



Invitation to the Annual General Meeting

on 10 June 2010

LPKF Laser & Electronics Aktiengesellschaft, Garbsen

ISIN DE 0006450000

Dear Shareholders,

We invite you to attend this year's annual general meeting taking place on Thursday, **10 June 2010, at 10.00, at the Hannover Congress Centrum, Theodor-Heuss-Platz 1-3, 30175 Hannover, Germany.**

Agenda

- 1. Presentation of the adopted annual financial statements as per 31 December 2009, the management report, the authorized consolidated financial statements per 31 December 2009, the consolidated management report, and the Supervisory Board report for the 2009 financial year, as well as the notes from the Board of Managing Directors on the information presented pursuant to Section 289 Paragraph 4 German Commercial Code, and Section 315 Paragraph 4 German Commercial Code.**

The documents presented with respect to Item 1 on the agenda are published for examination on the company's website at www.lpkf.com/investor-relations/annual-general-meeting/index.htm when the the call to convene the annual general meeting has been issued. The same applies to the proposal by the Board of Managing Directors for the appropriation of the net income. These documents will also be made available at the annual general meeting on 10 June 2010, and will be discussed at the meeting.

No resolution on Item 1 of the agenda is scheduled for proposal at the annual general meeting. The Supervisory Board has authorized the annual financial statements and the consolidated financial statements prepared by the Board of Managing Directors pursuant to Sections 171, 172 German Stock Corporation Act. The annual financial statements have therefore been adopted pursuant to Section 172 German Stock Corporation Act. The conditions in accordance with Section 173 Paragraph 1 German Stock Corporation Act which require the annual general meeting to vote on a resolution to adopt the annual financial statements and approve the consolidated financial statements do not apply in this case. Item 2 of the agenda proposes a resolution on the appropriation of the net income.

2. Resolution on the appropriation of the net income for the 2009 financial year

The Board of Managing Directors and the Supervisory Board propose that the net income for the 2009 financial year reported in the annual financial statements of LPKF Laser & Electronics Aktiengesellschaft totaling € 4,003,360.32 be appropriated as follows :

Net income	€ 4,003,360.32
Payment of a dividend of € 0.20 per dividend-entitled no-par value bearer share	€ 2,171,610.40
Balance to be carried forward	€ 1,831,749.92

These figures are based on the assumption that all of the company shares are entitled to dividend payments.

3. Resolution on ratification of the Board of Managing Directors' actions for the 2009 financial year

The Board of Managing Directors and the Supervisory Board propose that the actions of the members of the Board of Managing Directors for the 2009 financial year be ratified.

4. Resolution on the ratification of the actions of the Supervisory Board for the 2009 financial year

The Board of Managing Directors and the Supervisory Board propose that the actions of the members of the Supervisory Board for the 2009 financial year be ratified.

5. Selection of the auditor and Group auditor for the 2010 financial year

The Supervisory Board proposes that PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hannover, be named auditor and Group auditor for the 2010 financial year.

6. Resolution on annulling the existing authorized capital, creating new authorized capital with the authority to exclude shareholder subscription rights and amending the Articles of Association

The resolution adopted by the annual general meeting on 1 June 2005, with effect from 15 June 2005, authorized the Board of Managing Directors to raise the share capital of the company with the authorization of the Supervisory Board by up to € 5,300,000.00 by 14 June 2010 by issuing once or several times up to 5,300,000 new no-par value ordinary shares with a proportional share of the share capital (non-par value bearer shares) of € 1.00, in exchange for cash contributions or contributions in kind (authorized capital).

The Board of Managing Directors did not exercise this authorization. However, to continue to give the company adequate freedom of action, the authorized capital which runs out on 14 June 2010 is to be annulled and to be replaced by new authorized capital.

The Board of Managing Directors and the Supervisory Board propose the following for adoption:

- a) Annulment of the existing authorized capital

The authorization given to the Board of Managing Directors by the adoption at the annual general meeting on 1 June 2005 of the resolution in Item 6 of the agenda, which came into effect from 15 June 2005, to raise the share capital of the company with the authorization of the Supervisory Board by up to € 5,300,000.00 by 14 June 2010 by issuing once or several times up to 5,300,000 new no-par value ordinary shares with a proportional share of the share capital (non-par value bearer shares) of € 1.00, in exchange for cash contributions or contributions in kind (authorized capital), is to be annulled for the period after the coming into effect of the new authorized capital

proposed for adoption at the annual general meeting on 10 June 2010 insofar as the authorization has not been exercised up to the point in time this annulment comes into effect.

b) Creating new authorized capital

The Board of Managing Directors is authorized to raise the share capital to 9 June 2015 with the authorization of the Supervisory Board by up to € 5,400,000.00 by the issue of up to 5,400,000 new non-par value bearer shares issued once or several times in exchange for cash contributions or contributions in kind (authorized capital).

Carrying out an action of this kind generally endows the shareholders with subscription rights. The shares can also be taken over by one or more financial institutes or companies defined by the Board of Managing Directors in the sense of Section 186 Paragraph 5 Clause 1 German Stock Corporation Act, with the obligation to offer them to shareholders for subscription (indirect subscription rights).

The Board of Managing Directors is, however, authorized with the approval of the Supervisory Board to exclude the subscription rights of the shareholders:

- to exclude fractional amounts from the subscription rights of the shareholders,
- when the new shares are issued for cash contributions and the issue price of the new shares is not significantly lower than the share price of the already listed shares at the time when the issue price is finally defined. The number of shares issued in this way which exclude the subscription rights of the shareholders must never exceed 10 % of the share capital, neither at the time it comes into effect, nor at the time this authorization is exercised. The upper limit of 10 % of the share capital also includes other shares excluding subscription rights issued or sold during the term of this authorization by the direct or appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act. This also includes shares issued to service options and/or conversion rights or conversion obligations arising from convertible bonds or option bonds or option participatory rights, insofar as these bonds or participatory rights are issued during the term of this authorization excluding subscription rights by way of the appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act,
- if increasing the capital takes place in exchange for contributions in kind for the purpose of acquiring companies, shares in companies, trade investments in companies, other assets associated with an acquisition transaction, or part of company mergers, or for the purpose of acquiring commercial protection rights including copyright and know-how, or the rights to use such rights,
- when the new shares are issued to persons who are under an employment contract with the company or one of its associated companies. The number of shares issued under these circumstances which exclude the subscription rights of shareholders must not exceed a pro rata share of the share capital totaling € 200,000.00.

The authorization to exclude the subscription rights of shareholders is restricted insofar as after the authorization has been exercised, the total amount of shares issued with respect to this authorized capital in exchange for cash contributions and/or contributions in kind excluding the subscription rights of the shareholders must not exceed a pro rata share of the share capital totaling € 2,600,000.00.

The Board of Managing Directors is authorized with the approval of the Supervisory Board to define the composition of the share rights, the conditional details concerning the capital increase, and the conditions for issuing shares, and in particular the number of shares issued.

The Supervisory Board is authorized to modify the Articles of Association appropriately after exercising the authorized capital or at the end of the term for exercising the authorized capital.

c) Amendment of the Articles of Association

Article 4 Paragraph 6 of the Articles of Association to be annulled and replaced by the following amended version:

"(6) The Board of Managing Directors is authorized to raise the share capital to 9 June 2015 with the authorization of the Supervisory Board by up to € 5,400,000.00 by the issue of up to 5,400,000 new non-par value bearer shares issued once or several times in exchange for cash contributions or contributions in kind (authorized capital).

Carrying out an action of this kind generally endows the shareholders with subscription rights. The shares can also be taken over by one or more financial institutes or companies defined by the Board of Managing Directors in the sense of Section 186 Paragraph 5 Clause 1 German Stock Corporation Act, with the obligation to offer them to shareholders for subscription (indirect subscription rights).

The Board of Managing Directors is, however, authorized with the approval of the Supervisory Board to exclude the subscription rights of the shareholders:

- to exclude fractional amounts from the subscription rights of the shareholders,
- when the new shares are issued for cash contributions and the issue price of the new shares is not significantly lower than the share price of the already listed shares at the time when the issue price is finally defined. The number of shares issued in this way which exclude the subscription rights of the shareholders must never exceed 10 % of the share capital, neither at the time it comes into effect, nor at the time this authorization is exercised. The upper limit of 10 % of the share capital also includes other shares excluding subscription rights issued or sold during the term of this authorization by the direct or appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act. This also includes shares issued to service options and/or conversion rights or conversion obligations arising from convertible bonds or option bonds or option participatory rights, insofar as these bonds or participatory rights are issued during the term of this authorization excluding subscription rights by way of the appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act,
- if increasing the capital takes place in exchange for contributions in kind for the purpose of acquiring companies, shares in companies, trade investments in companies, other assets associated with an acquisition transaction, or part of company mergers, or for the purpose of acquiring commercial protection rights including copyright and know-how, or the rights to use such rights,
- when the new shares are issued to persons who are under an employment contract with the company or one of its associated companies. The number of shares issued under these circumstances which exclude the subscription rights of shareholders must not exceed a pro rata share of the share capital totaling € 200,000.00.

The authorization to exclude the subscription rights of shareholders is restricted insofar as after the authorization has been exercised, the total amount of shares issued with respect to this authorized capital in exchange for cash contributions and/or contributions in kind excluding the subscription rights of the shareholders must not exceed a pro rata share of the share capital totaling € 2,600,000.00.

The Board of Managing Directors is authorized with the approval of the Supervisory Board to define the composition of the share rights, the conditional details concerning the capital increase, and the conditions for issuing shares, and in particular the number of shares issued.

The Supervisory Board is authorized to modify the Articles of Association appropriately after exercising the authorized capital or at the end of the term for exercising the authorized capital."

Written report by the Board of Managing Directors pursuant to Section 203 Paragraph 2 Clause 2, Section 186 Paragraph 4 Clause 2 German Stock Corporation Act with reference to agenda Item 6 on the reasons for authorizing the Board of Managing Directors to exclude the subscription rights of shareholders when exercising the authorized capital

The Board of Managing Directors and the Supervisory Board propose to the annual general meeting in agenda Item 6 that the existing authorized capital which runs out on 14 June 2010 should be annulled and that the management of the company be authorized to issue new shares in the company on the basis of new authorized capital totaling up to € 5,400,000.00. To enhance flexibility, the new authorized capital should be approved for use to raise cash contributions as well as contributions in kind.

When capital is increased from the authorized capital, shareholders generally have subscription rights. The shares can also be taken over by one or more financial institutes or companies defined by the Board of Managing Directors in the sense of Section 186 Paragraph 5 Clause 1 German Stock Corporation Act, with the obligation to offer them to shareholders for subscription (indirect subscription rights).

It is intended however that the Board of Managing Directors be authorized with the approval of the Supervisory Board to exclude the subscription rights of the shareholders:

- to exclude fractional amounts from the subscription rights of the shareholders,
- when the new shares are issued for cash contributions and the issue price of the new shares is not significantly lower than the share price of the already listed shares at the time when the issue price is finally defined. The number of shares issued in this way which exclude the subscription rights of the shareholders must never exceed 10 % of the share capital, neither at the time it comes into effect, nor at the time this authorization is exercised. The upper limit of 10 % of the share capital also includes other shares excluding subscription rights issued or sold during the term of this authorization by the direct or appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act. This also includes shares issued to service options and/or conversion rights or conversion obligations arising from convertible bonds or option bonds or option participatory rights, insofar as these bonds or participatory rights are issued during the term of this authorization excluding subscription rights by way of the appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act,
- if increasing the capital takes place in exchange for contributions in kind for the purpose of acquiring companies, shares in companies, trade investments in companies, other assets associated with an acquisition transaction, or part of company mergers, or for the purpose of acquiring commercial protection rights including copyright and know-how, or the rights to use such rights,
- when the new shares are issued to persons who are under an employment contract with the company or one of its associated companies. The number of shares issued under these circumstances which exclude the subscription rights of shareholders must not exceed a pro rata share of the share capital totaling € 200,000.00.

The authorization to exclude the subscription rights of shareholders is restricted insofar as after the authorization has been exercised, the total amount of shares issued with respect to this authorized capital in exchange for cash contributions and/or contributions in kind excluding the subscription rights of the shareholders must not exceed a pro rata share of the share capital totaling € 2,600,000.00.

The Board of Managing Directors presents the following report pursuant to Section 203 Paragraph 2 Clause 2, Section 186 Paragraph 4 Clause 2 German Stock Corporation Act on this authorization to exclude the subscription rights of the shareholders with the authorization of the Supervisory Board:

(1) Excluding the subscription rights for fractional amounts

The subscription rights should firstly be able to be excluded for fractional amounts. The reason for this exclusion right is to enable a practicable subscription ratio to be presented with respect to the amount of each capital increase. If it were not possible to exclude the subscription rights with respect to fractional amounts, this would make the technical implementation of the capital increase much more difficult, particularly when raising the capital by round figures. The new shares excluded as fractional amounts from the subscription rights of shareholders will be optimally used by the company by either selling them on the stock market or by using in some other way. The Board of Managing Directors and the Supervisory Board therefore consider it to be justifiable for this purpose to grant authorization to exclude subscription rights for technical reasons.(2)Excluding subscription rights when the issue price of the new shares is not significantly lower than the market price and when the number of shares excluding subscription rights issued in this way does not exceed 10 % in total of the share capital

It should also be possible to exclude the subscription rights when the new shares pursuant to Section 203 Paragraph 1, Section 186 Paragraph 3 Clause 4 German Stock Corporation Act are issued in exchange for cash contributions for an amount which does not significantly undercut the market price, and when the pro rata share of the issued shares does not exceed 10 % of the share capital, neither at the time it comes into effect nor at the time the authorization is exercised. This authorization enables the company to be able to cover capital requirements at short notice, and thus to rapidly and flexibly make use of market opportunities. Excluding the subscription rights enables action to be implemented very quickly without actuating the expensive and very time consuming subscription right procedure, and enables placement close to the market price, i.e. without the usual discount involved when offering shares with subscription rights. It also puts the company in a position to increase its capital along these lines to attract new domestic and international investors. When exercising its authorization, the Board of Managing Directors – with the approval of the Supervisory Board – sets the discount to the market price as low as feasibly allowed by the market conditions existing at the time the issue price is finally defined. The discount to the market price should never be more than 5 % of the share price.

The scope of the cash equity increase excluding subscription rights pursuant to Section 186 Paragraph 3 Clause 4 German Stock Corporation Act is also limited to 10 % of the share capital when the authorization comes into effect, or if this amount turns out to be lower, when exercising the authorization to exclude subscription rights. This 10 % limit also includes all those shares issued or sold excluding subscription rights during the term of the authorization by the direct or appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act, e.g. own shares. This also includes shares issued to service options and/or conversion rights or conversion obligations arising from convertible bonds or option bonds or option participatory rights, insofar as these bonds or participatory rights are issued during the term of this authorization excluding subscription rights by way of the appropriate application of Section 186 Paragraph 3 Clause 4 German Stock Corporation Act. This restriction satisfies the interest of shareholders in protecting the value of their shareholdings against dilution. Because the new shares are placed close to the market price, the shareholder can acquire the shares required to maintain his/her share ratio under very similar conditions.

(3) Excluding subscription rights arising from an increase in capital in exchange for contributions in kind

It should also be possible to exclude the subscription rights of shareholders if increasing the capital takes place in exchange for contributions in kind for the purpose of acquiring companies, shares in companies, trade investments in companies, other assets associated with an acquisition transaction, or part of company mergers. This gives the company the freedom of action it requires to react quickly, flexibly and in a liquidity-friendly manner to opportunities to improve its competitive position and strengthen its earnings power by acquiring other companies, company trade investments or parts of companies, as well as company mergers, and the acquisition of assets important for the company and assets associated with an acquisition transaction. The subscription rights of shareholders should also be excluded in the event of an increase in capital in exchange for contributions in kind

for the purpose of acquiring commercial protection rights, including copyright and know-how or the rights to use such rights. This exclusion of subscription rights is also intended to enable the company to acquire such rights quickly, flexibly and in a liquidity-friendly way to improve its competitive position.

Implementing transactions of this kind often requires the realization of very high reciprocal services which either cannot be provided or are not wanted in the form of cash. The owners of attractive companies or other attractive acquisition assets (including the aforementioned rights) often themselves demand to be compensated in the form of shares entitled to voting rights in the acquiring company. To enable the company to also be able to acquire companies of this kind or other acquisition assets, it must be possible for the company to pay for the acquisition in the form of shares. Because an acquisition of this kind normally has to be implemented at short notice, it is not usual for such an acquisition in principle to be approved by an annual general meeting taking place once a year. Moving quickly requires the creation of authorized capital to which the Board of Managing Directors, with the approval of the Supervisory Board, has rapid access. When defining the valuations in such cases, the Board of Managing Directors ensures that the justified interests of the shareholders are appropriately satisfied. The Board of Managing Directors takes into consideration here the market price of the shares in the company. The Board of Managing Directors will only utilize this authorization if the exclusion of the subscription rights in individual cases is beneficial to the well understood interests of the company. No concrete acquisition activities are currently being considered for which the proposed authorization for increasing real capital excluding the subscription rights of shareholders might be used.

(4) Excluding subscription rights when new shares have been issued to persons which have an employment contract with the company or with an affiliated company (employee shares)

The subscription rights are also to be excluded when the new shares are issued to persons who are under an employment contract with the company or one of its associated companies. The number of shares issued under these circumstances which exclude the subscription rights of shareholders must not exceed a pro rata share of the share capital totaling € 200,000.00. This enables shares to be used as remuneration elements for employees of the company or its affiliated companies, to promote the participation of employees in the share capital of the company, and thus to identify employees with the company in the interests of the company and its shareholders. Issuing employee shares in individual cases can also be possible as a means of rewarding and motivating employees. Limiting the issue of such shares to a pro rata amount of the share capital totaling € 200,000.00 satisfies the concerns of shareholders to protect their shareholdings from dilution.

(5) Using the authorization by limiting the exclusion of subscription rights to a total of € 2,600,000.00

When using the authorized capital, the scope allowed the Board of Managing Directors with the authorization to exclude subscription rights pursuant to Clauses (1) to (4) above is limited because the value of the shares issued which exclude subscription rights must not exceed a pro rata share of the share capital of € 2,600,000.00.

The Board of Managing Directors and the Supervisory Board will carefully examine in each individual case whether to exercise the authorization to increase the capital by excluding the subscription rights of the shareholders. Using this option would only take place when the Board of Managing Directors and the Supervisory Board consider this to be in the well understood interests of the company and its shareholders.

The Board of Managing Directors will inform the subsequent ordinary annual general meeting when it has utilized the aforementioned authorization to exclude subscription rights.

The report covering Item 6 on the agenda is available for perusal on the company's website at www.lpkf.com/investor-relations/annual-general-meeting/index.htm from the time the call to convene the annual general meeting is issued.

7. Resolution to amend the Articles of Association to conform with ARUG

The Shareholders' Rights Implementation Act (ARUG) came into force on 1 September 2009. ARUG changes the share-related stipulations concerning deadlines for announcing annual general meetings and the verification of participation rights, as well as the rules governing the exercising of voting rights by a proxy. The Articles of Association should be amended to comply with the new legislation.

7.1 Amendment to Article 21 Paragraph 4 (Period of notice for convening meetings) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

Article 21 Paragraph 4 in the Articles of Association to be annulled and replaced by the following new version:

"(4) The call to convene the annual general meeting is undertaken by making one announcement in the electronic Bundesanzeiger. Any other mandatory publication obligations remain unaffected. Insofar as no statutory changes are made, the annual general meeting must be convened at least 36 days before the date of the annual general meeting. This excludes the day of the annual general meeting and the day the call for convening the meeting is announced."

7.2 Amendment to Article 22 (Right to participate at the annual general meeting) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

Article 22 of the Articles of Association to be annulled below the headline and the section replaced by the following new version:

"(1) Shareholders have the right to participate at the annual general meeting and to exercise their voting rights when they have registered to participate at the annual general meeting and have provided the company with verification of their shareholdings. Verification of the shareholdings must be prepared in writing in a German or English language certificate issued by the depository institute with reference to the start of the 21st day prior to the date of the annual general meeting. The registration and the legitimate verification of the shareholdings must be received by the company at least six days prior to the day of the annual general meeting and sent to the address stated in the documents issued with the call to convene the annual general meeting. This does not include the day of the annual general meeting and the day the verification is received.

(2) The company reserves the right to demand appropriate additional verification if there are doubts about the correctness or the validity of the verification of the shareholdings. The company can refuse authorization for the shareholder to participate at the annual general meeting if no verification is submitted or the verification is not in the appropriate form."

7.3 Amendment to Article 23 Paragraph 2 (Proxy authorization) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

Article 23 Paragraph 2 of the Articles of Association to be annulled and replaced by the following new version:

"(2) The voting rights can be exercised by another person authorized to vote on the shareholder's behalf. Issuing the authorization, its cancellation, and the verification of

the authorization must be presented to the company in written form. Cancellation can also be undertaken by attending the annual general meeting personally. A simplification of the written form can be agreed in the call to convene the meeting. Section 135 German Stock Corporation Act remains unaffected. If a shareholder issues a proxy to more than one person, the company can refuse participation at the annual general meeting to one or more of these proxies.”

8. Resolution on other amendments to the Articles of Association

8.1 Amendment to Article 17 Paragraph 5 Clause 2 (Voting instructions in the Supervisory Board) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

The annulment of Article 17 Paragraph 5 Clause 2 of the Articles of Association. Article 17 Paragraph 5 of the Articles of Association to read as follows in future:

“(5) A non-participating member of the Supervisory Board can authorize another member of the Supervisory Board to submit his written vote.”

8.2 Amendment to Article 21 Paragraph 1 Clause 2 (Assembly location) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

Annul Article 21 Paragraph 1 Clause 2 of the Articles of Association. Article 21 Paragraph 1 of the Articles of Association to read as follows in future:

“(1) The annual general meeting takes place at the registered seat of the company, or at the registered seat of a branch or subsidiary of the company, or at the registered seat of a German stock exchange. The location of the annual general meeting must be announced in the call to convene the meeting.”

8.3 Amendment to Article 26 (Minutes of the annual general meeting) in the Articles of Association

The Board of Managing Directors and the Supervisory Board propose the following resolution for adoption:

Annulling Article 26 of the Articles of Association beneath the headline and replacing it with the following new version:

“The statutory regulations apply to the minutes of the annual general meeting.”

Conditions for participating at the annual general meeting and exercising voting rights

Participating at the annual general meeting and exercising voting rights is only authorized for those shareholders who registered prior to the annual general meeting. Verification is also required of the right to participate at the annual general meeting and to exercise voting rights. Verification also requires a written certificate (Section 126b German Civil Code) from the depository agent on the shareholdings. The registration and the authorization verification must be written in German or English. The verification reference date is the start of the 21st day prior to the annual general meeting, which in this case is

Thursday, 20 May 2010, 00:00,
(the “verification reference date”).

The registration and verification must be received by the company at the latest by

Thursday, 3 June 2010, 24:00,

at the following specified address:

LPKF Laser & Electronics AG
c/o dwpbank für DZ BANK
Wildunger Straße 14
60487 Frankfurt
Germany
Fax: +49 (0)69-5099-1110
Email: hv-eintrittskarten@dwpbank.de

The shareholders authorized to participate at the annual general meeting will be sent admission tickets to the annual general meeting. To simplify the process of sending out the admission tickets on time, we respectfully ask shareholders to send their registrations and submissions of the verifications of their shareholdings to the company in good time.

The significance of the verification reference date

The verification reference date is the crucial date for the size and exercising of the participation rights and voting rights at the annual general meeting. With respect to the company, participation at the annual general meeting and the exercising of voting rights is only authorized to those shareholders who have properly submitted verification of their shareholdings (authorization verification). The authorization to participate at the annual general meeting and the scope of the voting rights are exclusively judged on the shares held by the shareholder on the verification reference date. The verification reference date does not imply a block on the sale of shareholdings. Even if the shareholdings are partially or completely sold after the verification reference date, the ownership of shares on the verification reference date is the only relevant factor enabling participation and the size of the voting rights, in other words, the sale of shares or any other form of transfer of the shares after the verification reference date has no influence on the authorization to participate at the annual general meeting and the size of the voting rights. The same applies to the acquisition and topping up of shares after the verification reference date. Persons who do not own any shares on the verification reference date and only become shareholders after this date, are not authorized to participate and vote in the annual general meeting unless they are authorized with a proxy to participate and vote on somebody's behalf or to exercise his/her rights. The verification reference date has no influence on the dividend distribution conditions.

Total number of shares and voting rights at the time the call to convene the annual general meeting is issued

The share capital of the company at the time the call to convene the annual general meeting was issued was €10,858,052.00, and is divided up into 10,858,052 no-par value bearer shares which all have the same voting rights and dividend payment entitlements.

Procedure for voting by proxy

Shareholders who do not wish to attend the annual general meeting themselves, can allow their voting rights at the annual general meeting to be exercised by a proxy, e.g. a bank, an association of shareholders, or any other person of their choice. When voting is to be undertaken by a proxy, this procedure is also subject to timely registration to attend the annual general meeting and the verification of the shareholdings as detailed in the aforementioned provisions.

Insofar as proxies are not issued to a financial institution, an association of shareholders or another person or institution of similar status as defined by Section 135 Paragraph 8 and Paragraph 10 in combination with Section 125 Paragraph 5 German Stock Corporation Act, their authorization, their cancellation and presenting the company with verification of their authorization, must be made in writing pursuant to Section 23 Paragraph 2 German Stock Corporation Act in the form amended to comply with the Shareholders' Rights Implementation Act (ARUG). The provision in Article 23 Paragraph 2 of the Articles of Association which stipulates that the proxy authorization must be sent in writing (Section 126 German Civil Code), by facsimile, or by an electronic channel to be specified in

detail by the company, does not apply insofar as it specifies a more stringent form than the written form, and therefore contradicts Section 134 Paragraph 3 German Stock Corporation Act in the amended version complying with the Shareholders' Rights Implementation Act (ARUG).

The proxy authorization declaration can be issued to either the proxy or to the company. When a proxy authorization declaration is issued to the proxy, this verification can be confirmed by being presented to the admission checkpoint on the day of the annual general meeting. Proxy authorization verifications can be submitted by the proxy to the company by post, facsimile or by an electronic channel (by email) to the following address:

LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
Germany
Fax: +49 (0) 5131 7095-90
Email: investorrelations@lpkf.de

The aforementioned submission channels can also be used if the proxy authorization verification is submitted directly to the company: no other verification for the proxy authorization is required in this case. The cancellation of an already issued authorization can also be submitted directly to the company using the aforementioned communication channels.

We respectfully ask our shareholders to submit proxy authorizations, proxy authorization verifications, and the cancellation of authorizations, insofar as they are submitted by post or by facsimile, early enough so that they reach us by Tuesday, 8 June 2010, 24:00 (time of receipt by the company).

A form which can be used for issuing a proxy authorization is located on the reverse side of the admission ticket which is sent to shareholders after the aforementioned timely registration. This form is also available for download at www.lpkf.com/investor-relations/annual-general-meeting/index.htm. When a shareholder issues proxy authorizations to more than one person, the company can refuse participation at the annual general meeting to one or more of these proxies.

Financial institutes, associations of shareholders and other persons and institutes of similar status pursuant to Section 135 Paragraph 8 and Paragraph 10 in combination with Section 125 Paragraph 5 German Stock Corporation Act can stipulate different rules for the nature of the authorization for their own proxy authorizations: the shareholders are respectfully requested in such cases to agree at a timely date the form and procedure for issuing the proxy authorization with the person or institution to be authorized.

The company offers shareholders, prior to the annual general meeting, the opportunity to issue authorizations to exercise their voting rights to proxies nominated by the company. Shareholders who wish to transfer their voting rights to the proxies nominated by the company must register to attend the annual general meeting prior to the deadlines and provide verification of their shareholdings (authorization verification) in compliance with the aforementioned provisions. The proxies nominated by the company exercise the voting rights transferred to them according to the shareholder's instructions. The proxies nominated by the company are not authorized to exercise voting rights without receiving prior instructions from the shareholders. A form for issuing authorizations and voting instructions to the proxies nominated by the company is attached to every admission ticket. The same form is available for download at www.lpkf.com/investor-relations/annual-general-meeting/index.htm. Proxy authorizations and voting instructions issued to proxies nominated by the company must also be submitted to the company in written form.

Shareholders who issue proxy authorizations to the proxies nominated by the company prior to the annual general meeting are respectfully requested for the purposes of smooth organization to submit the authorizations plus the voting instructions to the following address at the latest by Tuesday, 8 June 2010, 24:00 (time of receipt by the company) either by post, facsimile or email:

LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
Germany
Fax: +49 (0) 5131 7095-90
Email: investorrelations@lpkf.de

More detailed information on transferring voting rights to proxies will be sent to shareholders along with the admission ticket. Associated information is also available in the internet at www.lpkf.com/investor-relations/annual-general-meeting/index.htm .

In addition, we also offer shareholders who have registered to participate at the annual general meeting prior to the deadlines, and who have submitted verification of their shareholdings in compliance with the aforementioned provisions, and who attend the annual general meeting themselves, to issue proxy authorizations at the annual general meeting itself to proxies nominated by the company to enable them to exercise the shareholder's voting rights.

Shareholders' rights

Proposals to add items to the agenda pursuant to Section 122 Paragraph 2 German Stock Corporation Act

Shareholders whose aggregate shareholdings reach a twentieth of the share capital or a pro rata amount totaling € 500,000.00 ("Quorum"), have the right pursuant to Section 122 Paragraph 2 German Stock Corporation Act to demand that items be placed on the agenda and announced. Every new item must be accompanied with a justification or a proposed resolution. The proposal must be sent in writing to the Board of Managing Directors (LPKF Laser & Electronics AG, Board of Managing Directors, Osteriede 7, 30827 Garbsen/Germany), and must be received by the company at least 30 days prior to the date of the annual general meeting (excluding the day of the annual general meeting and the day the communication is received), in other words, at the latest by

Monday, 10 May 2010, 24:00.

The persons making the submission must verify that they have been the owners of the shares for at least three months. It is uncertain whether the three month deadline refers to the time the submission to add an item to the agenda is received by the company, or the day of the annual general meeting. In the former case, the applicants proposing the addition to the agenda must verify that they have owned the shares at least three months prior to the date the submission to add an item to the agenda is received. In the latter case, the applicant must verify that they have been the owners of the shares since at least 10 March 2010. The company will apply the deadline calculation which is the most favorable for the applicants and publicize the application for making an addition to the agenda when verification has been provided that the shares satisfying the quorum have been held since at least 10 March 2010.

Counter proposals and proposals for candidates proposed by shareholders pursuant to Section 126 Paragraph 1, Section 127 German Stock Corporation Act

Shareholders can submit counter proposals with respect to proposals issued by the Board of Managing Directors and the Supervisory Board concerning specific items on the agenda. They can also submit proposals for the election of Supervisory Board members or auditors. Counter proposals and proposed candidates pursuant to Section 126 Paragraph 1, Section 127 German Stock Corporation Act must always be sent to the following address:

LPKF Laser & Electronics AG
Osteriede 7
30827 Garbsen
Germany
Fax: +49 (0) 5131 7095-90
Email: investorrelations@lpkf.de

The company satisfies Section 126 Paragraph 1 German Stock Corporation Act by publishing counter proposals including the name of the shareholder, the justification and any comment by the management, on the company's website at www.lpkf.com/investor-relations/annual-general-meeting/index.htm , if they receive the counter proposals including the justification at least 14 days prior to the date of the annual general meeting (excluding the day of the annual general meeting and the day the submission is received), in other words, at the latest by

Wednesday, 26 May, 24:00

at the aforementioned address. Applications not sent to this address will be ignored. The company can refuse to publish a counter proposal if the conditions specified in Section 126 Paragraph 2 German Stock Corporation Act apply, for instance if the counter proposals could lead the annual general meeting to propose a resolution which violates the law or the Articles of Association. It is not mandatory to publish the justification for a counter proposal if the justification exceeds more than 5000 characters. The aforementioned applies analogously pursuant to Section 127 German Stock Corporation Act with respect to proposals submitted by shareholders for the election of Supervisory Board members or auditors. Election proposals submitted by shareholders do not, however, require a justification, and in addition to those cases specified in Section 126 Paragraph 2 German Stock Corporation Act, publication can also be refused when the proposal does not include the name, profession and place of domicile of the proposed candidate. There is also no obligation to publish proposals for the election of Supervisory Board members when the proposal does not include any details of their membership in any other mandatory supervisory boards or similar domestic or international supervisory bodies. The election of Supervisory Board members is not included on the agenda of the annual general meeting on 10 June 2010.

Rights of information pursuant to Section 131 Paragraph 1 German Stock Corporation Act

Pursuant to Section 131 Paragraph 1 German Stock Corporation Act, every shareholder can demand at the annual general meeting, that the Board of Managing Directors provide information on issues concerning the company insofar as the provision of this information is necessary for the proper assessment of an item on the agenda. This obligation to provide information also applies to the company's legal and commercial relationships to affiliated companies, and the situation of the Group, and the companies consolidated within the consolidated financial statements, because the annual general meeting is also presented with the consolidated financial statements and the consolidated management report as part of Item 1 on the agenda.

The Board of Managing Directors can refuse to answer questions for reasons defined in Section 131 Paragraph 3 German Stock Corporation Act, for instance, because providing the information would bring about significant negative consequences to the company or an affiliated company from a reasonable commercial point of view. Article 24 Paragraph 2 of the Articles of Association authorize the chairman of the meeting to restrict to a reasonable amount of time the rights of the shareholders to ask questions and to express their opinions. In particular, the chairman of the meeting can define at the start or during the annual general meeting a reasonable amount of time to be made available for the whole of the annual general meeting, the time available to discuss each of the agenda items, and/or the time available to raise and express individual questions and opinions.

Additional explanations and information available on the company website

From the time of the call to convene the annual general meeting, information pursuant to Section 124a German Stock Corporation Act will be made available to shareholders on the company's website www.lpkf.com/investor-relations/annual-general-meeting/index.htm . Additional information on the rights of shareholders pursuant to Section 122 Paragraph 2, Section 126 Paragraph 1, Section 127, Section 131 Paragraph 1 German Stock Corporation Act are also published at www.lpkf.com/investor-relations/annual-general-meeting/index.htm .

Garbsen, April 2010

LPKF Laser & Electronics Aktiengesellschaft

The Board of Managing Directors