

Additional notes to the rights of shareholders pursuant to Section 122 Paragraph 2, Section 126 Paragraph 1, Section 127, Section 131 Paragraph 1 German Stock Corporation Act

**Ordinary annual general meeting of
LPKF Laser & Electronics Aktiengesellschaft
Garbsen
on 10 June 2010**

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 person 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.

Additions to the agenda which must be made public – insofar as they were not made public with the call to convene the meeting – must be published immediately after receipt of the request in the electronic Bundesanzeiger and those media in which it can be assumed that the information will reach the whole of the European Union. They must also be made accessible on the website www.lpkf.com/investor-relations/annual-general-meeting/index.htm , and the shareholders must be informed.

The provisions in the German Stock Corporation Act on which these shareholders' rights are based are as follows:

Section 122 Paragraph 1 German Stock Corporation Act:

“The annual general meeting is convened when shareholders whose aggregate shareholdings total one twentieth of the share capital demand in writing that the annual general meeting be convened by specifying the purpose and the reasons; the demand should be addressed to the Board of Managing Directors. The Articles of Incorporation can link the right to convene an annual general meeting to a different form and to the ownership of a smaller proportion of the share capital. Section 142 Paragraph 2 Clause 2 applies accordingly.”

Section 122 Paragraph 2 German Stock Corporation Act:

“In an analogous way, shareholders whose combined shares amount to one twentieth of the share capital or reach a pro rata value of € 500,000.00 can demand that items be placed on the agenda and announced. Every new item must be accompanied by a justification or a proposed resolution. The demand in the sense of Clause 1 must be received by the company at least 24 days – and in the case of a listed company, at least 30 days – prior to the meeting; this excludes the day the demand is received.”

Section 142 Paragraph 2 Clause 2 German Stock Corporation Act:

“The applicants must verify that they have owned the shares at least three months prior to the day of the annual general meeting and that they remain the holders of the shares until a decision has been reached on the proposal.”

Section 70 German Stock Corporation Act:

“If the exercise of rights associated with the shares is dependent on the shareholder being the owner of the shares for a specific period of time, the ownership is analogous to a claim for

assignment with respect to a credit institute, financial services institute, or a company involved in the provision of financial services pursuant to Section 53 Paragraph 1 Clause 1 or Section 53b Paragraph 1 Clause 1 or Paragraph 7 of the Banking Act. The period of ownership of the legal predecessor is credited to the shareholder if said shareholder has acquired the shares free of charge from a fiduciary, as the universal legal successor, in a dispute within an association, or as a result of a portfolio transfer pursuant to Section 14 of the Securities Supervision Act or Section 14 of the Home Loan and Savings Association Act.”

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 Incorporation. 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.

The provisions in the German Stock Corporation Act on which these shareholders' rights are based are as follows:

Section 126 German Stock Corporation Act:

- “(1) Proposals submitted by shareholders including the name of the shareholder, the justification and any opinion by the company’s governing bodies must be made accessible to the authorized parties defined in Section 125 Paragraphs 1 to 3 and in accordance with the conditions stated therein, when the shareholder submits a counterproposal at least 14 days prior to the annual general meeting of the company with respect to a proposal put forward by the Board of Managing Directors and the Supervisory Board on a specific item on the agenda, and accompanies it with reasons for making the counterproposal, and sends the counterproposal to the address specified for this purpose in the call to convene the meeting. This excludes the day the counterproposal is received. In the case of listed corporations, the counterproposal must be published on the company’s website. Section 125 Paragraph 3 applies accordingly.
- (2) A counterproposal and its justification do not need to be made public if:
1. the Board of Managing Directors can be made culpable by publishing the counterproposal,
 2. it could lead the annual general meeting to adopt a resolution which violates the law or the Articles of Incorporation,
 3. the main points of the justification are obviously false or contain misleading details or if they contain insults,
 4. a counterproposal from a shareholder deals with the same issue as has already been published with regard to an annual general meeting of the company pursuant to Section 125,
 5. the same counterproposal by the shareholder with essentially the same justification has already been published by the company pursuant to Section 125 with respect to at least two annual general meetings in the last five years and less than one twentieth of the share capital represented at the annual general meeting voted for the counterproposal,

6. the shareholder has indicated that he/she does not intend to attend the annual general meeting and will not be represented at the annual general meeting,
7. in the last two years in two annual general meetings, the shareholder has not proposed or allowed to be proposed a counterproposal which he/she has submitted.

The justification need not be published if it exceeds more than 5000 characters.

- (3) If more than one shareholder submits a counterproposal on the same item on the agenda, the Board of Managing Directors can merge the counterproposals and the justifications.”

Section 127 German Stock Corporation Act:

“Section 126 also applies analogously to proposals submitted by shareholders for the election of Supervisory Board members or auditors. The reason for proposing a particular candidate does not need to be justified. The Board of Managing Directors does not need to publish the proposed election candidate if the proposal fails to include the details specified in Section 124 Paragraph 3 Clause 3¹ and Section 125 Paragraph 1 Clause 5.”

Section 124 Paragraph 3 Clause 4 German Stock Corporation Act:

“Proposals for the election of Supervisory Board members or auditors must specify the names, professions and place of domicile of the candidates.”

Section 125 Paragraph 1 Clause 5 German Stock Corporation Act:

“In the case of listed companies, proposals for the election of Supervisory Board members must include details of their membership of other mandatory supervisory boards; details of their membership of comparable domestic and international supervisory boards of companies should also be included.”

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

¹ The company is of the opinion here that this is an editorial error by the legislator. The company assumes that the reference is actually to Section 124 Paragraph 3 Clause 4 German Stock Corporation Act.

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 Incorporation 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.

The provisions in the German Stock Corporation Act on which these shareholders' rights are based are as follows:

Section 131 German Stock Corporation Act:

- “(1) 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. If a company makes use of the option to facilitate pursuant to Section 266 Paragraph 1 Clause 2, Section 276 or Section 288 German Commercial Code, every shareholder can demand that at an annual general meeting reviewing the annual financial statements, the annual financial statements are presented in a form which he/she would have access to without the application of these regulations. The disclosure obligations of the Board of Managing Directors of a parent company (Section 290 Paragraph 1, 2 German Commercial Code) at an annual general meeting which presents the consolidated financial statements and the consolidated management report also covers the situation of the Group and the companies consolidated within the consolidated financial statements.
- (2) The information has to satisfy the principles of a scrupulous and faithful account. The Articles of Incorporation or the rules of procedure pursuant to Section 129 can empower the chairman of the meeting to reasonably restrict the time available for the shareholders to ask questions and express their opinions, and to determine associated details.
- (3) The Board of Managing Directors can refuse to provide Information:
 - 1. if, from a reasonable commercial point of view, disclosing the information could bring about significant negative consequences to the company or an affiliated company;

2. if the information refers to tax valuations or the amount of individual taxes;
3. on difference between the value with which tangible objects are reported in the annual balance sheet and a higher value of these articles, unless the annual general meeting authorizes the annual financial statements;
4. if the question concerns the accounting and measurement methods insofar as the details of these methods are already described in the notes to adequately get across a picture of the assets, financial and earnings situation of the company corresponding to the actual circumstances in the sense of Section 264 Paragraph 2 German Commercial Code; this does not apply if the annual general meeting authorizes the annual financial statements;
5. if the Board of Managing Directors would make themselves liable to prosecution by providing the information;
6. if, in the case of a credit institution or a financial services institution, details of the accounting and measurement methods used and the calculations undertaken in the annual financial statements, management report, consolidated financial statements and consolidated management report do not need to be disclosed;
7. if the information has been made completely accessible on the company's website for at least seven days prior to the start of the annual general meeting and during the annual general meeting.

The information cannot be refused for any other reason.

- (4) If a shareholder has been given information outside of the annual general meeting by way of his authority as a shareholder, this information must be made available to every other shareholder at the annual general meeting if requested, even if this information is not necessary to make an objective assessment of an item on the agenda. The Board of Managing Directors is forbidden to refuse to disclose the information according to Paragraph 3 Clause 1 Nos. 1 to 4. Clauses 1 and 2 do not apply when a subsidiary (Section 290 Paragraphs 1, 2 German Commercial Code), a joint venture company (Section 310 Paragraph 1 German Commercial Code) or an associated company (Section 311 Paragraph 1 German Commercial Code) has provided the information to a parent company (Section 290 Paragraphs 1, 2 German Commercial Code) for the purposes of consolidating the company within the consolidated financial statements of the parent company, and the information is required for this purpose.
- (5) If a shareholder is refused information, the shareholder can demand that his/her request and the reasons for refusing to provide the information are recorded in the minutes of the meeting."

Section 24 Paragraph 2 of the Articles of Incorporation:

“The chairman manages the meeting and determines the sequence in which the items dealt with at the meeting are handled, and the nature of the voting. The chairman can limit to a reasonable period the time available to shareholders to ask questions and express opinions; 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.”

Garbsen, April 2010

LPKF Laser & Electronics Aktiengesellschaft
The Board of Managing Directors