



Invitation to the Annual General Meeting

on 1 June 2011

LPKF Laser & Electronics Aktiengesellschaft, Garbsen

ISIN DE 0006450000

Dear Shareholders,

We invite you to attend this year's Annual General Meeting taking place on Wednesday, **1 June 2011, 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 of 31 December 2010, the management report, the authorized consolidated financial statements of 31 December 2010, the consolidated management report, and the Supervisory Board report for the 2010 financial year, as well as the notes from the Management Board on the information presented pursuant to Section 289 (4) and (5) German Commercial Code, and Section 315 (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 call to convene the Annual General Meeting has been issued. The same applies to the proposal by the Management Board for the appropriation of the net income. These documents will also be made available at the Annual General Meeting on 1 June 2011, 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 Management Board 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 (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 2010 financial year**

The Management Board and the Supervisory Board propose that the net income for the 2010 financial year reported in the annual financial statements of LPKF Laser & Electronics Aktiengesellschaft totaling € 14,005,969.11 be appropriated as follows :

Net income	€ 14,005,969.11
Payment of a dividend of € 0.40 per dividend-entitled no-par value share	€ 4,402,245.20

Balance to be carried forward

€ 9,603,723.91

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

3. Resolution on ratification of the Management Board's actions for the 2010 financial year

The Management Board and the Supervisory Board propose that the actions of the members of the Management Board for the 2010 financial year be ratified.

4. Resolution on the ratification of the actions of the Supervisory Board for the 2010 financial year

The Management Board and the Supervisory Board propose that the actions of the members of the Supervisory Board for the 2010 financial year be ratified.

5. Resolution on the approval of the system for the remuneration of the members of the Management Board

After the Law on the Appropriateness of Management Remuneration (VorstAG) came into effect on 5 August 2009, Section 120 (4) German Stock Corporation Act created the option of allowing the Annual General Meeting to adopt a resolution to approve the remuneration of members of the Management Board. This opportunity is to be put to use.

The system for the remuneration of the members of the Management Board of LPKF Laser & Electronics Aktiengesellschaft is presented in the remunerations report. This is part of the consolidated financial statements and pages 36-39 of the annual report for the 2010 financial year referred to in Item 1 of the Agenda, and is also published on the company website at www.lpkf.com/investor-relations/corporate-governance/index.htm. This system for the remuneration of the members of the Management Board is the subject of the following resolution proposed for adoption.

The Management Board and the Supervisory Board propose that the system for the remuneration of the members of the Management Board of LPKF Laser & Electronics Aktiengesellschaft be approved.

6. Resolution on the fixed compensation for the Supervisory Board and a change in the Articles of Incorporation

The Annual General Meeting on 5 June 2003 reduced the fixed basic compensation for the Supervisory Board pursuant to Section 20 (1) Sentence 1 of the Articles of Incorporation to a total of € 135,000.00 with effect from 1 January 2004 in response to the economic situation existing at the time. The Supervisory Board has reached decisions since then, pursuant to the authorization in Section 20 (1) Sentence 2 of the Articles of Incorporation, on the appropriate distribution of the total amount approved by the Annual General Meeting. In the light of the rise in the amount of work involved in undertaking the activities of the Supervisory Board, the fixed basic compensation for the Supervisory Board is to be raised with effect from 1 January 2011 to a total amount of € 180,000.00 for all members of the Supervisory Board, in other words, back to the level that existed prior to the reduction adopted by the Annual General Meeting on 5 June 2003. The distribution of the total compensation to each member of the Supervisory Board will be regulated in the Articles of Incorporation in future depending on the specific function.

6.1 Change in the Articles of Incorporation

The Management Board and the Supervisory Board propose the adoption of the following:

- a) Section 20 (1) Sentence 1 and Sentence 2 of the Articles of Incorporation to be amended as follows:

“(1) For each full financial year that they are on the Supervisory Board, every member of the Supervisory Board receives a fixed amount of basic compensation, as determined by the adoption of a resolution by the Annual General Meeting, payable when the financial year has ended. The Chairman of the Supervisory Board receives twice the fixed basic compensation, and the Deputy Chairman receives one and a half times the fixed basic compensation.”

Section 20 (1) Sentence 3 of the Articles of Incorporation remains unamended.

- b) Section 20 (2) of the Articles of Incorporation will be amended as follows:

"(2) Members of the Supervisory Board, who are not members of the Supervisory Board for a full financial year, receive the compensation pursuant to (1) in proportion to the duration of their membership of the Supervisory Board. The members of the Supervisory Board also receive reimbursement for all expenses, and reimbursement of any VAT applied to such items as their compensation and their expenses."

- c) The aforementioned compensation regulations are to come into effect for the first time for the financial year that began on 1 January 2011.

6.2 Definition of the compensation

The Management Board and the Supervisory Board propose the adoption of the following:

- a) The fixed basic compensation for individual members of the Supervisory Board pursuant to Section 20 (1) Sentence 1 of the Articles of Incorporation in the version pursuant to the resolution adopted by the Annual General Meeting with respect to the aforementioned Agenda Item 6.1 is defined as € 40,000.00 with effect from 1 January 2011.

b) Section 20 (1) Sentence 2 of the Articles of Incorporation in the version pursuant to the resolution adopted by the Annual General Meeting with respect to the aforementioned Agenda Item 6.1 applies, i.e. the Chairman of the Supervisory Board receives twice the fixed basic compensation, and the Deputy Chairman receives one and a half times the fixed basic compensation defined in a).

7. Selection of the auditor and Group auditor for the 2011 financial year

The Supervisory Board proposes that PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hannover, be named auditor and Group auditor for the 2011 financial year.

8. Resolution on the setting up of an authorization to acquire own shares and use treasury shares and to exclude pre-emptive subscription rights during the acquisition of the shares and subscription rights during the use of treasury shares

To acquire its own shares, the company first requires special authorization to do so from the Annual General Meeting insofar as acquisition is not expressly allowed by the legal stipulations. To give the company the option in future of purchasing its own shares, a resolution is proposed to the Annual General Meeting to issue the company with the authorization to acquire its own shares for a period limited to five years. The authorization for the use of treasury shares should also authorize the Management Board to use treasury shares with the exclusion of the subscription rights of the shareholders.

The Management Board and the Supervisory Board propose adoption of the following resolution:

- a) Authorization to acquire own shares

The Management Board is authorized, with the prior approval of the Supervisory Board, to acquire its own shares up to 31 May 2016 comprising up to maximum 10% of the share capital of the company at the time the resolution was adopted – or in the event that this figure is smaller – a maximum 10% of the existing share capital of the company at the time this authorization is exercised. The shares acquired in addition to other

treasury shares already owned by the company or which can be assigned to the company pursuant to Sections 71 a ff. German Stock Corporation Act, must never exceed 10% of the share capital at any time. The authorization must not be used for the purpose of trading in the company's own shares. The authorization can be exercised in whole or in partial amounts, once or several times, for the purposes of pursuing one or more objectives – by the company or companies subordinate to the company or in which the company holds a majority shareholding, or by third parties acting on their behalf or on behalf of the company.

b) Types of acquisition

At the Management Board's discretion, and with the prior approval of the Supervisory Board, the own shares may be acquired (1) via the stock market or (2) by way of a public purchase offer addressed to all shareholders of the company, or a public tender offer addressed to all shareholders of the company.

- (1) If own shares are acquired on the stock market, the purchase price per share paid by the company (excluding incidental transaction costs) may not deviate by more than 10% above or below the price calculated in the opening auction in Xetra trading (or a comparable successor) on the Frankfurt stock exchange on the date on which the shares are acquired.
- (2) If the own shares are acquired on the basis of a public purchase offer addressed to all of the shareholders or on the basis of a public tender offer addressed to all shareholders, then:
 - in the case of a public purchase offer addressed to all shareholders, the offer price per share (excluding incidental transaction costs) or
 - in the case of a public tender offer addressed to all shareholders, the limits of the purchase price range defined by the company (excluding incidental transaction costs)

must not deviate by more than 10% above or below the arithmetic mean of the closing auction price in Xetra trading (or a comparable successor) on the Frankfurt stock exchange on the last five trading days prior to the date on which the public purchase offer or the public tender offer is made public.

The public purchase offer or the public tender offer can be adjusted should any material deviations in the relevant price occur following publication of a public purchase offer addressed to all the shareholders or the publication of a public tender offer addressed to all shareholders. In this case, the arithmetic mean of the closing auction price in Xetra trading (or a comparable successor) on the Frankfurt stock exchange on the last five trading days prior to the announcement that the adjustment is to be made shall be used to set the price.

The volume of the public purchase offer addressed to all shareholders or the public tender offer addressed to all shareholders can be limited. If the volume of tendered shares exceeds the volume of own shares which are to be acquired by a public purchase offer or a public tender offer, the acquisition can be implemented in proportion to the number of subscribed or offered shares. The right of shareholders to tender their shares in proportion to their equity interest is excluded. The preferential acceptance of small quantities of shares not exceeding 100 shares per shareholder, and financial rounding to avoid arithmetic fractions of shares, may be stipulated. All other pre-emptive tendering rights of the shareholders are excluded.

The public purchase offer addressed to all shareholders or the public tender offer addressed to all shareholders may be subject to further terms and conditions.

c) Use of treasury shares

The Management Board is authorized, with the prior approval of the Supervisory Board, to use the treasury shares of the company acquired on the basis of this authorization for all legally approved purposes, and in particular, for the following purposes:

- (1) The shares can be retired without the retirement or the implementation thereof requiring any further resolution by the Annual General Meeting. Alternatively, they can also be retired in a simplified procedure without reducing the company's share capital but instead by increasing the proportionate interest of the other no-par value shares in the share capital of the company. If the simplified procedure is selected, the Management Board is authorized to amend the number of shares stipulated in the Articles of Incorporation.
- (2) The treasury shares can also be sold by means other than the stock market or on the basis of an offer addressed to all shareholders provided the sale is effected against cash payment at a price that is not substantially below the stock market price of the similarly endowed listed shares. The number of shares sold in this way, plus the number of other shares sold during the term of this authorization with the exclusion of subscription rights pursuant to Section 186 (3), Sentence 4 German Stock Corporation Act, or sold from the authorized capital, and the number of shares which could arise by the exercising of options and/or conversion rights, or to satisfy the conversion obligations arising from options and/or convertible bonds or profit-sharing plans, which were issued during the term of this authorization excluding subscription rights pursuant to Section 186 (3) Sentence 4 German Stock Corporation Act, must never exceed 10% of the company's share capital, neither on the date when the authorization comes into effect nor when it is exercised.
- (3) The shares can be sold in return for non-cash benefits for the purposes of acquiring companies, parts of companies, shareholdings, other assets associated with an intended acquisition, or as part of the merger of companies, or for the purposes of acquiring industrial property rights, including copyrights and know-how, or the rights to utilize such rights.
- (4) The shares can be offered for acquisition, or assigned, or transferred in the form of employee shares to persons holding employment contracts with the company or with an affiliated company. The number of treasury shares utilized in this way must not exceed a pro-rata proportion of the share capital totaling € 200,000.00.

The shareholders' subscription rights shall be excluded where treasury shares acquired on the basis of this authorization are used pursuant to this authorization as stipulated in (2), (3) and (4).

The authorization to exclude the subscription rights of shareholders pursuant to (2), (3) and (4) above is, however, limited to the extent that after exercising the authorization, the total number of treasury shares used with the exclusion of shareholders' subscription rights, plus the number of other shares utilized during the term of this authorization with the exclusion of subscription rights from the authorized capital pursuant to Section 4 (6) of the Articles of Incorporation, must not exceed 20% of the company's share capital; the applicable figure is either the share capital at the time the authorization comes into effect, or the share capital existing at the time this authorization is exercised, depending on which value is the smaller.

The aforementioned authorizations may be exercised on one or on several occasions, in whole or in part, separately or jointly. The authorizations pursuant to (2) and (3) may also be exercised by subordinate companies or companies in which the company holds a majority shareholding or by third parties on the account of the company or subordinate group companies.

The written report by the Management Board pursuant to Section 71 (1) No. 8 Sentence 5 German Stock Corporation Act in connection with Section 186 (4) Sentence 2 German Stock Corporation Act justifying the authorization of the Management Board to exclude the pre-emptive tender rights of shareholders during the acquisition, and the subscription

rights of the shareholders during utilization of the treasury shares, is printed at the end of this Agenda Item.

Written report by the Management Board pursuant to Section 71 (1) No. 8 Sentence 5 German Stock Corporation Act in connection with Section 186 (4) Sentence 2 German Stock Corporation Act justifying the authorization of the Management Board to exclude the pre-emptive tender rights of shareholders during the acquisition, and the subscription rights of the shareholders during utilization of the treasury shares as proposed in Item 8 on the Agenda

Section 71 (1) No. 8 of the German Stock Corporation Act makes it possible with the approval of the Annual General Meeting to acquire own shares totaling up to 10% of the share capital of a company. This authorization has a planned validity of five years up to 31 May 2016.

The resolution proposed for adoption as stipulated in Item 7 on the Agenda is intended to allow the Management Board, with the prior approval of the Supervisory Board, to acquire own shares up to a maximum 10% of the share capital in the company either existing at the time the resolution was adopted or the size of the share capital in the company at the time the authorization is exercised – whichever value is the lower. The acquisition can take place either via the stock market, on the basis of a public purchase offer addressed to all shareholders, or on the basis of a public tender offer addressed to all shareholders. The principle of equal treatment enshrined in German Stock Corporation Act must be complied with in each case. In the case of the public tender offer addressed to all of the shareholders, the addressees can decide themselves how many shares in the company they wish to tender and at which price (after defining a range in price).

If the shares are acquired via a public purchase offer addressed to all of the shareholders or a public tender offer addressed to all the shareholders, the volume of the purchase offer or the tender offer can be limited. It is possible in both of these cases that the number of shares in the company offered by the shareholders exceeds the number of shares which the company wishes to acquire. In this case, the offers will be accepted on a pro-rata basis. It should be possible in this case to scale down offers in proportion to the number of subscribed or tendered shares (tendering quota) instead of the shareholding quotas because this enables the acquisition procedure to be handled better technically in an economically sensible framework. In addition, it should also be possible to preferentially acquire small numbers of shares up to 100 shares tendered per shareholder. This option is aimed at avoiding fractional amounts when defining the quotas to be acquired as well as to avoid small residual amounts, and therefore to simplify the technical basis for acquiring own shares. This can also avoid any real discrimination of small shareholders. And finally, rounding up should also be possible in accordance with commercial principles to avoid any arithmetic fractions of shares. In this way, the acquisition quota and the number of shares acquired from each tendering shareholder can be rounded up as necessary to ensure that whole numbers of shares are acquired. The Management Board and the Supervisory Board consider the associated exclusion of any pre-emptive tendering rights of the shareholders included in this authorization to be objectively justifiable.

The price offered in each case or the limit of the purchase price range per share defined by the company (excluding incidental transaction costs) must not deviate by more than 10% above or below the arithmetic mean of the closing auction price in Xetra trading (or a comparable successor) on the Frankfurt stock exchange on the last five trading days prior to the date on which the public purchase offer or the public tender offer is made public. The public purchase offer or the public tender offer can be adjusted should any material deviations in the relevant price occur following publication of a public purchase offer addressed to all the shareholders or the publication of a public tender offer addressed to all shareholders. In this case, the average market price on the last five trading days prior to announcement that the adjustment is to be made shall be used to set the price. The public purchase offer addressed to all shareholders or the public tender offer addressed to all shareholders may be subject to further terms and conditions.

In addition, the proposed option for selling treasury shares is a simplified way of acquiring funding. Pursuant to Section 71 (1) No. 8 Sentence 5 German Stock Corporation Act, the Annual

General Meeting can also authorize the Management Board to undertake a different form of sale than via the stock market or on the basis of an offer made to all shareholders. Even after the adoption of a proposed resolution, the Management Board still requires the prior approval of the Supervisory Board to utilize treasury shares.

A precondition here of the alternative proposed in Agenda Item 8 (c) Clause (2) is that the treasury shares pursuant to Section 186 (3) Sentence 4 German Stock Corporation Act are sold at a price not significantly below the listed price of the company's already publicly quoted and similarly endowed shares. Use is made here of the legally permissible and in practice generally utilized possibility of a simplified exclusion of subscription rights. The principle of protecting the shareholders from the dilution of their assets is taken into account here by only being allowed to sell shares at a price which is not significantly lower than the benchmark stock market price. The final definition of the sale price of treasury shares takes place shortly before the sale. The Management Board – with the approval of the Supervisory Board – will set the discount to the stock market price as low as is possible at the market conditions existing at the time the placement is made. The discount to the stock market price must never be more than 5% of the stock market price. The possibility of selling treasury shares with the exclusion of subscription rights, and in a form other than via the stock market or via an offer to all shareholders is in the interests of the company given the strong competition on the financial markets. This opens up an opportunity for the company to rapidly and flexibly offer treasury shares to national and international investors, to broaden the circle of shareholders, and to stabilize the share price. By selling the treasury shares at a price which does not significantly undercut the stock market price, as well as limiting the number of treasury shares sold with the exclusion of subscription rights to a maximum 10% of the share capital of the company (at the time the authorization comes into effect and at the time the authorization is exercised) adequately safeguards the asset-interests of the shareholders. The 10% limit also includes other shares sold or issued during the term of this authorization with the exclusion of subscription rights by directly or appropriately applying Section 186 (3) Sentence 4 German Stock Corporation Act (e.g. from authorized capital), or by the exercising of options and/or conversion rights, or to satisfy the conversion obligations arising from bonds or profit-sharing plans, which were issued during the term of this authorization excluding subscription rights pursuant to Section 186 (3) Sentence 4 German Stock Corporation Act. Because the treasury shares are placed at a price very close to the stock market price, every shareholder in principle can acquire shares on the market at almost the same price to maintain their stake in the company.

According to the resolution proposed in Agenda Item 8 (c) Clause (3), the company also has the possibility of having treasury shares at its disposal to make them available as a form of payment as part of the acquisition of companies, parts of companies, trade investments in companies, other assets in connection with such acquisition plans, or as part of company mergers, if shares are requested as a form of payment. The authorization proposed here should give the company the necessary negotiation flexibility to rapidly and flexibly exploit opportunities for such acquisitions or mergers which may become available. Treasury shares can also be used for the acquisition of industrial property rights including copyrights and know-how or the rights to use such rights. This measure is also intended to give the company the ability of acquiring such rights quickly and flexibly to improve its competitive position without any detrimental effect on its liquidity. This is allowed for by the proposed exclusion of subscription rights. When defining the pricing ratios, the Management Board and the Supervisory Board will ensure that the interests of the shareholders are safeguarded appropriately. When assessing the value of the treasury shares provided as a form of payment, they will in particular orientate themselves to the stock market price of the company's shares. However, so as not to jeopardize the final results of any negotiations in the face of any fluctuation in the stock market price, there is no intention to make any systematic adjustments to the stock market price.

The authorization proposed in Agenda Item 8 (c) Clause (4) should enable the company to offer for sale, assign or transfer shares in the company to people holding an employment contract with the company or with an affiliated company, without involving the stock market and without making an offer to all of the shareholders. The number of shares issued in this way with the exclusion of subscription rights must not exceed a pro-rata proportion of the share capital of the company totaling € 200,000.00. This enables the company to use treasury shares, usually subject to blocking periods, 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.

The issuing of employee shares in individual cases can also be possible as a means of rewarding and motivating the employees. Although the authorized capital pursuant to Section 4 (6) of the Articles of Incorporation are also intended to make employee shares available, it should also be possible with the intention of achieving the greatest possible level of flexibility and cost efficiency, to buy back shares on the basis of Section 71 (1) No. 8 German Stock Corporation Act, and offer them or issue them to employees. This can be a more economical measure, especially when only a few shares are required for the employee share scheme, than the relatively time consuming and expensive implementation of a capital increase and the authorization of shares from the authorized capital.

The use of treasury shares with the exclusion of subscription rights pursuant to the authorization proposed in Agenda Item 8 (c) Clauses (2), (3) and (4) only applies when the pro-rata amount of the treasury shares used in this way with respect to the share capital of the company, including the new shares issued on the basis of the Articles of Incorporation pursuant to Section 4 (6) German Stock Corporation Act, during the term of the authorization to exclude subscription rights, does not exceed 20% of the share capital of the company, whereby this applies to whichever level of the share capital in the company is the lowest at either the time the authorization comes into effect or the time the treasury shares are sold. In the interests of the shareholders, this ensures that the possibility of using treasury shares with the exclusion of subscription rights, even when taking into consideration all other authorizations with the exclusion of subscription rights, is limited to a volume of shares which does not exceed 20% of the share capital in the company.

Finally, the treasury shares acquired on the basis of this proposed resolution to authorize the Management Board can be retired by the company in accordance with the resolution proposed for adoption in Agenda Item 8 (c) Clause (1), without having to propose another resolution for adoption by the Annual General Meeting. Pursuant to Section 237 (3) No. 3 German Stock Corporation Act, the Annual General Meeting of a company can adopt a resolution to retire their fully paid-up no-par value shares without this necessitating a reduction in the share capital of the company. The authorization proposed here expressly includes this alternative in addition to the retirement of the treasury shares with a reduction in the share capital of the company. The retirement of treasury shares without a reduction in share capital automatically increases the pro-rata share of the remaining no-par value shares in the share capital of the company. The Management Board should therefore also be authorized to implement the change in the Articles of Incorporation which this would necessitate with respect to the retirement of a variable number of no-par value shares.

The Management Board will act solely in the well understood interests of the shareholders and the company when making decisions on the acquisition and use of treasury shares.

The Management Board will report to the next Annual General Meeting on any utilization of the authorizations proposed above.

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 for the Annual General Meeting and proved to the company the validity of their shareholdings. Verification of the shareholdings requires a written certificate in German or in English from the depository institute. The verification of the shareholdings applies to the start of the 21st day prior to the Annual General Meeting, which in this case is

Wednesday, 11 May 2011, 00:00,
(the "verification reference date").

The registration and verification of the shareholding must be received by the company at least six days prior to the Annual General Meeting (not including the day of the Annual General Meeting or the day the verification is received), in other words, at the latest by

Wednesday, 25 May 2011, 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 as a shareholder is only authorized to those shareholders who have confirmed their shareholdings. 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 is issued is € 11,005,613.00, and is divided up into 11,005,613 no-par value 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 (8) and (10) in combination with Section 125 (5) German Stock Corporation Act, their authorization, their cancellation, and presenting the company with verification of the proxy authorization, must be made in writing. Cancellation of the proxy can also be implemented by turning up personally at the Annual General Meeting. 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 31 May 2011, 18:00 (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.

Different rules may apply for the authorization of financial institutes, associations of shareholders and other persons and institutes of similar status pursuant to Section 135 (8) and (10) in combination with Section 125 (5) German Stock Corporation Act, as well as for the cancellation and the confirmation of such 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 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 31 May 2011, 18:00 (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 (2) German Stock Corporation Act

Shareholders whose aggregate shareholdings reach one twentieth of the share capital or a pro rata amount totaling € 500,000.00, have the right pursuant to Section 122 (2) German Stock Corporation Act to demand that items be placed on the agenda and be announced. Every new item must be accompanied with a justification or a proposed resolution. The proposal must be sent in writing to the Management Board (LPKF Laser & Electronics AG, Management Board, 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

Sunday, 1 May 2011, 24:00.

The shareholder submitting the proposal must verify that he/she has been the owner of the shares for at least three months. There are different interpretations of 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 shareholder submitting the proposal must verify that he/she has 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 shareholder submitting the proposal must verify that he/she has been the owner of the shares since at least 1 March 2011, 00:00. In the event that this aspect is of relevance, we recommend that the affected shareholders check the conditions which are attached and seek legal advice if considered necessary. Reference is made in this context to the designated calculation methods pursuant to Section 70 German Stock Corporation Act.

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

Shareholders can submit counter proposals with respect to proposals issued by the Management Board 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 (1), Section 127 German Stock Corporation Act must always be sent to the following address prior to the Annual General Meeting:

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

The company satisfies Section 126 (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 fourteen 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

Tuesday, 17 May 2011, 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 (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 (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. The election of Supervisory Board members is not part of the Agenda of the Annual General Meeting on 1 June 2011.

Please note that counter proposals and proposals for candidates, even when they have been submitted on time to the company, will only be dealt with at the Annual General Meeting when they are verbally presented or submitted. The right of every shareholder to submit counter proposals to any item on the agenda during the Annual General Meeting remains unaffected.

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

Pursuant to Section 131 (1) German Stock Corporation Act, every shareholder can demand at the Annual General Meeting, that the Management Board provides 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 Management Board can refuse to answer questions for reasons defined in Section 131 (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 (2) of the Articles of Incorporation authorizes 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 (2), Section 126 (1), Section 127, Section 131 (1) German Stock Corporation Act are also published at www.lpkf.com/investor-relations/annual-general-meeting/index.htm.

Garbsen, April 2011

LPKF Laser & Electronics Aktiengesellschaft

The Management Board