in 2010, 7 percentage points lower than the 24% in 2009 (29% in 2008). This development was influenced by the following factors:

Selling expenses increased year on year, by 92% to EUR 48.9m (2009: EUR 25.5m; 2008: EUR 27.8m), mainly against a backdrop of higher warranty expenses in consequence of higher volume and sales commissions, which vary by territory, partially offset by disproportionally lower increases in discretionary expenses. Selling expenses relative to revenues decreased year on year from 8% in 2009 by 2 percentage points to 6% in 2010 (10% in 2008).

The year on year 41% increase in **general and administration expenses** to EUR 30.1m in 2010 (2009: EUR 21.3m; 2008: EUR 18.0m) was principally due to profit-related variable administration expenses, IT infrastructure costs and consultancy. General and administration expenses, relative to revenues, decreased from 7% in 2009 (2008: 7%) by 3 percentage points to only 4% in 2010, principally due to the higher sales volume effect.

KEY R&D INFORMATION

	2010	2009	2008	2010-2009
R&D expenses (million EUR)	46.1	32.9	28.3	40%
R&D expenses, % of sales	6%	11%	10%	
R&D employees (period average)	240	197	195	32%
R&D employees, % of total headcount (period average)	32%	31%	35%	

Research and Development costs increased by 40% year on year from EUR 32.9m recorded in 2009 (2008: EUR 28.3m) to EUR 46.1m in 2010, due to the increase in development activities, including additional personnel, material expenses and depreciation. R&D costs decreased in relative terms from 11% of revenues in 2009 (10% in 2008) to 6% in 2010:

PERSONNEL COSTS

	2010	2009	2008	2010-2009	
	m EUR	m EUR	m EUR	m EUR	%
Cost of Sales	23.8	17.3	12.5	6.5	38
Selling, General and Administrative expenses	24.3	17.9	15.5	6.4	36
Research and Development costs	21.8	16.5	16.0	5.3	32
Total	**70.0**	**51.7**	**44.0**	**18.2**	**35**

With the average number of Group employees increasing in line with the higher business volume, **personnel expenses** increased by 35% in total from EUR 51.7m in 2009 (2008: EUR 44.0m) to EUR 69.9m in 2010, but declined as a percentage of sales from 17% in 2008 and 2009 to 9% in 2010.

2010 net **other operating income and expenses** resulted in an expense of EUR 11.1m, compared with EUR 7.7m of income in 2009 (2008: an expense of EUR 6.3m). For comparison purposes it should be noted that included in the other operating income recorded in 2009 were some one-off effects (EUR 4.8m income in total) from the sale of the Aachen office building and compensation payments for cancelled orders.

In 2010, a net currency expense of EUR 17.2m (2009: EUR 1.4m; 2008: EUR 7.0m) was incurred largely from USD/EUR hedging contracts. Expenses of EUR 20.8m relate to hedge contracts, including premiums on option contracts. A gain of EUR 3.6m was recorded from transactional and translation differences which do not involve hedge contracts.

EUR 3.5m of R&D grants, received in 2010 (2009: EUR 3.3m; 2008: EUR 1.9m), were recorded as other operating income.

OPERATING RESULT

The operating result significantly increased by 339% from EUR 62.7m in 2009 (2008: EUR 32.5m) to EUR 275.5m in 2010, with a 14 percentage points higher EBIT margin of 35% (21% in 2009; 12% in 2008). This development was principally due to the positive effects of the increase in revenue and the relatively lower costs as described above. At the same time, the expense from currency hedges and currency translation effects offset, to a limited extent, some of the positive effects on the operating result and margin in 2010.

RESULT BEFORE TAXES

Result before taxes increased by 335% from EUR 64.0 in 2009 (2008: EUR 35.7m) to EUR 278.2m in 2010, with a net finance income of EUR 2.7m in 2010 (2009: EUR 1.3m; 2008: 3.2m).

INTEREST AND TAXES

	2010 m EUR	2009 m EUR	2008 m EUR	2010–2009 m EUR	2010–2009 %
Net Interest Income/Expense	**2.7**	**1.3**	**3.2**	**1.4**	**108**
Interest Income	2.8	1.3	3.2	1.5	115
Interest Expenses	–0.1	0.0	0.0	–0.1	n/a
Tax Expenses	**–85.7**	**–19.2**	**–12.7**	**–66.5**	**346**

AIXTRON recorded a **tax on income** expense of EUR 85.7m in 2010 at a relatively stable effective tax rate of 31% compared to the year before (2009: EUR 19.2m or 30%; 2008: EUR 12.7m or 36%). Tax loss carry-forwards, remaining unrecognized as deferred tax assets in 2010 totaled EUR 17.1m (2009: EUR 21.2m; 2008: EUR 20.6m).

PROFIT/LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF AIXTRON SE (AFTER TAXES)

The 2010 after-tax profit attributable to the equity holders of the AIXTRON SE was EUR 192.5m (25% of revenues), 330% up from the EUR 44.8m (15% of revenues) in 2009 (2008: EUR 23.0m or 8% of revenues).

NET INCOME AIXTRON SE – USE OF RESULTS

AIXTRON SE, 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 124.9m for 2010 (2009: EUR 42.5m; 2008: EUR 30.0m).

AIXTRON's Executive and Supervisory Boards will propose to the shareholders' meeting that a dividend of EUR 60.7m or EUR 0.60 per share (EUR 15.1m or EUR 0.15 per share for 2009; EUR 8.2m or EUR 0.09 per share for 2008) will be distributed for the fiscal year 2010.

DEVELOPMENT OF ORDERS

EQUIPMENT ORDERS

	2010	2009	2008	2010–2009	
	m EUR	m EUR	m EUR	m EUR	%
Equipment order intake	748.3	370.1	250.8	378.2	102
Equipment order backlog (end of period)	274.8	203.8	105.0	71.0	35

As with revenue development, **equipment order intake** significantly increased in 2010. 2010 order intake was 102% up year on year, at EUR 748.3m (2009: EUR 370.1m; 2008: EUR 250.8m). As a matter of internal policy, order intake in US Dollars was recorded at a budget exchange rate, which had been set at 1.50 USD/EUR at the beginning of the year (2009: 1.40 USD/EUR; 2008: 1.40 USD/EUR).

The continued positive market development for compound semiconductor equipment reflects the increased adoption of LED backlighting in TV and other display applications. Moreover, included in more recent order intake, are a number of orders linked to LED lighting applications, which underlines a growing momentum for the emergence of an LED lighting market and the

earlier than anticipated development of the demand for production equipment for LED devices destined for lighting applications.

The total **equipment order backlog** of EUR 274.8m at December 31, 2010 was 35% higher than at the same point in time in 2009 (EUR 203.8m; 2008: EUR 105.0m). As of year end 2010, US Dollar denominated order backlog was recorded at a budget exchange rate, which had been set at 1.50 USD/EUR at the beginning of the year (2009: 1.40 USD/EUR; 2008: 1.40 USD/EUR). This order backlog was revalued at the 2011 budget rate of 1.35 USD/EUR as per January 1, 2011, leading to an opening equipment order backlog of EUR 302.3m.

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, an agreed deposit, any specific shipment dependant documentation, and a system specific 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.

Due to the potentially volatile nature of its business, a sufficient level of cash is essential to expeditiously finance potential business needs. The Company's need for cash is generally provided for, through operating cash flows and, to a smaller extent, through grants. In order to secure growth financing and support an acceleration and expansion of the R&D activities, the Company has access to a strong equity capital base. Furthermore, approved by the Shareholders Meeting, and subject to Supervisory Board approval, the Company has the authority to issue equity instruments to be able to raise additional liquidity on the capital market if required.

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. In order to hedge foreign exchange risks, the Company routinely employs currency hedging instruments. With these instruments, expected cash flows from customer orders and expected customer orders are hedged.

FUNDING

The Company's stated **share capital (Grundkapital)** as of December 31, 2010 amounted to EUR 101,179,866 (December 31, 2009: EUR 100,667,177; December 31, 2008: EUR 90,894,616) divided into 101,179,866 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 Depositary Shares ("ADS") under certain conditions. In fiscal year 2010, 513,014 stock options (2009: 915,662 options; 2008: 553,473 options) were exercised, resulting in delivery of in total 513,014 ordinary shares and AIXTRON ADS. Under the 2010 tranche of the AIXTRON stock option plan 2007, 779,950 new stock options were granted in fiscal year 2010 (2009 tranche: 778,850 grants; 2008 tranche: 779,000 grants).

AIXTRON ordinary shares	Dec. 31, 10	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 09
stock options	4,486,534	512,689	110,205	779,950	4,329,478
underlying shares	5,154,752	512,689	111,195	779,950	4,998,686

AIXTRON ADS	Dec. 31, 10	Exercise	Expired/ Forfeited	Allocation	Dec. 31, 09
stock options	6,610	325	0	0	6,935
underlying shares	6,610	325	0	0	6,935

A more detailed description of the different stock option plans and a summary of all the stock option transactions can be found in **note 23** to the Company's Consolidated Financial Statements "Share-based payments".

The Company recorded no **bank borrowings** as of December 31, 2010, 2009 and 2008.

Where necessary, AIXTRON SE provides loans and financial security facilities to its subsidiaries to enable the business to continue to operate efficiently. The Company has granted no security interest in its own land and buildings.

The **equity ratio** remained relatively stable at 73% as of December 31, 2010, compared to 72% as of December 31, 2009 (December 31, 2008: 68%), with a 44% higher balance sheet total in 2010 compared to 2009 (+82% in 2009 compared to 2008).

With the high profit for the year achieved in 2010, the return on equity (ROE) based on the Group's net profit of 2010 in proportion to the average total shareholders' equity at the start and end of the year was 38% for 2010 (2009: 14%; 2008: 11%).

In order to support future developments, the Company regularly explores and assesses on an ongoing basis, potential funding opportunities available in the market.

INVESTMENTS

The AIXTRON Group's total capital expenditures of fiscal year 2010 amounted to EUR 51.9m (2009: EUR 9.9m; 2008: EUR 12.9m).

In 2010, EUR 48.6m (2009: EUR 8.8m; 2008: EUR 11.6m) were related to property, plant and equipment (including testing and laboratory equipment), of which EUR 39.5m were invested in the new R&D center currently under construction at the Company's Herzogenrath/Aachen County premises. EUR 11.6m had been invested into Phase 1 of the project which consists of a modular designed office building. Another EUR 27.9m had been invested into Phase 2 as assets under construction for the new prototyping factory and laboratories that will be completed in early 2012.

The remaining EUR 3.3m; 2009: EUR 1.0m; 2008: EUR 1.3m) were related to intangible assets including software licenses (mainly consisting of SAP software licenses).

The increase of EUR 113.6m in bank deposits with a maturity of at least three months in 2010 was recorded as cash outflow from investing activities. In 2009, EUR 87.0m of additional bank deposits, arising largely from part of the proceeds of the October 2009 capital increase, was recorded as cash outflow from investing activities (2008: EUR 1.8m of cash inflow).

All 2010, 2009 and 2008 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 by 28% to EUR 384.7m (EUR 182.1m + EUR 202.6m) as of December 31, 2010 (December 31, 2009: EUR 211,2m + EUR 90.0m; December 31, 2008: EUR 67.5m + EUR 3.0m). Following the capital increase of October 2009, parts of the EUR 159.4m proceeds are included in the 2009 and 2010 year end liquidity positions.

Specific proceeds that increased the 2010 year end liquidity position came from, amongst other factors, the 2010 net profit (EUR 192.5m), an increase of advanced payments of customers (EUR 28.8m), stock option exercises (EUR 3.5m), and in total, were greater than the Q2/2010 dividend payment (EUR 15.1m), 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 increased year on year by 106% to EUR 77.9m (December 31, 2009: EUR 37.8m; December 31, 2008: EUR 39.3m). This increase was principally due to the investments of EUR 39.5m in the building of the new R&D center in 2010 which was recorded as tangible assets/assets under construction, and an increase in laboratory equipment (with depreciation partly offsetting new equipment investments).

GOODWILL

The 7% increase in the value of goodwill to EUR 62.2m as per December 31, 2010 from EUR 58.3m as per December 31, 2009 (December 31, 2008: EUR 58.7m) resulted purely from currency translation adjustments. There were no additions or impairments in the three years from 2008 through 2010.

OTHER INTANGIBLE ASSETS

The value of other intangible assets decreased by 10% from EUR 7.8m as per December 31, 2009 (December 31, 2008: EUR 10.3m) to EUR 7.0m as per December 31, 2010. Differences arose mainly from depreciation.

INVENTORIES

Inventories, including raw materials, work in progress and finished goods, increased by 87% from EUR 89.6m as of December 31, 2009 (December 31, 2008: EUR 77.1m) to EUR 167.2m as of December 31, 2010, in line with higher manufacturing volumes.

TRADE RECEIVABLES

Trade receivables increased by 79% from EUR 49.3m as of December 31, 2009 to EUR 88.4m as of December 31, 2010 (EUR 38.8m as of December 31, 2008) directly due to the increased business volume.

LIABILITIES

Also due to the increased business volume, trade payables increased by 85% to EUR 39.6m as of December 31, 2010 compared to EUR 21.4m as of December 2009 (December 31, 2008: EUR 18.8m). For the same reason, other current provisions increased by 66% from EUR 26.2m as of December 31, 2009 to EUR 43.5m as of December 31, 2010 (December 31, 2008: EUR 20.5m). Advance payments from customers as of December 31, 2010 went up to EUR 117.5m from 87.9m as of December 31, 2009 (December 31, 2008: EUR 52.6m).

REPORT ON POST-BALANCE SHEET DATE EVENTS

Regarding the complaint, that International Rectifier Corporation (IRC), of El Segundo, California, USA had filed in the USA against AIXTRON in September 2008, both parties have entered into a settlement agreement on January 24, 2011. In this settlement, IRC agreed to withdraw its action in return for voluntary disclosure by AIXTRON of certain documents as well as witness statements to IRC in support of IRC's still pending action against the remaining defendants. On February 3, 2011, the Superior Court of California, County of Los Angeles, California, USA has filed and entered the dismissal with prejudice of the action against AIXTRON.

For further information, please refer to chapter **Single Risk Factors**.

There were no further business events with a potentially significant effect on AIXTRON's results of operation, financial position, and net assets after the close of fiscal year 2010.

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, helps to quickly identify critical issues allowing them to be addressed before critical exposure occurs and thereby preventing further escalation. Additionally, it enables employees at all levels to feel that their opinions are appreciated and 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 2010, 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 of all key decisions at least once every quarter, and normally at shorter intervals. The Audit Committee of the Supervisory Board meets regularly with the Chief Executive Officer and the Chief Financial Officer to discuss, analyze, and monitor financial issues arising in the course of the Company's business activities. Internal guidelines governing risk management, insider trading, and the disclosure of share price sensitive information ensure compliance with all applicable laws and the implementation of the corporate governance recommendations specified in the German Corporate Governance Code.

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.

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: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AIXTRON; (ii) provide reasonable assurance that all transactions are recorded as necessary to permit the preparation of AIXTRON's Consolidated Financial Statements and the proper authorization of receipts and expenditures of AIXTRON are being made in accordance with authorization of AIXTRON's Management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AIXTRON's assets that could have a material effect on AIXTRON's Consolidated Group Financial Statements.

Management assessed AIXTRON's internal control over financial reporting as of December 31, 2010, 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 financial reporting system, designed to be dynamic, is constantly adapted 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, 2010 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. AIXTRON's Management reviewed the results of Management's assessment jointly with the Audit Committee of AIXTRON's Supervisory Board.

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 expected client orders is 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 Financial Statements for 2010.

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

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 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.

In times of substantial demand for MOCVD systems, the Company's customers may experience difficulties in acquiring manufacturing facilities or maintaining a sufficient flow of raw materials to achieve their increased manufacturing output. Should this occur, customers could request to delay AIXTRON system shipments.

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 cyclicality 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 (IRC), of El Segundo, California, USA had filed a complaint on September 8, 2008 in the U.S. District Court for the Central District of California against seven of IRC's former employees, including IRC's founder and former CEO Alex Lidow, as well as five companies, including AIXTRON. Having had its lawsuit dismissed in the U.S. District Court, IRC 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, IRC dropped some of its claims against the defendants, and the California court dismissed additional claims. As at December 31, 2010, two of IRC's claims remained in the case against AIXTRON.

On January 24, 2011, AIXTRON and IRC entered into a settlement agreement in which IRC agreed to withdraw its action in return for voluntary disclosure by AIXTRON of certain documents as well as witness statements to IRC in support of IRC's still pending action against the remaining defendants. On February 3, 2011, the Superior Court of California, County of Los Angeles, California, USA has filed and entered the dismissal with prejudice of the action against AIXTRON.

For more information on risks, please refer **to section "Risk Factors" in AIXTRON's 2010 20-F-Report**, which has been filed with the U.S. Securities and Exchange Commission on March 1, 2011.

OVERALL STATEMENT TO THE RISK SITUATION

Neither within fiscal year 2010 nor at the time of writing has the Executive Board identified any risks that could jeopardize the Company's continued existence.

MASS PRODUCTION

01 IC2 SYSTEM PLATFORM //

02 G5 TRANSFER MODULE //

03 AIX G5 HT PLANETARY REACTOR® //

04 CRIUS® II CLOSE COUPLED SHOWERHEAD® REACTOR //

01 // Today's industry standard: The IC2 system is a highly flexible platform for mass production.

02 // G5 Transfer Module for automatic reactor loading and unloading.

03 // AIX G5 HT Planetary Reactor® for horizontal laminar flow, for substrates from 2" to 8" in size.

04 // CR IUS® II CCS Reactor for vertical gas flow, also for substrates from 2" to 8" size.

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 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, and 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 dynamic and consequently, product life cycles will become shorter, AIXTRON intends to further accelerate and expand its research and product development activities. Viewed in the mid to long term, AIXTRON expects to maintain its MOCVD equipment market leadership position, with a market share of circa 60%. Market research company Gartner Dataquest estimated in December 2010 that the value of the MOCVD equipment market would be at approximately USD 1.5bn by the end of 2010 and would remain at this level in 2011.

AIXTRON will continue to implement its strategy to address the large area 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 Nanostructures including Carbon Nanotubes, Carbon Nanowires and Graphene. 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 Nanostructure market size or market share are neither available nor meaningful at this point in time.

AIXTRON has developed a high throughput ALD tool aimed at next-generation devices for the memory and logic device market. AIXTRON has placed some of those new tools in qualification laboratories of potential customers for this technology. AIXTRON expects to generate revenues with its technologies aimed at the memory and logic markets, as soon as these industries, including AIXTRON's potential customers, commence investments 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 system technologies for the production of specialized applications such as gate stacks and capacitors is estimated by Gartner Dataquest (in December 2010) to be valued at USD 240m by the end of 2010 (2011: USD 288m). Since the exact timing of the market adoption of AIXTRON's technologies in this space is not yet predictable, market share data is not considered meaningful at this point in time.

FUTURE ECONOMIC ENVIRONMENT AND OPPORTUNITIES

After a strong recovery of circa 4.8% in 2010, the global economy is now forecast by IMF to expand by circa 4.2% in 2011, which represents a far quicker recovery than many thought possible in 2009.

The semiconductor capital spending has recovered particularly strongly, by about 109%, in 2010. Gartner Dataquest (in their December 2010 report) now expects the semiconductor capital spending to marginally decline by 3.8% year on year in 2011. The spending on Wafer Front End equipment, where AIXTRON competes, is expected to marginally decline by 3.4% year on year in 2011 (according to Gartner Dataquest as of December 2010).

Due to multiple emerging markets for LED applications, AIXTRON believes that its LED production equipment will remain the most prominent element of the Company's current and future revenues. Both, market volume for LEDs as backlighting units in netbooks, tablets or laptops and the penetration rate of LEDs in products such as monitors and TVs, are expected to continue to grow over the next 2 years (according to Display Search, Q3/2010) and the adoption of LED lighting applications is also expected to increase over the same period (according to McKinsey, October 2010), with China potentially becoming a prominent regional driver towards this development. For these reasons, amongst others, AIXTRON's business in 2011 is expected by Management to grow at or above the projected 2011 world real GDP growth estimate of 4.2% (IMF December 2010 estimates).

The exact timing for the adoption of next generation manufacturing technologies as offered by AIXTRON 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 commercial 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 complex compound semiconductor material applications as substituting materials in the silicon semiconductor industry.
// Development of new applications using Carbon Nanostructures (Carbon Nanotubes, Carbon Nanowires, Graphene).
// Development of UV LED applications e.g. for water purification.

EXPECTED RESULTS OF OPERATIONS AND FINANCIAL POSITION

Whilst our detailed short term business visibility has not increased beyond two quarters, we remain very confident in our ability to benefit from the recent positive developments in our end markets and believe that, with our flexible business model, we will be able to continue to operate efficiently and profitably.

The mid to longer term trends that are leading to a growth in the adoption of LED technologies in a wide range of applications are very encouraging and were contributing factors in our decision in 2010 to accelerate several development projects to address what we see as more imminent opportunities.

In connection with both, the increase in critical mass of the markets we address and the perceived increased speed of technology developments, we have taken the positive decision to make a substantial investment in our R&D infrastructure because our view of the long term potential for our core competence expertise has become more positive during 2010.

Despite the potential for volatility, we believe that 2011 and 2012 could be another revenue growth period for AIXTRON and that the very solid order backlog, with which we started 2011, is a strong foundation for that growth.

Based on this assumption, we believe that it is possible that 2011 revenues could be higher than the revenues of fiscal year 2010 – with potentially further growth in 2012.

By 2012, we would expect to see the volatility of subsidy driven growth to be replaced with more stable market driven demand and the development of a more stable critical mass in the principal LED markets we address.

As at December 31, 2010, AIXTRON had no binding agreements for participation financing, company acquisition or transfers of parts of the Company.


3

// CONSOLIDATED FINANCIAL STATEMENTS

// NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2010

Revenues	EUR 783,775,000
Gross profit	EUR 411,757,000
Operating result (EBIT)	EUR 275,510,000
Net income	EUR 192,496,000
Basic net result per share	EUR 1.93
Research and Development costs	EUR 46,126,000
Equipment order intake	EUR 748,322,000
Equipment order backlog	EUR 274,812,000
Shareholders' equity	EUR 600,324,000
Balance sheet total	EUR 823,432,000
Number of shares	101,179,866

RESULTS //

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

in EUR thousands	Notes	2010	2009	2008
Revenues	3	783,775	302,857	274,404
Cost of sales		372,018	168,143	161,525
Gross profit		**411,757**	**134,714**	**112,879**
Selling expenses		48,935	25,465	27,842
General administration expenses		30,076	21,288	17,997
Research and development costs	4	46,126	32,917	28,286
Other operating income	5	6,659	10,046	5,192
Other operating expenses	6	17,769	2,365	11,457
Operating result		**275,510**	**62,725**	**32,489**
Finance income		2,851	1,283	3,189
Finance expense		141	27	23
Net finance income	**8**	**2,710**	**1,256**	**3,166**
Result before taxes		**278,220**	**63,981**	**35,655**
Taxes on income	9	85,724	19,215	12,661
Profit for the year		**192,496**	**44,766**	**22,994**
Thereof attributable to the owners of AIXTRON SE		**192,496**	**44,766**	**22,994**
Basic earnings per share (EUR)	21	1.93	0.49	0.26
Diluted earnings per share (EUR)	21	1.89	0.48	0.25

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

in EUR thousands	Notes	2010	2009	2008
Profit for the year		**192,496**	**44,766**	**22,994**
Losses/gains from derivative financial instruments before taxes		1,224	-1,417	-1,707
Deferred taxes on derivative financial instruments	14	-449	302	516
Currency translation adjustment		1,454	1,306	-5,372
Other comprehensive income (loss)		**2,229**	**191**	**-6,563**
Total comprehensive income for the year		**194,725**	**44,957**	**16,431**
Thereof attributable to the owners of AIXTRON SE		**194,725**	**44,957**	**16,431**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

in EUR thousands	Notes	Dec 31, 2010	Dec 31, 2009
Assets			
Property, plant and equipment	11	77,910	37,758
Goodwill	12	62,201	58,275
Other intangible assets	12	6,977	7,766
Other non-current assets	13	807	644
Deferred tax assets	14	19,469	13,869
Tax receivables	15	332	373
Total non-current assets		**167,696**	**118,685**
Inventories	16	167,221	89,552
Trade receivables less allowance kEUR 382 (2009: kEUR 717)	17	88,407	49,265
Current tax receivables	10	696	59
Other current assets	17	14,707	14,341
Other financial assets	18	202,587	90,000
Cash and cash equivalents	19	**182,118**	**211,192**
Total current assets		**655,736**	**454,409**
Total assets		**823,432**	**573,094**
Liabilities and shareholders' equity			
Subscribed capital Number of shares: 100,100,941 (2009: 99,587,927)		100,101	99,588
Additional paid-in capital		267,070	260,413
Retained earnings		244,488	67,092
Cumulated other comprehensive income and expense recognized in equity		-11,335	-13,564
Total shareholders' equity	**20**	**600,324**	**413,529**
Employee benefits	22	17	1,064
Other non-current payables		636	70
Other non-current provisions	24	387	790
Deferred tax liabilities	14	0	275
Total non-current liabilities		**1,040**	**2,199**
Trade payables	25	39,643	21,419
Advance payments from customers		117,477	87,918
Other current provisions	24	43,536	26,164
Other current liabilities	25	4,034	4,767
Current tax payables	10	17,342	17,064
Deferred revenues		36	34
Total current liabilities		**222,068**	**157,366**
Total liabilities		**223,108**	**159,565**
Total liabilities and shareholders' equity		**823,432**	**573,094**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

in EUR thousands	Notes	2010	2009	2008
Cash inflow from operating activities				
Profit for the year		192,496	44,766	22,994
Reconciliation between profit and cash inflow/outflow from operating activities				
Expense from share-based payments		3,645	2,149	1,808
Depreciation and amortization expense		13,101	12,247	10,753
Net result from disposal of property, plant and equipment		-1	-1,207	-54
Deferred income taxes		-5,053	-10,412	2,314
Other non-cash expenses/income		-3,669	1,064	98
Change in				
Inventories		-75,870	-11,713	-20,087
Trade receivables		-37,718	-10,506	-6,811
Other assets		-263	-4,283	-3,930
Trade payables		16,425	2,539	-3,192
Provisions and other liabilities		16,935	19,265	8,040
Deferred revenues		0	-6	-215
Non-current liabilities		-1,146	55	-376
Advance payments from customers		28,815	34,939	4,393
Cash inflow from operating activities		**147,697**	**78,897**	**15,735**
Cash inflow/outflow from investing activities				
Cost related to the acquisitions		0	0	-392
Capital expenditures in property, plant and equipment		-48,645	-8,791	-11,617
Capital expenditures in intangible assets		-3,245	-1,008	-1,251
Proceeds from disposal of fixed assets		105	6,723	122
Bank deposits with a maturity of more than 90 days	18	-113,602	-87,000	1,831
Cash inflow/outflow from investing activities		**-165,387**	**-90,076**	**-11,307**
Cash inflow from financing activities				
Dividend paid to shareholders		-15,100	-8,181	-6,331
Proceeds from issue of equity shares		3,502	161,749	2,628
Cash inflow from financing activities		**-11,598**	**153,568**	**-3,703**
Effect of changes in exchange rates on cash and cash equivalents		214	1,341	-5,206
Net change in cash and cash equivalents		-29,074	143,730	-4,481
Cash and cash equivalents at the beginning of the period		211,192	67,462	71,943
Cash and cash equivalents at the end of the period	**19**	**182,118**	**211,192**	**67,462**
Interest paid		-261	-9	-119
Interest received		1,772	778	3,141
Income taxes paid		-90,344	-16,903	-3,105
Income taxes received		86	122	59

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in EUR thousands	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 SE Total
Balance at January 1, 2008	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 December 31, 2008 and January 1, 2009	**89,692**	**106,445**	**-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		-25				-25
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 and January 1, 2010	**99,588**	**260,413**	**-12,449**	**-1,115**	**67,092**	**413,529**
Dividends to shareholders					-15,100	-15,100
Share based payments		3,645				3,645
Issue of shares for options	513	2,989				3,502
Currency translation		23				23
Net Income for the year					192,496	192,496
Other comprehensive income			1,454	775		2,229
Total comprehensive income for the year	0	0	1,454	775	192,496	194,725
Balance December 31, 2010	**100,101**	**267,070**	**-10,995**	**-340**	**244,488**	**600,324**

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2010

RESULTS //

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 // GENERAL PRINCIPLES

AIXTRON SE (formerly AIXTRON AG) is incorporated as a European Company (Societas Europaea) under the laws of the Federal Republic of Germany. The Company is domiciled at Kaiserstraße 98, 52134 Herzogenrath, Germany. AIXTRON SE is registered in the commercial register of the District Court ("Amtsgericht") of Aachen under HRB 16590.

The consolidated financial statements of AIXTRON SE 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 at its meeting held on February 28, 2011 for approval and publication.

2 // SIGNIFICANT ACCOUNTING POLICIES

A // COMPANIES INCLUDED IN CONSOLIDATION

Companies included in consolidation are the parent company, AIXTRON SE, and eight companies, in which AIXTRON SE has a 100% direct shareholding or control. The balance sheet date of all consolidated companies is December 31. A list of all consolidated companies is shown in **note 31**.

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 recognized 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 37**.

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 SE has control are treated as subsidiaries (see **note 31**). 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 those companies. Assets and liabilities of those companies 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 Consolidated Statement of Changes in Equity.

Exchange gains and losses resulting from fluctuations in exchange rates in the case of foreign currency transactions are recognized 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 such as installation and delivery costs, less accumulated depreciation (see below) and impairment losses (see **accounting policy (j)**).

Costs of internally generated assets include not only costs of material and personnel, but also a share of directly attributable overhead costs, such as employee benefits, delivery costs, installation, and professional fees.

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 recognizes 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 capitalization.

(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. Useful lives and residual values of property, plant and equipment are reviewed at the year end date or more frequently if circumstances arise which are indicative of a change. The estimated useful lives are as follows:

Buildings	25 years
Machinery and equipment	3–14 years
Other plant, factory and office equipment	2–14 years

F // INTANGIBLE ASSETS

(I) GOODWILL

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

(II) RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding using scientific methods, is recognized 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 capitalize such costs.

(III) OTHER INTANGIBLE ASSETS

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

Intangible assets acquired through business combinations are stated at their fair value at the date of purchase.

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

(IV) SUBSEQUENT EXPENDITURE

Subsequent expenditure on capitalized intangible assets is capitalized 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) AMORTIZATION

Amortization 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. Useful lives and residual values of intangible assets are reviewed at the year end date or more frequently if circumstances arise which are indicative of a change. 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 // 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
// 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized, the previously recognized 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 recognized.

(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 recognized 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 recognized 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 26**). 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 recognized directly in equity and the ineffective portion is recognized immediately in the income statement.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognized 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 recognized 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 recognized in equity is transferred to net profit or loss for the period.

H // 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.

I // OPERATING RESULT

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

J // 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 recognized 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. The Company assesses at the end of each period whether there is an indication that an asset may be impaired. Impairment losses on such assets are recognized, 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 recognized.

An impairment loss in respect of goodwill is not reversed.

K // EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income (loss) by the weighted average number of issued common shares (see **note 21**) 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 unless such conversion had an anti-dilutive effect.

L // EMPLOYEE BENEFITS

(I) DEFINED CONTRIBUTION PLANS

Obligations for contributions to defined contribution pension plans are recognized 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 recognized 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 23**) 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 recognized 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.

M // PROVISIONS

A provision is recognized 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 normally offers one, occasionally 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 recognized. 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 recognized when the expected economic benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The amount recognized as a provision is determined as the excess of the unavoidable costs of meeting the obligations under the contract over the economic benefits expected to be received. Before making that provision any impairment loss that has occurred on assets dedicated to that contract are recognized. The provision is discounted to present value if the adjustment is material.

N // 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 recognized 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 recognized 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 market rates for 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 recognized only upon final customer acceptance.

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

O // 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 recognized as expense on a straight-line basis over the term of the lease.

P // 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.

Q // TAX

The tax expense represents the sum of the current 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 recognized upon substantively enacted amendments to the law.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits can be set off against tax credits and tax losses carried forward. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realized. The recoverability of deferred tax assets is reviewed at least annually.

R // SEGMENT REPORTING

An operating segment is a distinguishable component of the Company that is engaged in business activities and whose operating results are reviewed regularly by the Chief Operating Decision Maker, which the Company considers to be its Executive Board. The Executive Board regularly reviews financial information on a consolidated group basis. AIXTRON has only one reportable segment.

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

S // 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.

T // RECENTLY ISSUED ACCOUNTING STANDARDS

Amendments to the following standards and interpretations were adopted during 2010:

// IAS 24 Related Party disclosures
// IFRIC 19 Extinguishing financial liabilities with equity instruments
// Various Improvements to IFRS.
// IFRS 8 Disclosure of segment assets and liabilities
// IFRS 1 Related to first time adoption
// IAS 32 Classification of Rights Issues
// IAS 39 Recognition and measurement: Eligible hedged items
// IFRIC14 Prepayment of a minimum funding requirement

The adoption of these interpretations and amended standards has not led to any changes in the Company's accounting policies. The standards, amendments to standards and interpretations have all been adopted earlier than required.

At the date of authorization of these financial statements, the following standards (or amendment to existing standards), which have not been applied in these financial statements, were in issue but not yet effective and not yet adopted by the EU.

// IFRS 7 Financial Instruments: Disclosures
// IFRS 9 Financial Instruments
// IAS 1 Disclosure of Other Comprehensive Income

The adoption of IFRS 9 which the Company plans to adopt on January 1, 2013 will impact both the measurement and disclosures of Financial Instruments.

3 // SEGMENT REPORTING

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.

The Executive Board regularly reviews financial information on a consolidated group basis since the various activities of the Group are largely integrated from an operational perspective. In accordance with IFRS 8.5, AIXTRON has only one reportable segment.

The Company's reportable segment is based around the category of goods and services provided to the semiconductor industry.

SEGMENT REVENUES AND RESULTS

in EUR thousands	2010	2009	2008
Equipment revenues	735,723	275,008	247,370
Spares and service revenue	48,052	27,849	27,034
Revenue from external customers	783,775	302,857	274,404
Inventories recognized as an expense	298,872	121,296	128,075
Employee benefits	69,964	51,705	43,965
Depreciation	8,732	8,739	7,291
Amortization	4,369	3,508	3,462
Other expenses	132,987	64,930	64,314
Other operating income	-6,659	-10,046	-5,192
Segment profit	275,510	62,725	32,489
Investment revenue	2,851	1,283	3,189
Finance costs	-141	-27	-22
Profit before tax	278,220	63,981	35,656

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, 2010	Dec 31, 2009
Semiconductor equipment segment assets	418,228	257,601
Unallocated assets	405,204	315,493
Total Group assets	**823,432**	**573,094**

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

in EUR thousands	Dec 31, 2010	Dec 31, 2009
Semiconductor equipment segment liabilities	205,748	141,162
Unallocated liabilities	17,360	18,403
Total Group liabilities	**223,108**	**159,565**

Additions to Property, Plant and Equipment, to Goodwill and to Intangible assets, and the depreciation and amortization expenses are given in **notes 11 and 12**. Other non-current assets increased by kEUR 163 during 2010 (reduction of kEUR –75 in 2009).

Information concerning other material items of income and expense for personnel expenses and R&D expenses can be found in **notes 7 and 4**.

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	2010	2009	2008
Asia	716,872	250,034	238,156
Europe	31,066	41,498	18,464
USA	35,837	11,325	17,784
Total	**783,775**	**302,857**	**274,404**

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	2010	2009	2008
Germany	21,314	31,937	9,168
South Korea	125,489	110,140	40,082
China	193,768	24,445	35,675
Taiwan	376,899	102,071	137,040

No customers accounted for more than 10% of Group revenues in 2010, 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.

	Non-current assets	
in EUR thousands	Dec 31, 2010	Dec 31, 2009
Asia	1,310	805
Europe excluding Germany	13,060	11,366
Germany	78,726	38,102
USA	55,132	54,542
Total Group non-current assets	**148,228**	**104,815**

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

4 // RESEARCH AND DEVELOPMENT

Research and development costs, before deducting project funding received, were kEUR 46,126, kEUR 32,917, and kEUR 28,286 for the years ended December 31, 2010, 2009 and 2008 respectively.

After deducting project funding received and not repayable, net expenses for research and development were kEUR 42,588, kEUR 29,637, and kEUR 26,368 for the years ended December 31, 2010, 2009 and 2008 respectively.

5 // OTHER OPERATING INCOME

in EUR thousands	2010	2009	2008
Research and development funding	3,538	3,280	1,918
Income from resolved contract obligations	1,800	3,498	45
Income from the reversal of provisions and the write-off of debts	741	1,596	490
Gain from the disposal of fixed assets	4	1,262	56
Compensation payments	154	16	2
Foreign exchange gains	248	119	2,485
Other	174	275	196
	6,659	**10,046**	**5,192**

The total amount of exchange gains and losses (see also **note 6**) recognized in profit or loss was a loss of kEUR –17,246 (2009 loss kEUR –1,409; 2008 loss kEUR –6,954).

in EUR thousands	2010	2009	2008
Foreign exchange gains	248	119	2,485
Foreign exchange losses (see note 6)	–17,494	–1,528	–9,439
Net foreign exchange (losses)	**–17,246**	**–1,409**	**–6,954**
Gains (losses) arising on financial instruments at FVTPL	–20,877	340	–1,819
Other foreign exchange gains (losses)	3,631	–1,749	–5,135
	–17,246	**–1,409**	**–6,954**

6 // OTHER OPERATING EXPENSES

in EUR thousands	2010	2009	2008
Foreign exchange losses	17,494	1,528	9,439
Losses from the disposal of fixed assets	3	55	3
Additions to allowances for receivables or write-off of receivables	270	449	1,953
Other	2	333	62
	17,769	**2,365**	**11,457**

7 // PERSONNEL EXPENSE

in EUR thousands	2010	2009	2008
Payroll	58,534	43,738	36,914
Social insurance contributions	5,767	4,629	4,380
Decrease/Increase in defined benefit plan obligations	866	219	-33
Expense for defined contribution plans	1,152	970	896
Stock option expense	3,645	2,149	1,808
	69,964	**51,705**	**43,965**

8 // NET FINANCE INCOME

in EUR thousands	2010	2009	2008
Interest income from financial assets	2,851	1,283	3,189
Interest expense from financial liabilities	-141	-27	-23
Net finance income	**2,710**	**1,256**	**3,166**

Interest income relates to interest on cash and cash equivalents and held to maturity investments.

9 // INCOME TAX EXPENSE/BENEFIT

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

in EUR thousands	2010	2009	2008
Current tax expense (+)/current tax income (–)			
for current year	90,294	29,261	11,168
adjustment for prior years	483	131	–821
Total current tax expense	**90,777**	**29,392**	**10,347**
Deferred tax expense (+)/deferred tax income (–)			
from temporary differences	–4,980	–4,561	3,862
income/expense from changes in local tax rate	26	–16	81
from reversals and write-downs	–99	–5,600	–1,629
Total deferred tax expense	**–5,053**	**–10,177**	**2,314**
Taxes on income	**85,724**	**19,215**	**12,661**

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

in EUR thousands	2010	2009	2008
Income before income taxes			
Germany	225,802	88,822	31,819
Outside Germany	52,418	–24,841	3,836
Total	**278,220**	**63,981**	**35,655**
Income tax expense			
Germany	62,798	15,336	8,580
Outside Germany	22,926	3,879	4,081
Total	**85,724**	**19,215**	**12,661**

The Company's effective tax rate is different from the German statutory tax rate of 30.21% (2009: 30.20%; 2008: 30.91%) 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	2010	2009	2008
Net result before taxes	**278,220**	**63,981**	**35,655**
Income tax expense (German tax rate)	84,050	19,322	11,021
Effect from differences to foreign tax rates	-1,074	-2,392	-1,722
Non-deductible expenses	2,491	1,222	1,302
Non-consideration of tax claims from losses carried forwards	0	977	4,773
Reversal of allowance/write-off against deferred tax assets	-133	103	-1,629
Expense from changes in local tax rate	26	-16	0
Effect of the use of losses carried forwards	0	-168	-135
Effect of permanent differences	-113	175	18
Other	477	-8	-967
Taxes on income	**85,724**	**19,215**	**12,661**
Effective tax rate	**30.8%**	**30.0%**	**35.5%**

10 // CURRENT TAX RECEIVABLES AND PAYABLES

As of December 31, 2010 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 696 (2009: kEUR 59) and kEUR 17,342 (2009: kEUR 17,064) respectively.

11 // 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, 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**
Balance at January 1, 2010	**28,145**	**40,597**	**11,199**	**1,891**	**81,832**
Acquisitions	11,106	4,267	4,143	29,128	48,644
Disposals	171	725	1,086	35	2,017
Transfers	172	1,500	-169	-1,503	0
Effect of movements in exchange rates	49	873	261	5	1,188
Balance at December 31, 2010	**39,301**	**46,512**	**14,348**	**29,486**	**129,647**
Depreciation and impairment losses					
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**
Balance at January 1, 2010	**7,926**	**28,558**	**7,590**	**0**	**44,074**
Depreciation charge for the year	1,678	5,650	1,404	0	8,732
Disposals	118	721	1,073	0	1,912
Transfers	114		-114		0
Effect of movements in exchange rates	59	558	226	0	843
Balance at December 31, 2010	**9,659**	**34,045**	**8,033**	**0**	**51,737**
Carrying amounts					
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**
At January 1, 2010	**20,219**	**12,039**	**3,609**	**1,891**	**37,758**
At December 31, 2010	**29,642**	**12,467**	**6,315**	**29,486**	**77,910**

DEPRECIATION

Depreciation expense amounted to kEUR 8,732 for 2010 and was kEUR 8,739 and kEUR 7,291 for 2009 and 2008 respectively.

IMPAIRMENTS

During 2010, 2009 and 2008 no impairments were necessary.

ASSETS UNDER CONSTRUCTION

Assets under construction relate mainly to the new research and development centre in Germany and to self-built systems for development laboratories.

12 // INTANGIBLE ASSETS

DEVELOPMENT OF INTANGIBLE ASSETS

in EUR thousands	Goodwill	Other intangible assets	Total
Cost			
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**
Balance at January 1, 2010	**75,474**	**39,200**	**114,674**
Acquisitions	0	3,245	**3,245**
Disposals	0	10,355	**10,355**
Effect of movements in exchange rates	3,644	2,081	5,725
Balance at December 31, 2010	**79,118**	**34,171**	**113,289**
Depreciation and impairment losses			
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**
Balance at January 1, 2010	**17,199**	**31,434**	**48,633**
Depreciation charge for the year	0	4,369	**4,369**
Disposals	0	10,355	**10,355**
Effect of movements in exchange rates	-282	1,746	**1,464**
Balance at December 31, 2010	**16,917**	**27,194**	**44,111**
Carrying amounts			
At January 1, 2009	**58,719**	**10,255**	**68,974**
At December 31, 2009	**58,275**	**7,766**	**66,041**
At January 1, 2010	**58,275**	**7,766**	**66,041**
At December 31, 2010	**62,201**	**6,977**	**69,178**

AMORTIZATION AND IMPAIRMENT EXPENSES FOR OTHER INTANGIBLE ASSETS

Amortization and impairment expenses for other intangible assets are recognized in the income statement as follows:

	2010		2009		2008	
in EUR thousands	Amort-ization	Impairment	Amort-ization	Impairment	Amort-ization	Impairment
Cost of sales	1,296	0	1,175	0	1,188	0
Selling expenses	1,301	0	1,303	0	1,231	0
General administration expenses	1,119	0	458	0	326	0
Research and development costs	653	0	572	0	717	0
	4,369	**0**	**3,508**	**0**	**3,462**	**0**

In 2010, 2009 and 2008, no impairment losses were incurred and no reversals of impairment losses were made.

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

in EUR thousands	
2011	3,087
2012	1,808
2013	830
2014	557
2015	199

The actual amortization can differ from the expected amortization.

IMPAIRMENT OF GOODWILL

At the end of 2010 the Group assessed the recoverable amount of the goodwill and determined that no impairment loss had to be recognized (2009: kEUR 0; 2008 kEUR 0).

The carrying value of goodwill was kEUR 62,201 (2009: kEUR 58,275; 2008: kEUR 58,719).

As at the end of 2010 the cash generating unit, to which the goodwill has been allocated, is the AIXTRON Group operational segment. In 2009, goodwill had been allocated to separate cash generating units for Silicon Semiconductor Technologies and Compound Semiconductor Technologies. The reason for the change and merger into one cash generating unit is because of increasing inter-dependence and integration of the various parts of the business. The major activities which have integrated include the common use of resources in research and develop-

ment, the merging of functions for purchasing, sales and manufacturing activities. Additionally, the management of the Group has been increasingly centralized. Consequently, the internal reporting, which is the basis for the management of the Group, has been reorganized and the former cash generating units are no longer separately identifiable.

The recoverable amount of the cash-generating unit is determined through a fair value less cost to sell calculation which uses cash flow projections based on financial budgets and forecasts approved by the Executive Board covering the period up to 2012. Management has carried out checks to ensure that its internal projections are consistent with external forecasts of sales and earnings.

The key assumptions include

// A post tax WACC of 10.63% (2009: 9.41%) which is derived as at December 2010 using the capital asset pricing model.
// A risk free interest rate of 3%
// A terminal growth rate of 0% has been assumed for the purposes of the calculation of the recoverable amount.
// An exchange rate of USD 1.35 to EUR 1.
// A margin, before interest and tax, of 31.1%
// Projections of net working capital are based on expected working capital ratios for 2010. These ratios include; inventory turnover; receivable and payables days; customer deposits and accruals and provisions as a percentage of sales.

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.

13 // OTHER NON-CURRENT ASSETS

Other non-current assets totalling kEUR 807 (2009: kEUR 644) include mainly rent deposits for buildings.

14 // DEFERRED TAX ASSETS AND LIABILITIES

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
in EUR thousands	2010	2009	2010	2009	2010	2009
Property, plant and equipment	-95	-113	0	-57	-95	-170
Trade receivables	7,086	2,602	0	0	7,086	2,602
Inventories	6,962	5,903	0	4	6,962	5,907
Employee benefits	43	92	0	-222	43	-130
Deferred revenues	14	25	0	0	14	25
Provisions and other liabilities	-2,033	-642	0	0	-2,033	-642
Intangible assets	5,576	0	0	0	5,576	0
Other	156	-163	0	0	156	-163
Tax losses	2,455	5,605	0	0	2,455	5,605
Derivative financial instruments	-695	560	0	0	-695	560
Deferred tax assets (+) liabilities (-)	**19,469**	**13,869**	**0**	**-275**	**19,469**	**13,594**

Deferred tax assets are recognized at the level of individual consolidated companies in which a loss was realized in the current or preceding financial year, only to the extent that realization in future periods is probable. The nature of the evidence used in assessing the probability of realization 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 3,180 (2009: kEUR 6,070). Forecast transactions are expected to give rise to taxable profits in 2011 in the entities where deferred tax assets have been recognized.

Deferred taxes for tax losses in the amount of kEUR 17,056 (2009: kEUR 21,168) and on deductible temporary differences in the amount of kEUR 22,028 (2009: kEUR 0) were not recognized. Tax losses in the amount of kEUR 0 can be used indefinitely (2009: kEUR 270), kEUR 0 expire by 2015 (2009: 0, by 2014) and kEUR 17,056 expire after 2015 (2009: kEUR 20,898 after 2014).

The deferred tax asset attributable to intangible assets arises from a re-organisation of the Group's intangible assets during 2010.

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

in EUR thousands	Balance at Jan 1, 2010	Recognized in income statement	Directly recognized in other comprehensive income	Balance at Dec 31, 2010
Property, plant and equipment	-163	76	-8	-95
Trade receivables	2,603	4,483	0	7,086
Inventories	5,955	1,005	2	6,962
Employee benefits	-131	174	0	43
Deferred revenues	29	-11	-4	14
Currency adjustment	-38	-73	111	0
Provisions and other liabilities	-643	-1,411	21	-2,033
Intangible assets	0	5,576	0	5,576
Other	-140	308	-12	156
Derivative financial instruments	560	-806	-449	-695
Tax losses carried forward	5,562	-4,268	1,161	2,455
	13,594	**5,053**	**822**	**19,469**

in EUR thousands	Balance at Jan 1, 2009	Recognized in income statement	Directly recognized in other comprehensive income	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
Employee benefits	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	0
Other	-317	177	0	-140
Derivative financial instruments	-293	551	302	560
Tax losses carried forward	138	5,424	0	5,562
	3,161	**10,179**	**255**	**13,594**

15 // 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 seven years. The amount included in long term receivables is for the amounts receivable after more than one year from the balance sheet date.

16 // INVENTORIES

in EUR thousands	Dec 31, 2010	Dec 31, 2009
Raw materials and supplies	52,816	29,504
Work in process	108,909	56,781
Finished goods and services completed	249	86
Inventories at customers' locations	5,247	3,181
	167,221	**89,552**

in EUR thousands	Dec 31, 2010	Dec 31, 2009
Write-down of inventories during the year	730	5,890
Inventories measured at net realisable value	0	6,877
Inventories recognized as an expense during the period	298,872	121,296
Reversals of write-downs recognized during the year	6,609	2,081

The reason for the reversal of provisions was principally because some obsolete inventory was expensed as scrap and therefore the requirement for the provision no longer existed.

17 // TRADE RECEIVABLES AND OTHER CURRENT ASSETS

in EUR thousands	Dec 31, 2010	Dec 31, 2009
Trade receivables	88,789	49,982
Allowances for doubtful accounts	-382	-717
Trade receivables – net	**88,407**	**49,265**
Prepaid expenses	766	794
Reimbursement of research and development costs	1,692	1,140
Advance payments for inventory	915	1,181
VAT refund claims	6,530	5,132
Other assets	2,512	1,917
Derivatives that are designated and effective as hedging instruments (see Note 26)	1,221	692
Financial assets carried at fair value through the profit or loss (FVTPL) (see Note 26)	1,071	3,485
Total other current receivables	**14,707**	**14,341**
	103,114	**63,606**

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	2010	2009
Allowance at January 1	717	2,289
Translation adjustments	16	11
Impairment losses recognized	223	928
Used	-6	-1,225
Impairment losses reversed	-568	-1,286
Allowance at December 31	**382**	**717**

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.

Impairment losses which were reversed in 2010 and 2009 were no longer necessary because the two customers involved settled their outstanding debts. The provisions for impaired receivables were originally made because those customers were in financial difficulties; in both cases the companies were re-capitalised.

At the balance sheet date one customer accounted for 11% of the Company's net trade receivables, no other single customer accounted for more than 10% of trade receivables. In 2009 two customers accounted for 33% and 17% 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 12,807 (2009: kEUR 2,309) 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.

AGEING OF PAST DUE BUT NOT IMPAIRED RECEIVABLES

in EUR thousands	Dec 31, 2010	Dec 31, 2009
1–90 days past due	12,418	1,794
More than 90 days past due	389	515

18 // OTHER FINANCIAL ASSETS

Other financial assets of kEUR 202,587 (2009: kEUR 90,000) are fixed deposits with banks with a maturity of more than three months at inception of the contracts.

19 // CASH AND CASH EQUIVALENTS

in EUR thousands	Dec 31, 2010	Dec 31, 2009
Cash-in-hand	12	7
Short term deposits	0	21,000
Bank balances	182,106	190,185
Cash and Cash equivalents	**182,118**	**211,192**

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

Bank balances included kEUR 0 given as security (2009: kEUR 0) at December 31, 2010.

20 // SHAREHOLDERS' EQUITY

SUBSCRIBED CAPITAL

	2010	2009
January 1	99,587,927	89,692,328
Exercise of employee stock options	513,014	915,662
Capital Increase	0	8,979,937
Issued capital at December 31, under IFRS	**100,100,941**	**99,587,927**
Treasury shares	1,078,925	1,079,250
Stated share capital at December 31	**101,179,866**	**100,667,177**

The share capital of the Company consists of no-par value shares and was fully paid-up during 2010 and 2009. 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 SE cannot dispose of the trust assets. IFRS (SIC 12) prescribes an allocation of the trust assets to AIXTRON SE. In the IFRS financial statements the shares held in this trust are therefore shown as treasury shares and deducted from the nominal share capital.

8,979,937 shares of authorised 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.

AUTHORISED SHARE CAPITAL

Authorised share capital, including stated capital, amounted to EUR 143,635,351 (2009: 179,555,102).

ADDITIONAL PAID-IN CAPITAL

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

INCOME AND EXPENSES RECOGNIZED IN OTHER COMPREHENSIVE INCOME

in EUR thousands	Currency translation	Derivative financial instruments	Total
Balance at December 31, 2007	**-8,383**	**1,191**	**-7,192**
Change in currency translation	-5,372	0	-5,372
Change in unrealized 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 unrealized 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**
Change in currency translation	1,454	0	1,454
Change in unrealized gains/losses before taxes	0	1,224	1,224
Deferred taxes	0	-449	-449
Balance at December 31, 2010	**-10,995**	**-340**	**-11,335**

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 other comprehensive income.

21 // EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share 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 is based on the weighted-average number of outstanding common shares and of common shares with a possible dilutive effect resulting from share options being exercised under the share option plan.

	2010	2009	2008
Earnings per share			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	192,496	44,766	22,994
Weighted average number of common shares for the purpose of earnings per share	99,871,834	91,609,912	89,478,415
Basic earnings per share (EUR)	**1.93**	**0.49**	**0.26**
Earnings per share (diluted)			
Net profit/loss attributable to the shareholders of AIXTRON SE in kEUR	192,496	44,766	22,994
Weighted average number of common shares for the purpose of earnings per share	99,871,834	91,609,912	89,478,415
Dilutive effect of share options	1,874,632	1,405,764	1,016,486
Weighted average number of common shares for the purpose of earnings per share (diluted)	101,746,466	93,015,677	90,494,901
Diluted earnings per share (EUR)	**1.89**	**0.48**	**0.25**

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	2010	2009	2008
Share options	**2,323,928**	**1,970,222**	**2,631,692**

22 // 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 2010 the expense recognized for defined contribution plans amounted to kEUR 1,152 (2009: kEUR 970, 2008: kEUR 896).

In addition to the Company's retirement benefit plans, the Company is required to make contributions to state retirement benefit schemes in most of the countries in which it operates. The Company is required to contribute a specified percentage of payroll costs to the retirement schemes in order to fund the benefits. The only obligation of the Group is to make the required contributions.

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 SE. These are final salary plans:

MOVEMENTS IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS

in EUR thousands	2010	2009	2008
Present value of defined benefit obligations at January 1	1,064	845	878
Gains/losses recognized in income statement	-16	219	-33
Present value of defined benefit obligations at December 31	**1,048**	**1,064**	**845**

The amount included in the consolidated statement of financial position arising from defined benefit obligations, as of December 31, is:

in EUR thousands	2010	2009	2008	2007	2006
Present value of defined benefit obligations	1,048	1,064	845	878	983
Fair value of scheme assets – funded	-1,031	0	0	0	0
Defined benefit liability – unfunded	**17**	**1,064**	**845**	**878**	**983**

EXPENSE RECOGNIZED IN THE CONSOLIDATED INCOME STATEMENT

in EUR thousands	2010	2009	2008
Interest expense	54	87	47
Actuarial gains and losses	812	132	-80
	866	219	-33

DEVELOPMENT OF PLAN ASSETS

in EUR thousands	2010	2009	2008
at January 1	0	0	0
Contributions by the sponsoring companies	1,913	0	0
Actuarial gains and losses	-882	0	0
at December 31	1,031	0	0

In the income statement, the expense (2008 income) of kEUR 866 (2009 kEUR 219; 2008: kEUR -33) is recognized in general administration expense.

The following table shows the principal actuarial assumptions:

Biometrical calculation assumptions	2010 Heubeck tables 2005 G in %	2009 Heubeck tables 2005 G in %
Interest rate at December 31	4.90	5.20
Expected salary increase	0.00	0.00
Expected pension increase	1.00	2.00

In the three years ending 2010 no payments were made under these plans. The value of the obligations from pension plans is determined annually at December 31. During 2010 these obligations were contracted out to an insurance company. Following the transfer of the pension obligation to the insurance company, the guaranteed increase in pensions is 1% only. The Company does not expect to have any further obligation under these schemes.

23 // 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 1,123,614 options for the purchase of 1,791,832 common shares were outstanding as of December 31, 2010.

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 623,895 options to purchase the same number of common stock were outstanding under this plan as of December 31, 2010.

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 ten 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
2010	779,950

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 ten years from the date of grant.

A total of 6,610 options to purchase AIXTRON ADS were outstanding under this plan as of December 31, 2010. Upon exercise of options new shares are issued from the trust (see **note 20**).

SUMMARY OF STOCK OPTION TRANSACTIONS

AIXTRON SHARE OPTIONS

	2010		2009	
	Number of shares	Average exercise price (EUR)	Number of shares	Average exercise price (EUR)
Balance at January 1	4,998,686	16.52	5,149,197	13.76
Granted during the year	779,950	26.60	778,850	24.60
Exercised during the year	512,689	6.83	792,624	5.00
Forfeited during the year	111,195	8.99	136,737	8.76
Outstanding at December 31	**5,154,752**	**19.17**	**4,998,686**	**16.52**
Exercisable at December 31	**937,426**	**18.62**	**799,520**	**19.51**

GENUS SHARE OPTIONS

	2010		2009	
	Number of shares	Average exercise price (USD)	Number of shares	Average exercise price (USD)
Balance at January 1	6,935	7.33	142,499	5.96
Exercised during the year	325	5.08	123,038	5.95
Expired during the year			12,526	5.81
Outstanding at December 31	**6,610**	**7.44**	**6,935**	**7.33**
Exercisable at December 31	**6,610**	**7.44**	**6,935**	**7.33**

AIXTRON STOCK OPTIONS AS OF DECEMBER 31, 2010

Exercise price per share (EUR)	Underlying shares represented by outstanding options	Shares represented by exercisable options	Average option life (in years)
18.70	406,824	406,824	3.5
67.39	393,728	109,132	4.5
26.93	392,900	0	5.5
7.48	598,380	0	6.5
3.10	30,150	30,150	2.5
6.17	80,170	80,170	3.5
3.83	513,575	197,775	5.5
10.09	453,225	113,375	7.0
4.17	748,500	0	8.0
24.60	763,150	0	9.0
26.60	774,150	0	10.0
	5,154,752	**937,426**	

GENUS STOCK OPTIONS AS OF DECEMBER 31, 2010

Average exercise price (USD)	Outstanding	Exercisable	Average option life (in years)
3.55	1,000	1,000	3.9
7.20	4,590	4,590	3.3
12.35	1,020	1,020	2.9
	6,610	**6,610**	

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 2010, the personnel expenses from share-based payments were kEUR 3,645 (2009: kEUR 2,149; 2008: kEUR 1,808). As of December 31, 2010 an amount of kEUR 11,506 relating to stock options granted prior to that date had not yet been recognized as a personnel expense. This amount will be charged over the period to 2015. The expected allocation of the expense is as follows: 2011: kEUR 5,189, 2012: kEUR 3,792, 2013 kEUR 1,824, 2014: kEUR 619 and 2015: kEUR 82.

AIXTRON SHARE OPTIONS GRANTED

	in 2010	in 2009	in 2008
Fair value on grant date	**EUR 8.87**	**EUR 8.62**	**EUR 1.77**
Price per share	EUR 23.54	EUR 19.00	EUR 4.30
Exercise price	EUR 26.60	EUR 24.60	EUR 4.17
Expected volatility	58.02%	56.38%	52.69%
Option life	10.0 years	10.0 years	10.0 years
Expected dividend payments	EUR 0.55	EUR 0.00	EUR 0.00
Risk-free interest rate	2.62%	3.44%	4.04%

The expected volatility is based on historical volatility.

24 // PROVISIONS

Development and breakdown of provisions:

in EUR thousands	Jan 1, 2010	Exchange rate differences	Usage	Reversal	Addition	Dec 31, 2010	Current	Non-current
Personnel expenses	8,162	209	7,053	1,089	14,480	14,709	14,709	0
Warranties	4,710	56	4,710	78	7,731	7,709	7,709	0
Onerous contracts	1,182	93	0	465	329	1,139	752	387
Commissions	4,002	-4	3,814	142	9,566	9,608	9,608	0
Other	8,898	79	6,711	1,192	9,684	10,758	10,758	0
Total	**26,954**	**433**	**22,288**	**2,966**	**41,790**	**43,923**	**43,536**	**387**

PERSONNEL EXPENSES

These include mainly provisions for holiday pay and bonuses.

PROVISIONS FOR ONEROUS CONTRACTS

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

OTHER PROVISIONS

Other provisions consist mainly of the estimated cost of services received, customs duties and estimated obligations arising from leases.

25 // TRADE PAYABLES AND OTHER CURRENT LIABILITIES

The liabilities consist of the following:

in EUR thousands	Dec. 31, 2010	Dec. 31, 2009
Trade payables	**39,643**	**21,419**
Liabilities from grants	950	1,352
Payroll taxes and social security contributions	883	685
VAT and similar taxes	631	173
Derivatives that are designated and effective as hedging instruments carried at fair value		
Forward foreign currency contracts	735	1,692
Financial instruments carried at fair value through the profit or loss (FVTPL)		
Foreign currency options	461	810
Other liabilities	374	55
	4,034	**4,767**
	43,677	**26,186**

The carrying amount of trade payables and other current liabilities approximates their fair value. Trade payables, grant liabilities, taxes and other liabilities fall due for payment within 90 days of receipt of the relevant goods or services. The maturities of currency contracts are shown in **Note 26**.

26 // 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 minimize 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 coordinates 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 SE. 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, 2010 the Group had no borrowings (2009 nil). Financial liabilities of kEUR 43,677 (2009 kEUR 26,186) consisting of trade payables and other liabilities and are shown in **Note 25**, together with an analysis of their maturity.

As at December 31, 2010 the Group had kEUR 182,118 cash and cash equivalents (2009 kEUR 211,192) and a further kEUR 202,587 of fixed deposits with banks (2009 kEUR 90,000).

CREDIT RISKS

Financial assets generally exposed to a credit risk are trade receivables (see **note 17**) and cash and cash equivalents.

The Group's cash and cash equivalents are kept with banks that have a good credit standing. Central management of the Group assesses the counterparty 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 minimize 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 17, 18 and 19**.

MARKET RISKS

The Company's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rate risks. Interest rate risks are not material as the Company only receives a minor amount of interest income. 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:

	Liabilities		Assets	
in EUR thousands	2010	2009	2010	2009
US Dollars	(4,483)	(3,782)	121,148	65,587
GB Pounds	(11,991)	(3,785)	4,318	18,719

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.

	USD Currency Effect		GBP Currency Effect	
in EUR thousands	2010	2009	2010	2009
Increase in value of Euro by 10%				
Profit or loss	6,776	-9,483	76	-132
Other comprehensive income	12,515	3,788	-	5,428
Decrease in value of Euro by 10%				
Profit or loss	-6,988	13,120	-76	132
Other comprehensive income	-13,109	-3,788	-	-5,428

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 at Dec. 31			
					Asset		Liabilities	
	2010 kUSD	2009 kUSD	2010 kEUR	2009 kEUR	2010 kEUR	2009 kEUR	2010 kEUR	2009 kEUR
Cash flow hedges								
Sell US Dollars buy Euros								
Less than 3 months	45,000	39,000	33,827	27,294	350	594	(204)	(385)
3 to 12 months	135,000	76,000	101,539	51,752	871	98	(531)	(1,307)
Fair Value Hedges through the Profit or Loss								
Options to sell US Dollars buy Euros								
Less than 3 months	30,000	75,000	22,388	50,714	371	568	–	–
3 to 12 months	30,000	210,000	22,388	140,000	700	2,917	–	–
Options to sell Euros buy US Dollars								
Less than 3 months	30,000	15,000	24,234	11,538	–	–	(109)	(17)
3 to 12 months	30,000	60,000	24,234	44,444	–	–	(352)	(793)

FOREIGN CURRENCY CASH FLOW HEDGES

As of December 31, 2010, the aggregate amount of unrealized losses (2009: losses) on forward foreign exchange contracts deferred in the hedging reserve relating to the exposure on anticipated future transactions is kEUR 340 (2009: kEUR 1,115). The unrealized losses of kEUR 1,115 (December 31, 2008: kEUR 0) included in income and expenses recognized in equity as of December 31, 2009 were fully reversed and recognized in the income statement at maturity date of the contracts in the financial year. The losses actually realized in 2010 were kEUR 7,951 (2009: losses kEUR 0).

FOREIGN CURRENCY OPTION CONTRACTS

The Company has also entered into option contracts to hedge the exchange rate risk on US Dollar sales proceeds in 2011. The contracts are classified as at fair value through the profit and loss account. Unrealized gains of kEUR 610 (2009: kEUR 2,675) on forward exchange contracts are recognized in Other Operating Income in the income statement.

FAIR VALUES

Cash and cash equivalents, loans and receivables and held to maturity investments are stated at amortised cost. At FVTPL and hedging derivatives are stated as at fair value.

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 2010

in EUR thousands	Cash and cash equivalents	Loans and receivables	Held to maturity investments	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortized cost	at amortized cost	at amortized cost	at fair value	at fair value	
Cash and cash equivalents	182,118	0	0	0	0	182,118
Fair value of derivative financial instruments	0	0	0	1,071	1,221	2,292
Other financial assets	0	0	202,587	0	0	202,587
Other non-current assets	0	807	0	0	0	807
Trade receivables	0	88,407	0	0	0	88,407
Total	**182,118**	**89,214**	**202,587**	**1,071**	**1,221**	**476,211**

FINANCIAL LIABILITIES 2010

in EUR thousands	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Fair value of derivative financial instruments	0	0	0	461	735	1,196
Trade payables	0	0	39,643	0	0	39,643
Advance payments from customers (not in the scope of IFRS7)	0	0	117,477	0	0	117,477
Total	**0**	**0**	**157,120**	**461**	**735**	**158,316**

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
	at amortised cost	at amortised cost	at amortised cost	at fair value	at 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	692	4,177
Other financial assets	0	0	90,000	0	0	90,000
Other non-current assets	0	644	0	0	0	644
Trade receivables	0	49,265	0	0	0	49,265
Total	**211,192**	**49,909**	**90,000**	**3,485**	**692**	**355,278**

FINANCIAL LIABILITIES 2009

in EUR thousands	Cash and cash equivalents	Loans and receivables	Other payables	At FVTPL	Hedging Derivatives	Total Carrying amount and fair value
	at amortised cost	at amortised cost	at amortised cost	at fair value	at fair value	
Fair value of derivative financial instruments	0	0	0	810	1,692	2,502
Trade payables	0	0	21,419	0	0	21,419
Advance payments from customers (not in the scope of IFRS7)	0	0	87,918	0	0	87,918
Total	**0**	**0**	**109,337**	**810**	**1,692**	**111,839**

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). The values are derived from inputs other than quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). This is level 2 in the hierarchy of fair value measurement techniques.

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.

27 // OPERATING LEASES

LEASES AS LESSEE

Non-cancellable operating lease rentals are payable as follows:

in EUR thousands	
2011	4,179
2012	2,659
2013	982
2014	762
2015	641
after 2015	929
	10,152

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 15 years. None of the leases include contingent rentals.

The expenses for leasing contracts were kEUR 3,959, kEUR 2,922 and kEUR 2,174 for 2010, 2009 and 2008 respectively.

28 // CAPITAL COMMITMENTS

As of December 31, 2010, the Company had entered into purchase commitments with suppliers in the amount of kEUR 92,277 (2009: kEUR 75,759) for purchases within the next 12 months. Commitments for capital expenditures are kEUR 6,514 (2009: kEUR 336) as of December 31, 2010.

29 // 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 recognized, 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 (IRC), of El Segundo, California, USA had filed a complaint on September 8, 2008 in the U.S. District Court for the Central District of California against seven of IRC's former employees, including IRC's founder and former CEO Alex Lidow, as well as five companies, including AIXTRON. Having had its lawsuit dismissed in the U.S. District Court, IRC 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, IRC dropped some of its claims against the defendants, and the California court dismissed additional claims. As at December 31, 2010, two of IRC's claims remained in the case against AIXTRON.

On January 24, 2011, AIXTRON and IRC entered into a settlement agreement in which IRC agreed to withdraw its action in return for voluntary disclosure by AIXTRON of certain documents as well as witness statements to IRC in support of IRC's still pending action against the remaining defendants. On February 3, 2011, the Superior Court of California, County of Los Angeles, California, USA has filed and entered the dismissal with prejudice of the action against AIXTRON.

30 // 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	2010	2009
Short-term employee benefits	7,620	5,149
Total cash remuneration	**7,620**	**5,149**
Share-based payment	1,383	1,344
Total remuneration	**9,003**	**6,493**

The following table shows the remuneration of the Executive Board for each individual member in 2010:

Executive Board Member	Fixed remuneration (kEUR)	Variable remuneration (kEUR)	Total monetary remuneration (kEUR)	Number of granted options (No.)	Option Value at grant date (kEUR)	Total remuneration (kEUR)
Paul Hyland	434	2,888	3,322	52,000	461	3,783
Wolfgang Breme	309	1,806	2,115	52,000	461	2,576
Dr. Bernd Schulte	377	1,806	2,183	52,000	461	2,644
Total	**1,120**	**6,500**	**7,620**	**156,000**	**1,383**	**9,003**

REMUNERATION OF SUPERVISORY BOARD

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

in EUR thousands	2010	2009
Fixed remuneration	153	153
Variable remuneration	612	384
Attendance fee	36	30
Remuneration of Supervisory Board total	801	567

The following table shows the remuneration of the Supervisory Board in 2010 for each individual member:

Supervisory Board Member	Fixed	Variable	Attendance Fee	Total
Kim Schindelhauer* (Chairman of the Supervisory Board)	54	216	7	277
Dr. Holger Jürgensen* (Deputy Chairman of the Supervisory Board)	27	108	9	144
Prof. Dr. Wolfgang Blättchen* (Chairman of the Audit Committee)	18	72	14	104
Karl-Hermann Kuklies	18	72	0	90
Prof. Dr. Rüdiger von Rosen	18	72	0	90
Joachim Simmroß*	18	72	6	96
	153**	**612*****	**36**	**801**

* Member of the Audit Committee
** of which kEUR149 is for the period from Jan.1, 2010 to Dec. 21,.2010 for duties performed as the supervisory board of AIXTRON AG and kEUR 4 for the period from Dec. 22,.2010 to Dec.31, .2010 for duties performed as the supervisory board of AIXTRON SE (subject to the resolution of the Annual General Meeting according to §113 sec.2 AktG)
*** of which kEUR595 is for the period from Jan.1, 2010 to Dec. 21,.2010 for duties performed as the supervisory board of AIXTRON AG and kEUR 17 for the period from Dec. 22,.2010 to Dec.31, .2010 for duties performed as the supervisory board of AIXTRON SE (subject to the resolution of the Annual General Meeting according to §113 sec.2 AktG)

The Remuneration Report which is included in the Corporate Governance report contains further details regarding the remuneration of Executive Board and Supervisory Board.

31 // CONSOLIDATED ENTITIES

AIXTRON SE controls the following subsidiaries:

	Country	Share of capital in %	
		2010	2009
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
Nanoinstruments Ltd	England & Wales	100	100
Genus trust*	USA	n.a.	n.a.

* The shares in Genus trust are attributed, as beneficial owner, to AIXTRON, as control exists through the trust relationship with AIXTRON SE

32 // 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.

33 // AUDITORS' FEES

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

in EUR thousands	2010	2009
for audit	773	640
for other confirmation services	69	94
for tax advisory services	242	142
for other services	1	9
	1,085	885

Included in the total amount of fees are fees for the Group auditor Deloitte & Touche GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, in the amount of kEUR 466 for audit (2009: kEUR 409), kEUR 62 for other confirmation services (2009: kEUR 94), kEUR 134 for tax services (2009: kEUR 113) and kEUR 1 for other services (2009: kEUR 9).

34 // 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	2010	2009
Sales	68	71
Research and Development	240	197
Manufacturing and Service	351	278
Administration	90	90
Employees (§314 HGB)	749	636
Executive board members	3	3
Apprentices	12	16
Total Employees	**764**	**655**

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

In 2010, Executive and Supervisory Boards have made the declaration of compliance in accordance with Section 161 of AktG and this is permanently available on the Company's web site at http://www.aixtron.com/index.php?id=91&L=1.

36 // SUPERVISORY BOARD AND EXECUTIVE BOARD

Composition of the Supervisory Board as of December 31, 2010

// DIPL.-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 / Managing Director of Blättchen Financial Advisory GmbH, Leonberg / member of the Supervisory Board since 1998
Until 30th June 2010, Executive Board of Blättchen & Partner AG
Membership of Supervisory Boards and controlling bodies:
// HAUBROK AG, Düsseldorf – Deputy Chairman of the Supervisory Board
// APCOA Parking AG, Stuttgart – member of the Supervisory Board
// Datagroup IT Services Holding AG, Pliezhausen – member of the Supervisory Board
// FAS AG, Stuttgart - member of the Supervisory Board
// Pfisterer Holding AG, Winterbach – Chairman of the Supervisory Board since 23rd June 2010

// 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 – until January 20, 2010
- // ICF Kursmakler AG, Frankfurt/Main – Deputy Chairman of the Supervisory Board – since August 30, 2010

// DIPL.-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
- // 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

// DIPL.-KFM. WOLFGANG BREME

Aachen / business graduate / 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

37 // 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 recognized in two stages for the supply of equipment to customers, partly on delivery and partly on final installation and acceptance (see **note 2 (n)**). 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 judgments 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. The carrying amount of goodwill is disclosed in **note 12**.

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. The carrying amount of inventories is disclosed in **note 16**.

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 realization of future tax benefits is sufficiently probable to recognize 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. The carrying amount of deferred tax assets is disclosed in **note 14**.

RESULTS //

INDEPENDENT AUDITORS' REPORT

We have audited the consolidated financial statements prepared by the AIXTRON SE (formerly: AIXTRON Aktiengesellschaft), Herzogenrath – comprising the consolidated statement of financial position, the consolidated income statement and consolidated statement of other comprehensive income, the consolidated statement of cash flow, the consolidated statement of changes in equity and the notes to the consolidated financial statements – and the group management report for the business year from 1 January to 31 December 2010. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB („German Commercial Code") are the responsibility of the parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and on 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 the applicable financial reporting framework 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 expectations as to 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 state-ments of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, 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, based on the findings of our audit, the consolidated financial statements of the AIXTRON SE (formerly: AIXTRON Aktiengesellschaft), Herzogenrath, comply with IFRS, as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the group's position and suitably presents the opportunities and risks of future development.

DÜSSELDORF, FEBRUARY 28, 2011

DELOITTE & TOUCHE GMBH
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT

CRAMPTON
WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)

PPA. GRÜNEWALD
WIRTSCHAFTSPRÜFER
(GERMAN PUBLIC AUDITOR)

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 4 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."

FEBRUARY 28, 2011

AIXTRON SE, HERZOGENRATH

EXECUTIVE BOARD

PAUL HYLAND
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

WOLFGANG BREME
EXECUTIVE VICE PRESIDENT
AND CHIEF FINANCIAL OFFICER

DR. BERND SCHULTE
EXECUTIVE VICE PRESIDENT
AND CHIEF OPERATING OFFICER

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 production requirements of next-generation geometries (45 → nanometer and below). The ALD process uses pulse and purge of two reactants to → deposit films, where the purge is done using → carrier gases like argon or nitrogen.

A AVD®

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

B Backlighting

The assemblies used to illuminate the liquid-crystal displays (→ LCDs) of electronic equipment are known as "backlighting" assemblies. LEDs are used for backlighting because their advantages – long operating lifetime, robustness and small dimensions – are all of particular benefit. → Displays for small mobile equipment such as mobile phones or navigation devices are typical examples of applications.

C Capacitors

A circuit element formed by placing an insulating layer between two conducting layers; its function is to store an electrical charge. 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 Carbon nanotubes (CNT)

Carbon nanotubes (CNT) 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.

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. The carrier gases principally used are hydrogen, argon and nitrogen. Very pure hydrogen can be produced easily and nitrogen is not highly reactive.

C Chip

The finished → device structure which constitutes a very small element of the → semiconductor wafer.

C Clean room

The place in a semiconductor fab where all the wafer processing process is completed. Dust and particles which might fall on the wafers during processing and result in the circuits not functioning correctly are kept out of the clean room by filtering the air and managing the air flow. Personnel are required to wear specially designed clean room overalls and 'booties' over their street clothes and shoes, and must wear gloves and face masks (humans tend to shed skin and hair). Not even normal paper is allowed in clean rooms – only clean room low particulate paper may be taken in.

C Close Coupled Showerhead® (CCS)

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 order to create a very uniform distribution of reagent gases.

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.

C Compound semiconductors

These → semiconductors are crystals with several elements. They are subdivided into groups according to the → periodic system into main groups of their components, such as IV/IV (germanium/silicon), III/V (gallium/nitrogen), II/VI (magnesium/oxygen). Compound semiconductors have several advantages compared to single element semiconductors. Many have properties that allow them to emit or absorb light very efficiently (for illumination or production of electrical energy). Many can be processed into → devices that have higher power capability, operation frequency or efficiency than similar devices made from → silicon only.

C Corporate Governance

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.

C CVD

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 high temperature by exciting the reactant gases into a plasma.

D Deposit / Growth

→ Semiconductor devices comprise of several crystalline layers. Deposition is the correct term for the laying down of these layers on a wafer.

D Deposition

Deposition describes the process of introducing gases into the → reactor chamber and onto the → wafers. Depending on the kind of coating process, different electronic and optoelectronic devices can be manufactured, e.g. LEDs, lasers, solar cells or transistors.

D Devices

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, as well as solar cells.

D Diode

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.

D Display

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.

D DRAM

Dynamic Random Access Memory (DRAM) is a volatile type of → semiconductor memory chip, on which data is lost after an interruption of the electric power supply.

E Electronic paper

Electronic paper (also e-paper, E-Paper or ePaper) 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.

E Epitaxy

The → deposition of thin single crystalline layers on a suited → substrate in the form of crystal growth.

F FeRAM

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.

F Flash memory

See → NAND flash memory.

G Gas Foil Rotation® (GFR)

The → wafer carriers in AIXTRON → MOCVD equipment turn friction-free on gas cushions. This movement is powered by a directed gas flow.

G Gate

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.

G General Lighting

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.

G German Commercial Code (HGB)

The German Commercial Code (HGB) contains the core of the commercial law of Germany.

G German Stock Corporation Act (AktG)

The German Stock Corporation Act (AktG) regulates the setting up, incorporation, accounting, liquidation, and stockholders' meetings of stock corporations and partnerships limited by shares.

G Glovebox

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 protect 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.

G Gross Domestic Product (GDP)

The GDP measures the output of a nation's economy. It 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.

H HBT

The Heterojunction Bipolar Transistor (HBT) is an improvement of the bipolar junction transistor, using differing → semiconductor materials for the emitter and base regions and creating a heterojunction, that can handle signals of very high frequencies up to 600 GHz and more. This type is common in modern ultrafast circuits as well as applications requiring a high power efficiency, such as power amplifiers in cellular phones.

H HEMT

High Electron Mobility Transistor (HEMT) is a field effect transistor incorporating a junction between two materials with different band gaps. A commonly used material combination is GaAs with AlGaAs. HEMTs have attracted attention due to their high-power performance, especially for high frequency applications.

H HVPE

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.

I ISO 9001

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.

L LCD

Liquid Crystal Display is, similar to a television tube, a monochrome or color → display which is a flat, energy-saving display.

L LED

A light-emitting diode (LED) is an electronic → semiconductor device. LEDs can emit very bright light and are energy-efficient. High Brightness (HB) LEDs with low power (ca. 20 mA) generally have an area of 0.1 mm^2 whereas Ultra-High Brightness (UHB) LEDs have an area of up to 1 mm^2 (ca. 350 mA). This places LEDs among the world's smallest light sources. Their low power consumption and heat emission make LEDs more economical and safer than traditional lighting.

L Logic chip

The critical chip which does the necessary computational calculations in an electronic component. For example, the main chip in a computer is a microprocessor, e.g. for mathematical computations, amongst other things.

M Memory chip

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.

M MOCVD

Metall-Organic Chemical Vapor Deposition . With this → compound semiconductor production method, the raw material "metall-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, down to approx. one-tenth of normal atmospheric pressure. The advantage is that the gases introduced are of high purity 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.

N NAND flash memory

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 reprogrammed. This technology is mainly used for memory cards. The data of a flash memory is kept even after interruptions in the power supply.

N Nanometer

One nanometer (nm) is equal to one billionth of a meter and is approximately 70,000 times thinner than a human hair.

N Nanotechnology

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 mechanical 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.

N NASDAQ

NASDAQ ("National Association of Securities Dealers Automated Quotations") is a stock exchange founded in 1971 as a fully electronic platform. Securities trading on NASDAQ is regulated by the United States Securities and Exchange Commission (SEC).

N Non-volatile memory

→ 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.

O OLED

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.

O OVPD®

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 PCRAM

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 PECVD

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 contact to the → substrate to be layered (direct plasma method) or in a separate chamber (remote plasma method).

P Periodic system

All elements are ordered according to their atomic number and chemical properties into main- and sub-groups. These groups are used in the identification of → compound semiconductors. Gallium has the main group III, Nitrogen the main group V, so GaN is a III/V semiconductor.

P Planetary Reactor®

The Planetary Reactor® is based on the principle of a horizontal laminar flow reactor. The laminar flow principle guarantees extremely precise heterojunctions and unequaled control of → deposition rates at the atomic monolayer level. The combination of this principle with AIXTRON's unique multiple substrate carrier rotation, known as → Gas Foil Rotation® (GFR), ensures excellent deposition uniformity, regarding layer thickness, composition and doping. In addition, the special reactor inlet, which allows the separation of reactive gases, ensures a uniform outward radial flow and optimum distribution adjustment.

P Planetary Rotation

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 uniform, even deposit of → compound semiconductor layers on the wafer. AIXTRON uses this process as part of its → MOCVD technology (→ Planetary Reactor®).

P Prime Standard

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 PVPD

Polymer Vapor Phase Deposition. This process is used e.g. in the production of → electronic paper.

R RFID Chips

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.

S Sarbanes-Oxley Act

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.

S Semiconductor

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 in silicon).

S Silicon

An element on the periodic table with the symbol Si. Silicon is a → semiconductor used to fabricate most transistors and integrated circuits.

S Substrate

The base material on which → semiconductor layers are → deposited → cf. wafer.

S Susceptor

This serves as the holder for the → substrate, or the substrate carrier. Normally it consists of graphite so that even temperatures can be achieved.

T TecDAX®

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.

T TFT (flat display)

A thin-film → transistor (TFT) is a special field-effect transistor that allows the production of electronic circuits with large areas, e.g. on glass screens, backlit by → LEDs. It is increasingly used in laptops, computer monitors and televisions.

T Transistors

These →devices fall into two generic groups: The digital transistor is a simple on/off switch, which is the smallest building block of the microprocessor, part of the "brain" of a computer. The analog transistor is an amplifier that allows to convert small signals into large ones, increasing electrical current, voltage or power depending on the application (e.g. in radio receivers or audio amplifiers).

V VPE

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.

W Wafer

The technical term for the → substrate material, typically a thin disc of semiconductor material, on which the layers are deposited in the reactor. Wafers are typically 2, 4, 6, 8 inch or 300 mm in diameter.

INFORMATION

CONTACT

AIXTRON SE
Guido Pickert / Director Investor Relations
Kaiserstr. 98
52134 Herzogenrath / Germany

Phone: +49 (241) 8909-444
Fax: +49 (241) 8909-445
E-mail: invest@aixtron.com
Internet: www.aixtron.com

In the U.S., please contact:
Klaas Wisniewski
Phone: +1 (408) 747 7140 ext. 1363
E-mail: invest@aixtron.com

Publisher: AIXTRON SE, Herzogenrath
Conception and content : AIXTRON SE, Herzogenrath
Conception and design: Strichpunkt GmbH, Stuttgart / www.strichpunkt-design.de
Photography: Andreas Pohlmann, München
Print: EBERL PRINT GmbH, Immenstadt

AIXTRON SE

KAISERSTR. 98
52134 HERZOGENRATH / GERMANY
WWW.AIXTRON.COM

FINANCIAL CALENDAR

APRIL 28, 2011 // Q1 // 2011 RESULTS
MAY 19, 2011 // ANNUAL GENERAL MEETING
JULY 28, 2011 // Q2 // 2011 RESULTS
OCTOBER 27, 2011 // Q3 // 2011 RESULTS