

This version of the Invitation to the Annual General Meeting of LPKF Laser & Electronics Aktiengesellschaft is a translation of the German original, prepared for the convenience of English-speaking readers. For purposes of interpretation the German text shall be exclusively authoritative and final.



Invitation to the Annual General Meeting

on 28 May 2015

LPKF Laser & Electronics Aktiengesellschaft, Garbsen, Germany

ISIN DE 0006450000

Dear Shareholders,

our Annual General Meeting for this year, which you are hereby invited to, takes place on Thursday, 28 May 2015, at 10:00 am, in Hannover Congress Centrum, Theodor-Heuss-Platz 1-3, 30175 Hanover, Germany.

I. Agenda

- 1. Presentation of the adopted annual financial statement as of 31 December 2014, the Management report, the approved consolidated financial statement as of 31 December 2014, the group Management report and the Supervisory Board report for the 2014 fiscal year, as well as the explanatory report of the Management Board on the disclosures under § 289 Para. 4 and Para. 5 German Commercial Code (HGB) and § 315 Para. 4 HGB**

The documents provided for Item 1 of the agenda can be viewed as of the time the Annual General Meeting is convened on the company's website at www.lpkf.com/investor-relations/annual-general-meeting/invitation-agenda.htm. The same applies to the Management Board's proposal regarding the appropriation of annual profit. The documents will also be available at the Annual General Meeting and will be explained orally.

The Supervisory Board has approved the annual financial report and the consolidated financial statement under §§ 171, 172 German Stock Corporations Act (AktG). The annual financial report is thus adopted. In accordance with the statutory provisions, no resolution of the Annual General Meeting on Item 1 of the Agenda is envisaged.

- 2. Resolution on the appropriation of the net retained profits for the 2014 financial year**

The Management and Supervisory Board propose to use the net retained profits of LPKF Laser & Electronics Aktiengesellschaft recorded for financial year 2014 of € 14,194,227.04 as follows:

| | |
|--|-----------------|
| Net retained profit | € 14,194,227.04 |
| Of which: Payment of a dividend of € 0.12 per dividend-bearing share | € 2,672,350.56 |
| Of which: Profit carried forward to new account | € 11,521,876.48 |

The proposal for use of profit is based on the assumption that all of the 22,269,588 shares issued in the company at present are dividend-bearing ones. Until the Annual General Meeting takes place, the number of dividend-bearing shares can be amended. In that case, an appropriately adjusted proposal for use of profit will be presented to the Annual General Meeting, envisaging an unaltered dividend of € 0.12 per dividend-bearing share, as well as an appropriately adjusted profit proposal.

3. Resolution regarding the ratification of the acts of the Management Board for the 2014 financial year

The Management Board and Supervisory Board propose that the acts of the members of the Management Board be ratified for the 2014 financial year.

4. Resolution regarding the ratification of the acts of the Supervisory Board for the 2014 financial year

The Management Board and Supervisory Board propose that the acts of the members of the Supervisory Board be ratified for the 2014 financial year.

5. Election of the auditors of the annual financial statements and the consolidated financial statements for the 2015 financial year

The Supervisory Board proposes that PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Hannover, be elected auditors of the annual financial statements and the consolidated financial statements for the 2015 financial year.

6. Resolution to cancel the existing authorisation to buy back shares, to create a new authorisation to buy back and use shares as well as to exclude tendering rights upon acquisition and subscription rights upon use

For buyback of shares, the company requires (provided that the acquisition has not been explicitly permitted by law) a special authorisation by the Annual General Meeting. As the company's share capital has increased since the authorisation given by the Annual General Meeting on 1 June 2011 and expiring on 31 May 2016 for buyback of shares, it should be proposed to the Annual General Meeting to grant the company a five-year authorisation to buy back its own shares, subject to early cancellation of the existing authorisation to buy back shares, by utilizing the new limitation once again. The simultaneously proposed authorisation for use of one's own shares shall also authorise the Management to use its own shares by exercising the subscription right of shareholders.

The Management and Supervisory Board propose to resolve as follows:

a) A cancellation of the existing authorisation for buyback of shares and proposal of a new authorisation to buy back shares

The Management Board is authorised, with the prior consent of the Supervisory Board, to buy back its own shares up to a total of 10% of the company share capital existing as at the time of the resolution or, should this value be less, as of the time of exercise of the authorisation, until 27 May 2020. This authorisation shall replace the authorisation adopted by the Annual General Meeting of the company on 1 June 2011 for buyback of shares, which has been cancelled as of the effective date of the new authorisation, provided this has not yet been exercised. The shares acquired, together with other proprietary shares in the possession of the company or attributed to it under §§ 71a ff. AktG, shall at no time fall lower than 10% of the share capital. The authorisation may not be exercised for the purpose of trade in proprietary shares. The authorisation can be exercised in whole or in partial amounts, once or repeatedly, in pursuit of one or several purposes, by the company or by enterprises dependent or majority-owned by it, or by third parties acting on their own account or the account of the company.

b) Types of acquisition

Acquisition may take place, by the choice of the Management Board, with prior consent of the Supervisory Board (1) through the stock exchange or (2) on the basis of a public purchase offer directed to all the shareholders, or on the basis of a public solicitation for submission of sales offers directed to all the shareholders.

(1) In the event that acquisition of shares takes place through the stock exchange, the purchase price paid by the company per share (minus associated costs for

acquisition) may not exceed or be lower than 10% of the exchange rate designated in the Xetra trading system (or a comparable successor system) as of the stock market trading date on the Frankfurt stock exchange.

- (2) Should the acquisition take place on the basis of a public purchase offer directed at all shareholders, or on the basis of a public solicitation for submission of sales offers directed at all shareholders, then
- in the event of a public purchase offer directed at all shareholders, the offered purchase price per share (minus associated costs of acquisition) or
 - in the event of a public solicitation for submission of sales offers directed to all shareholders, the limit value of the purchase price range established by the company per share (minus associated costs of acquisition)

may not exceed or be less than 10% of the average closing price of the company's share in the Xetra trading system (or comparable successor system) on the Frankfurt Stock Exchange during the last five days of trading before the day on which the public announcement of the public purchase offer or solicitation for submission of sales offers is made.

In the event that significant fluctuations of the applicable price take place after the publication of the public purchase offer or the public solicitation for submission of sales offers directed to all the shareholders, then the purchase offer or solicitation for submission of sales offers can be adjusted. In that case, the average closing price of the company's share in the Xetra trading system (or comparable successor system) on the Frankfurt Stock Exchange during the last five days of trading before the public announcement of the adjustment can be used.

The volume of a public purchase offer directed to all the shareholders, or on the basis of a public solicitation for submission of sales offers directed to all the shareholders, can be limited. If in the event of a public purchase offer directed to all the shareholders, or on the basis of a public solicitation for submission of sales offers directed to all the shareholders, the volume of the tendered shares exceeds the intended repurchase volume, the acquisition can be effected according to the proportion of tendered or offered shares. The right of shareholders to tender their shares according to the proportion of their participation rates is excluded. A privileged acceptance of small numbers of up to 100 tendered shares per shareholder, as well as a commercial rounding to avoid fractional shares, can be specified. Any right of tendering on the part of the shareholders that goes beyond this is excluded.

The public purchase offer directed to all the shareholders, or public solicitation for submission of sales offers directed to all the shareholders, can specify further conditions.

c) Use of proprietary shares

The Management is authorised to use all the proprietary shares acquired on the basis of this authorisation with the prior consent of the supervisory board for all legally permissible purposes, in particular, including the following purposes:

- (1) The shares can be recalled without a further resolution of the general meeting being required for the recall. They can also be recalled in a simplified procedure without reducing the share capital by adjusting the calculated proportionate amount of the remaining shares in the share capital. Should recall be effected via the simplified procedure, the Management shall be authorised to restate the quantity of the shares in the charter.
- (2) The shares can also be sold in a way other than through the stock exchange or based on an offer to all shareholders, if the purchase price payable in cash is not significantly lower than the market price of essentially equivalent shares already quoted. The number of the shares sold in this manner, together with the number of other shares sold or issued from approved capital during the effective term of this authorisation subject to an exclusion of subscription rights under § 186 Para. 3 Sentence 4 AktG, and the number of shares that may arise through exercise of the

option and/or conversion rights or the meeting of obligations related to exercise of the option or conversion rights from the option and/or convertible bonds or profit participation rights, which were issued during the effective term of this authorisation subject to an exclusion of subscription rights under § 186 Para. 3 Sentence 4 AktG, may not exceed 10% of the share capital, and indeed neither at the effective date nor at the time of exercise of this authorisation.

- (3) The shares may be disposed of for contributions in kind for the purpose of acquisition of companies, parts of companies, participatory interests in companies, other assets associated with an acquisition project, claims against the company, or as part of company mergers, or for the purpose of acquiring industrial property rights inclusive of copyrights and know-how, or the rights to make use of such rights.
- (4) The shares may be offered as employee shares for acquisition to persons having a working relationship with the company or one of its affiliated enterprises, or may be promised and/or transferred. The number of the proprietary shares used in such a manner may not exceed a pro-rata amount of share capital totalling € 200,000.00.
- (5) The shares can be used for the meeting of option and/or conversion rights or obligations by LPKF Laser & Electronics Aktiengesellschaft or a group company in the meaning of § 18 AktG in which LPKF Laser & Electronics Aktiengesellschaft is a majority participant directly or indirectly, from bonds carrying options and/or conversion obligations or profit participation rights.
- (6) The shares can be used provided it is required to grant the holders or creditors of bonds carrying options and/or conversion obligations or profit participation rights with options and/or conversion rights or duties which are issued by the company or a group company of LPKF Laser & Electronics Aktiengesellschaft in the meaning of § 18 AktG, in which LPKF Laser & Electronics Aktiengesellschaft is a majority participant directly or indirectly, on the occasion of subsequent share issues with subscription right of the shareholders, a subscription right for shares in the extent that they would be entitled after exercise of the option or conversion rights or after meeting the duties related to exercise of the options or conversion duties.

The subscription rights of shareholders to the proprietary shares acquired on the basis of this authorisation are excluded if they are used according to the above authorisations under (2) to (6).

The authorisation to use proprietary shares under exclusion of the subscription right of shareholders under the above (2) to (6) is however restricted, as after exercise of the authorisation the value of the proprietary shares used under exclusion of the subscription right together with the number of other new shares, which during the term of this authorisation under exclusion of the subscription right are issued from approved capital or are to be issued on the basis of the bonds carrying options and/or conversion obligations or profit participation rights during the effective term of this authorisation, may not exceed a total of 10% of the share capital; applicable here is either the share capital at the time of the effective date of the authorisation or share capital available at the time of the exercise of this authorisation, depending on which value is lower.

The above authorisations can be used once or several times, in whole or in part, individually or jointly. The authorisations under (2) to (6) can also be used by enterprises that are dependent or majority-owned by the company, or by third parties acting on their own account or the account of the company.

The written report of the Management according to § 71 Para. 1 No. 8 Sentence 5 AktG in connection with § 186 Para. 4 Sentence 2 AktG on the reasons for authorisation of the Management, the tendering right of the shareholders upon acquisition, and the subscription right of shareholders upon the use of proprietary shares to be excluded, is printed under II in connection with the Agenda.

7. Resolution on the consent to conclude a profit transfer agreement between the company and LPKF SolarQuipment GmbH with a registered office in Suhl

LPKF Laser & Electronics Aktiengesellschaft directly holds all participatory interests in LPKF SolarQuipment GmbH with its registered office in Suhl, entered in the commercial register of Jena

District Court under HRB 501337. In order to optimise the tax situation of the group, LPKF Laser & Electronics Aktiengesellschaft, being the controlling company, concluded a profit transfer agreement with LPKF SolarQuipment GmbH as subsidiary company on 27 March 2015.

As LPKF Laser & Electronics Aktiengesellschaft is the sole shareholder in LPKF SolarQuipment GmbH, then LPKF Laser & Electronics Aktiengesellschaft is not required to make any compensation or indemnity payments for outstanding shareholders in LPKF SolarQuipment GmbH under §§ 304, 305 AktG. For the same reasons, an audit of the profit transfer agreement by a contract auditor is superfluous.

In order for it to be effective, the profit transfer agreement requires the consent of the Annual General Meeting of LPKF Laser & Electronics Aktiengesellschaft, the consent of the shareholders meeting of LPKF SolarQuipment GmbH, and entry in the commercial register of LPKF SolarQuipment GmbH. The shareholders meeting of LPKF SolarQuipment GmbH has already consented to the profit transfer agreement.

The Management and Supervisory Board propose the following:

The profit transfer agreement concluded on 27 March 2015 between LPKF Laser & Electronics Aktiengesellschaft as controlling company and LPKF SolarQuipment GmbH as subsidiary company with its registered office in Suhl is hereby approved.

The profit transfer agreement has the following substantive content.

- LPKF SolarQuipment GmbH ("SQ GmbH") undertakes to pay during the term of the profit transfer agreement its total profit, i.e. the maximum transferable amount of profit under the provisions of § 301 AktG in its totality and its currently applicable version to LPKF Laser & Electronics Aktiengesellschaft ("LPKF AG") (§ 1 Para. 1 of the profit transfer agreement).
- SQ GmbH can, with the consent of LPKF AG, allocate amounts from the annual net profit to other retained earnings (§ 272 Para. 3 HGB), provided this is admissible under commercial law and economically justified by a reasonable commercial assessment. During the term of the profit transfer agreement, other retained earnings formed according to § 272 Para. 3 HGB are to be dissolved at the request of LPKF AG and, provided it is legally permissible in the context of §§ 301, 302 AktG in its currently applicable version, to be used to balance an annual shortfall or be transferred as profit. Amounts of other retained earnings formed previously to the contract in the meaning of § 272 Abs. 3 HGB or from reserves other than those named in the previous sentence – specifically from capital reserves – may not be transferred nor used to balance an annual shortfall (§ 1 Para. 2 of profit transfer agreement).
- The LPKF AG is obligated to SQ GmbH to absorb the losses during the term of the profit transfer agreement in accordance with the provisions of § 302 AktG in its totality and currently applicable version (§ 2 of the profit transfer agreement).
- SQ GmbH must set up the annual financial statement to determine the profit or the loss according to the principles of standard accounting, in observance of commercial and tax law provisions and any guidelines from LPKF AG, and to present it before adoption to LPKF AG for familiarisation and coordination. This applies also to the annual financial statement to be done upon expiration of the profit transfer agreement, as well as for an interim statement. The annual financial statement of SQ GmbH is to be put together and adopted before the annual financial statement of LPKF AG (§ 3 Para. 1 and 2 of the profit transfer agreement).
- The entitlement to allocation of profit under § 1 Para. 1 of the profit transfer agreement arises and is due upon expiration of the fiscal year of SQ GmbH. The claim for loss absorption under § 2 of the profit transfer agreement likewise arises and is due upon expiration of the fiscal year of SQ GmbH (§ 3 Para. 4 of the profit transfer agreement).
- The profit transfer agreement requires the approval of the shareholders meeting of SQ GmbH for its effectiveness as well as the approval of the general meeting of LPKF AG and entry in the commercial register of SQ GmbH (§ 5 Para. 1 of the profit transfer agreement).

- The profit transfer agreement shall apply retroactively for the time from the beginning of the ongoing fiscal year of SQ GmbH upon its entry in the commercial register (§ 5 Para. 2 of the profit transfer agreement).
- The profit transfer agreement is concluded for the duration of at least five years, calculated from the beginning of the fiscal year of SQ GmbH, in which it is first valid under § 5 Para. 2 of the profit transfer agreement. As long as the end of this minimum term of the agreement does not fall at the end of the fiscal year of SQ GmbH, the minimum term of the agreement shall be extended until the end of this fiscal year. As long as the profit transfer agreement is not terminated by a party to the agreement, observing a notice period of six months to the end of the minimum term of the agreement, the profit transfer agreement shall be extended indefinitely, and may be terminated by either party thereto, observing a notice period of six months to the end of each fiscal year of SQ GmbH (§ 5 Para. 3 of the profit transfer agreement).
- The right of termination of the profit transfer agreement for an important reason without observing a notice period for termination remains unaffected. An important reason exists specifically if a contracting party is anticipated not to be in the condition to meet its existing obligations under the profit transfer agreement (§ 297 Para. 1 Sentence 2 AktG), if all or any of the shares in SQ GmbH in the amount of a total nominal value are sold or transferred with the consequence that the preconditions for financial integration of SQ GmbH into LPKF AG no longer exist according to the applicable tax law provisions, or otherwise but without limitation in the case of the merger, division or liquidation of one of the two contractual parties, or a transfer of participation in SQ GmbH by LPKF AG, it makes no difference if these take place at the end of the fiscal year or in the course of the fiscal year of SQ GmbH. Furthermore, an important reason is constituted by the important reasons named in Section 60 Para. 6 KStR 2004 [Körperschaftsteuer-Richtlinien: Corporate Income Tax Rules] or a corresponding provision, which is applicable at the time of termination of this agreement (§ 5 Para. 4 of the profit transfer agreement).
- In the event of termination for an important reason, LPKF AG shall merely be entitled to the proportionate share of the profits of SQ GmbH, or obligated to balance the proportionate losses of SQ GmbH, which have arisen under commercial law before the time of termination for an important reason. In order to be valid, termination must be effected in writing. When the agreement ends, LPKF AG must provide security to the creditors of SQ GmbH according to § 303 AktG (§ 5 Para. 5-7 of the profit transfer agreement).

The following documents will be made accessible before the Annual General Meeting is convened on the website of the company at www.lpkf.com/investor-relations/annual-general-meeting/invitation-agenda.htm:

- Profit transfer agreement between LPKF Laser & Electronics Aktiengesellschaft and LPKF SolarQuipment GmbH dated 27 March 2015;
- Annual financial statements and situation reports of LPKF Laser & Electronics Aktiengesellschaft, as well as consolidated financial statements and reports on the situation of the group of LPKF Laser & Electronics Aktiengesellschaft, for the fiscal years 2012, 2013 and 2014;
- Annual financial statements and situation reports of LPKF SolarQuipment GmbH for fiscal years 2012, 2013 and 2014;
- Joint written report of the Management Board of LPKF Laser & Electronics Aktiengesellschaft and the executives of LPKF SolarQuipment GmbH dated 27 March 2015 according to § 293a AktG on the profit transfer agreement dated 27 March 2015.

The above-named documents will also be available during the Annual General Meeting of LPKF Laser & Electronics Aktiengesellschaft.

II. Report

The written report of the Management according to § 71 Para. 1 No. 8 Sentence 5 AktG in connection with § 186 Para. 4 Sentence 2 Item 6 AktG on the reasons for authorisation of the Management, the tendering right of the shareholders upon acquisition, and the subscription right of shareholders upon the use of proprietary shares to be excluded

For buyback of shares, the company requires (provided that the acquisition has not been explicitly permitted by law) a special authorisation by the Annual General Meeting. As the company's share capital has increased since the authorisation last given by the Annual General Meeting on 1 June 2011 and expiring on 31 May 2016 for buyback of shares, it should be proposed to the Annual General Meeting to grant the company a five-year authorisation to buy back its own shares, subject to early cancellation of the existing authorisation to buy back shares, by utilising the new limitation once again.

The proposal for a resolution to Item 6 of the Agenda envisages authorising the management to buy back shares with prior consent of the Supervisory Board, which constitute a maximum of 10% of the existing share capital at the time of the resolution or (should this value be less) at the time of exercise of the authorisation. Acquisition must take place through the stock exchange, on the basis of a public purchase offer directed to all the shareholders, or on the basis of a public solicitation for submission of sales offers directed to all the shareholders. The principle of equal treatment pursuant to stock corporation law must be observed. In the event of a public solicitation for submission of sales offers directed to all the shareholders, the addressees of this solicitation can decide how many shares of the company at what price (if a price range is set) they would like to offer.

If acquisition is done via a public purchase offer directed to all the shareholders, or on the basis of a public solicitation for submission of sales offers directed to all the shareholders, the volume of the offer or solicitation for submission of sales offers can be limited. It can also happen that the quantity of shares in the company offered by the shareholders exceeds the quantity of shares demanded by the company. In that case, shares must be allocated on a quota basis. It shall be possible to allocate shares in proportion to the number of shares subscribed or tendered instead of in proportion to the participation quota, because technically this allows the acquisition process to be handled on an economically viable scale. Moreover, a privileged acceptance of up to 100 tendered shares per shareholder shall be possible. This possibility serves to prevent fractional amounts occurring in determining the quota to be acquired and small remnants, and thereby to facilitate technical processing. This also prevents any actual disadvantage to small shareholders. Finally, a rounding according to commercial principles can be specified to prevent fractional shares. In this way the share purchase quota and the number of shares to be purchased from the individual tendering shareholders are rounded in such a way as is required to ensure that purchase of whole shares is technically possible. The Management and the Supervisory Board deem the exclusion contained herein of any further tendering right of the shareholders to be justified.

The offer price or the limit value of the price range set by the company per share (without acquisition side costs) may not exceed or be less than 10% of the average closing price of the company's share in the Xetra trading system (or comparable successor system) on the Frankfurt Stock Exchange during the last five days of trading before the day on which the public announcement of the public purchase offer or solicitation for submission of sales offers is made. In the event that significant fluctuations of the applicable price take place after the publication of the public offer directed to all shareholders or public solicitation for submission of sales offers directed to all the shareholders, then the purchase offer or solicitation for submission of sales offers can be adjusted. In that case, the basis for the adjustment will be the average price of the last five trading days before the public announcement of the adjustment. The public purchase offer directed to all the shareholders, or public solicitation for submission of sales offers directed to all the shareholders, can specify further conditions.

The additionally proposed possibility of sale or use of proprietary shares can serve all legally permissible purposes. Under § 71 Para. 1 No. 8 Sentence 5 AktG, the general meeting can authorise the Management to effect sale in a different form than through the stock exchange or on the basis of an offer to all shareholders, whereby with the proposed authorisation, use shall be made of proprietary shares with the exclusion of the subscription right of shareholders in certain cases. Under the resolution proposal, the Management also requires for the use of proprietary shares the prior consent of the Supervisory Board.

A precondition for this is in the proposed alternative listed under Agenda Item 6 letter c) Point (2), that the proprietary shares according to § 186 Para. 3 Sentence 4 AktG will be sold at a price that does not significantly undercut the stock exchange price of the substantially comparable company shares already listed at the time of sale. Use is made here of a simplified exclusion of subscription rights, which is permissible and customary in practice. Consideration has been given to the protection of shareholders against dilution, because the shares may only be sold at a price which is not substantially lower than the applicable stock exchange price. The final setting of the sales price for the proprietary shares will take place shortly before the sale. With the consent of the Supervisory Board, the Management will keep the markdown from the stock exchange price as low as possible in view of the market conditions prevailing at the time of placement. The markdown from the stock exchange price will in no event amount to greater than 5% of the stock exchange price. The option of selling proprietary shares under exclusion of subscription rights and in another form than through the stock exchange or through an offer to all shareholders is in the company's interests, in view of the strong competition in the capital markets. For the company, the opportunity opens up to offer its own shares in a quick and flexible manner to national and international investors, to broaden its range of shareholders, and to stabilise the value of shares. Sale at a price not significantly lower than the stock exchange price, as well as with a restriction of the proportion of saleable proprietary shares under exclusion of subscription rights for a maximum total of 10% of the share capital (both at the effective date of authorisation and upon exercise thereof) will adequately safeguard the property interests of shareholders. The 10% threshold includes other shares that were sold or issued under exclusion of subscription rights in direct or analogous application of § 186 Para. 3 Sentence 4 AktG (e.g. from approved capital) or that arose through the exercise of option and/or conversion rights or the meeting of option and/or conversion duties from bonds or profit sharing rights, which were issued during the term of this authorisation under exclusion of subscription rights according to § 186 Para. 3 Sentence 4 AktG. Since the proprietary shares are placed close to the stock exchange price, every shareholder can in principle make acquisitions on the market to maintain their proportional level of shares in virtually identical conditions.

According to the resolution proposed for Agenda Item 6 letter c) Point (3), the company further has the opportunity to offer its own shares as consideration for contributions in kind for the purpose of acquisition of companies, parts of companies, participatory interests in companies, other assets associated with such acquisition projects, claims against the company, or as part of company mergers, if such consideration is requested. The proposed authorisation is intended to provide the company with the necessary range of options to take advantage of any opportunities that may be offered for such acquisitions or mergers in a quick and flexible manner. The proprietary shares shall further be able to be used for the purpose of acquiring industrial property rights inclusive of copyrights and know-how, or the rights to make use of such rights. This should also make it possible for the company to acquire such rights quickly, flexibly, and with no detriment to liquidity to improve its competitive position. The proposed exclusion of subscription rights takes this into account. When determining the valuation relations, the Management and Supervisory Board will take care to ensure that the interests of shareholders are reasonably safeguarded. In assessing the value of the proprietary shares granted as consideration, they will in particular be guided by the stock exchange price of the company's shares. In order to prevent the results of negotiations being placed in doubt by any fluctuations in the stock exchange price, there are no plans to apply any systematic formula to a stock exchange price.

The authorisation proposed for Agenda Item 6 letter c) Point (4) shall open the possibility for the company, outside of the stock exchange and without an offer to all shareholders, to offer for acquisition, promise, or transfer shares in the company to persons having a working relationship with the company or one of its affiliated enterprises. The number of shares issued in this manner under exclusion of subscription right may not exceed a participatory amount in the share capital totalling €200,000. Here the company's own shares acquired by it, as a rule under imposition of vesting periods, can be used as a component of compensation for employees of the company or of enterprises affiliated with it, which promotes the participation of employees in the share capital of the company and thereby strengthens the identification of the employees with the company in the interest of the company and its shareholders. The issuance of employee shares shall also be deployed in individual cases as an instrument to reward and motivate employees. The provision of employee shares is also served by approved capital according to § 4 Para. 6 of the charter. In order to achieve the highest possible flexibility and cost efficiency, the opportunity should also exist to acquire shares back on the principle of § 71 Para. 1 No. 8 AktG, and to offer or award them to employees. This is possible in particular when an employee share programme requires only a small number of shares, which is more economical than an increase in capital and the

admission of shares from approved capital, the implementation of which is associated with a certain expenditure.

Beyond this, the Management shall be authorised for Agenda Item 6 letter c) Point (5), with the consent of the Supervisory Board, to use the proprietary shares acquired on the basis of the proposed authorisation to satisfy option and/or conversion rights or duties, which arise through exercise or conversion of options and/or convertible bonds or profit participation rights, which are issued by LPKF Laser & Electronics Aktiengesellschaft or a company of the group in the meaning of § 18 AktG, in which LPKF Laser & Electronics Aktiengesellschaft is a majority participant directly or indirectly, based on an appropriate authorisation on the part of the general meeting. The proposed resolution will not lead to an authorisation to issue option and/or convertible bonds or to create profit participation rights. The authorisation for Agenda Item 6 letter c) Point (5) merely serves the purpose of granting the Management the opportunity to service the option or conversion rights or obligations already granted on the basis of other authorisations with its own shares instead of using the conditional capital otherwise regularly available. An advantage of using one's already existing shares is that there will be no further detrimental effects for shareholders besides the possible dilution effects associated with an exclusion of subscription right upon the issuance of option- and/or convertible bonds or profit participation rights. Rather, the flexibility of the Management will be increased, in that the option and/or convertible bonds or profit participation rights are not required to be serviced from conditional capital, rather proprietary shares can be used for this, if that appears to be more beneficial in the specific situation for the interests of the company and its shareholders. At the time of the convening of the general meeting to take place on 28 May 2015, LPKF Laser & Electronics Aktiengesellschaft has issued no option and/or convertible bonds or profit participation rights, and likewise enjoys no authorisation to issue them. Option and/or convertible bonds or profit participation rights for the servicing of which a use of one's own shares in this set of cases can be considered can only be based on option and/or convertible bonds or profit participation rights that would be issued in exercise of an authorisation yet to be issued by the Annual General Meeting.

The proprietary shares acquired on the basis of the authorisation shall be used according to Agenda Item 6 letter c) Point (6), provided it is required, to give a right of subscription to shares to the holders or creditors of the company or their companies holding a majority interest of issued option and/or convertible bonds or profit participation rights in the extent that they would be entitled after exercise of the option or conversion rights or after meeting the duties related to exercise of the options or conversion duties or profit participation rights. In order to facilitate the placement of bonds and profit participation rights on the capital market, the bond terms generally include a protection against dilution. One of the possibilities to protect against dilution is to grant the holders or creditors of bonds or profit participation rights upon subsequent share issues a subscription right to new (or existing) shares, as it is for shareholders. They are treated in such a way as if they were already shareholders. In order to furnish the bonds or profit participation rights with such protection against dilution, which can also be serviced by proprietary shares, the subscription right of shareholders to proprietary shares must be excluded. This facilitates the placement of bonds or profit participation rights and thereby the interests of shareholders in an optimal financial structure of the company. At the time of the convening of the Annual General Meeting to take place on 28 May 2015, LPKF Laser & Electronics Aktiengesellschaft has issued no option and/or convertible bonds or profit participation rights, and likewise enjoys no authorisation to issue them.

The use of proprietary shares under exclusion of the subscription right of shareholders under authorisations to the Agenda Item 6 letter c) Points (2) to (6) is only considered, when the pro-rata amount of the proprietary shares used in this manner in share capital, taking into account the new shares to be issued from authorised capital under exclusion of the subscription right during the effective term of these authorisations, as well as during the effective term of these authorisations under exclusion of the subscription right based on the bonds carrying options and/or conversion obligations or profit participation rights, does not exceed a total of 10% of the share capital; applicable here is either the share capital at the time of the effective date of the authorisation or share capital available at the time of the sale of the proprietary shares, depending on at which of these points the share capital amount is lower. In this way the interests of shareholders will be safeguarded, so that the opportunity of using one's own shares under exclusion of the subscription right also under consideration of all further authorisations to exclude the subscription right is restricted to a share volume of a total of 10% of share capital.

We would like to point out that in addition to the proposed authorisation to acquire and use its own shares to Agenda Item 6, as of the time of the Annual General Meeting, the company possesses an authorised capital of up to € 11,134,794.00 according to § 4 Para. 6 of the charter.

The authorisation to exclude the subscription right upon increases in capital from the authorised capital is limited to 10% of the share capital. Under exclusion of the subscription right, new shares issued from authorised capital, would be counted against the aforementioned capital limit of 10% of the share capital, for proprietary shares used under exclusion of the subscription right.

The authorisations to use proprietary shares can be used once or several times, in whole or in part, individually or jointly. The authorisations to the Agenda Item 6 letter c) Points (2) to (6) can be exercised by enterprises dependent or majority-owned by the company, or by third parties acting on their own account or the account of the company.

Finally, the proprietary shares acquired on the basis of this authorisation resolution under the resolution proposed in Agenda Item 6 letter c) Point (1) by the company can be withdrawn without a new resolution of the Annual General meeting being required. According to § 237 Para. 3 No. 3 AktG, the Annual General Meeting of a company can decide upon the withdrawal of its fully paid-for shares without thereby necessitating a decrease in the share capital of the company. The proposed authorisation provides explicitly for this alternative in addition to the withdrawal with a capital decrease. Through the withdrawal of its own shares without a capital decrease, the remaining non-par value shares in the company's share capital automatically increase. The Management shall therefore also be authorized to undertake the necessary amendment of the Constitution concerning the changing number of shares caused by retirement.

Upon deciding about the acquisition and the use of its own shares, the Management will allow itself to be guided solely by the best interests of the shareholders and the company.

The Management will report on the utilisation of the aforementioned authorisations at the next Annual General Meeting.

III. Further details regarding the convening of the meeting

Conditions for participating in the Annual General Meeting and exercising the right to vote

Only shareholders who have registered for the Annual General Meeting and have submitted satisfactory evidence of their shareholdings shall have the right to participate in the Annual General Meeting and exercise their right to vote. The evidence of shareholdings must be provided by means of a confirmation in text form prepared by the depository bank in German or English. Such evidence of the shareholding must refer to the beginning of the twenty-first day before the Annual General Meeting, which in this case is

Thursday, May 7, 2015, 00:00 a.m.

(the "Record Date").

Both the registration and the evidence of shareholdings must be received by the Company no later than six days prior to the Annual General Meeting (not including the day of the Annual General Meeting or the day on which the evidence is received), i.e. by no later than the end of

Thursday, May 21, 2015, 12:00 p.m.

at the address specified below:

LPKF Laser & Electronics Aktiengesellschaft
c/o DZ BANK AG
represented by dwpbank
– WASHV –
Landsberger Str. 187
80687 Munich, Germany
Fax: +49 69 5099-1110
E-Mail: hv-eintrittskarten@dwpbank.de

The significance of the Record Date

The Record Date is the date that governs both the scope and the exercise of a shareholder's right to participate in and vote at the Annual General Meeting. In relation to the Company, a person shall only be considered a shareholder for the purposes of participating in and exercising the voting right at the Annual General Meeting if they have verified their shareholdings. The right to participate in the Annual

General Meeting and the scope of the right to vote shall be governed solely by the shareholder's shareholding as of the Record Date. The Record Date does not imply any limitation on the sale of shareholdings. Even if shareholdings are partially or completely sold after the Record Date, the ownership of shares on the Record Date shall be the only relevant factor enabling participation and the scope of the right to vote; in other words, the sale of shares or any other form of transfer of the shares after the Record Date has no influence on the right to participate in the Annual General Meeting and the scope of the right to vote. The same applies to the acquisition of shares after the Record Date. Persons who do not own any shares on the Record Date and who only become shareholders after this date, are not authorized to participate and vote in the Annual General Meeting unless they are authorized by way of a proxy to participate and vote on behalf of someone else or to exercise such person's rights. The Record Date has no influence on dividend entitlement.

Total number of shares and voting rights at the time the Annual General Meeting was summoned

The Company's share capital at the time the Annual General Meeting was summoned amounted to € 22,269,588.00 and was divided into 22,269,588 no-par value bearer shares which all have the same voting and dividend rights and each grant one vote. The total number of shares and voting rights at the time the Annual General Meeting was summoned was therefore 22,269,588.

Procedure for voting by proxy

Shareholders who do not wish to attend the Annual General Meeting themselves may exercise their right to vote at the Annual General Meeting by appointing a proxy, e.g. a bank, a shareholders' association, or any other person of their choice. Timely registration for the Annual General Meeting and timely submission of evidence of shareholdings in accordance with the foregoing provisions are required in these cases, as well.

Granting and revoking proxies and presenting the Company with evidence of appointing a proxy shall be made in text form pursuant to Article 23 (2) of the articles of association, although the proxy may also be revoked by showing up in person at the Annual General Meeting. Different rules may apply to appointing credit institutions, shareholders' associations or similar persons and institutions as proxies pursuant to Section 135 (8) and (10) in conjunction with Section 125 (5) of the German Stock Corporation Act (AktG), as well as for the revocation and the confirmation of such proxies; the shareholders are requested in such cases to agree at a timely date in regard to the form and procedure for appointing the proxy with the person or institution to be appointed.

The proxy authorization may be issued to the proxy or the Company. When a proxy authorization is issued to the proxy, this verification may be confirmed by being presented to the admission checkpoint on the day of the Annual General Meeting. Proxy authorizations may be submitted by the proxy to the Company by mail, fax or by an electronic channel (by e-mail) to the following address:

LPKF Laser & Electronics Aktiengesellschaft
Osteriede 7
30827 Garbsen, Germany
Fax: +49 5131 7095-90
E-Mail: investorrelations@lpkf.com

The aforementioned communication channels may also be used if the proxy authorization is to be submitted directly to the Company; no other evidence of the proxy authorization is required in this case. The revocation of a previously issued proxy may also be submitted directly to the Company by using the aforementioned communication channels.

We ask our shareholders, to make things easier from an organisational standpoint, to submit proxies, evidence of proxies, and the revocation of proxies, insofar as they are submitted by mail or by fax, in a timely manner by no later than 27 May 2015, 6:00 p.m. (time of receipt by the Company).

A form which can be used for appointing a proxy is contained on the back of the admission ticket which is sent to shareholders who have registered in due time. This form is also available for download at www.lpkf.com/investor-relations/annual-general-meeting/invitation-agenda.htm. If a shareholder appoints more than one person to serve as their proxy, the Company may reject one or more of these appointments.

Procedure for voting by proxies nominated by the Company

The Company offers its shareholders the option of authorizing Company-nominated proxies before the Annual General Meeting. Shareholders who wish to authorize proxies nominated by the Company must register to attend the Annual General Meeting in due time and provide evidence of their shareholdings in accordance 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 vote 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/invitation-agenda.htm. Proxies and instructions issued to proxies nominated by the Company must also be submitted to the Company in text form.

To facilitate smooth organization of the proxy procedure, shareholders who wish to appoint proxies nominated by the Company prior to the Annual General Meeting are requested to submit the proxies and the instructions to the following address no later than by 27 May 2015, 6:00 p.m. (time of receipt by the Company) either by mail, fax or e-mail:

LPKF Laser & Electronics Aktiengesellschaft
Osteriede 7
30827 Garbsen, Germany
Fax: +49 5131 7095-90
E-Mail: investorrelations@lpkf.com

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

In addition, shareholders who have registered to participate in the Annual General Meeting in due time and have submitted evidence of their shareholdings in accordance with the aforementioned provisions, and who attend the Annual General Meeting in person, are also allowed to appoint proxies nominated by the Company at the Annual General Meeting to exercise the shareholder's voting rights.

Shareholders' rights

Proposals to add items to the Agenda pursuant to Section 122 (2) of the German Stock Corporation Act (AktG)

Shareholders whose total shareholdings are equivalent to 1/20th of the Company's share capital or the pro rata amount of € 500,000.00 may request to have items placed on the Agenda and published in accordance with Section 122 (2) of the German Stock Corporation Act (AktG). Every request for a new Agenda item must be accompanied by an explanation of the reasons therefore or a proposed resolution. The proposal must be sent in writing to the Management Board and must be received by the Company at least thirty 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, no later than at the end of

Monday, 27 April 2015, 12:00 p.m.

Please send such requests to the following address:

LPKF Laser & Electronics Aktiengesellschaft
Management Board
Osteriede 7
30827 Garbsen, Germany

We also draw attention in this context to the conditions stipulated in Section 122 (2) in conjunction with Section 122 (1) sentence 3, of the German Stock Corporation Act (AktG), and Section 142 (2), sentence 2 and Section 70 of the German Stock Corporation Act (AktG).

Counterproposals and proposals for candidates submitted by shareholders pursuant to Section 126 (1) and Section 127 of the German Stock Corporation Act (AktG)

Shareholders may submit to the company counterproposals to proposals of the Management Board and/or the Supervisory Board concerning specific items on the Agenda. They may also submit proposals for the election of Supervisory Board members or auditors if such elections are part of the Agenda. Counterproposals and proposed candidates pursuant to Section 126 (1) and Section 127 of the German Stock Corporation Act (AktG) must always be sent to the following address prior to the Annual General Meeting:

LPKF Laser & Electronics Aktiengesellschaft
Osteriede 7
30827 Garbsen, Germany
Fax: +49 5131 7095-90
E-Mail: investorrelations@lpkf.com

The Company satisfies Section 126 (1) of the German Stock Corporation Act (AktG) by publishing counterproposals including the name of the shareholder, the reason(s) for the counterproposal and any comment by the Management on the Company's website at

www.lpkf.com/investor-relations/annual-general-meeting/index.htm, if it receives the counterproposals, including the reason(s) 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, no later than at the end of

Wednesday, 13 May 2015, 12:00 p.m.

at the aforementioned address. Applications not sent to this address will be ignored. The Company may refuse to publish a counterproposal if the conditions specified in Section 126 (2) of the German Stock Corporation Act (AktG) apply, for instance, if the counterproposals 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 reasons provided for a counterproposal if they exceed 5,000 characters. Pursuant to Section 127 of the German Stock Corporation Act (AktG), the aforementioned applies analogously to proposals submitted by shareholders for the election of Supervisory Board members or auditors. Election proposals submitted by shareholders do not, however, require a reason, and in addition to those cases specified in Section 126 (2) of the German Stock Corporation Act (AktG), publication may 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 if the proposal does not include any details of their membership in any other mandatory supervisory boards.

Please note that counterproposals and proposals for candidates, even if they have been submitted in due time to the Company, will only be dealt with at the Annual General Meeting if they are presented or submitted verbally at the Meeting. This shall not affect any shareholder's right to submit counterproposals or election proposals with regard to any item on the Agenda during the Annual General Meeting.

Right to obtain information pursuant to Section 131 (1) of the German Stock Corporation Act (AktG)

Section 131 (1) of the German Stock Corporation Act (AktG) requires the Management Board to provide every shareholder with information on matters pertaining to the Company, upon request, provided such information is necessary for making a reasonable assessment of an Agenda item. This obligation to provide information also applies to the Company's legal and commercial relationships to affiliated companies, as well as to the situation of the Group and the companies included in the consolidated financial statements, because the Annual General Meeting is also presented with the consolidated financial statements and the Group Management report as part of Item 1 on the Agenda.

The Management Board may refuse to answer individual questions for reasons specified in Section 131 (3) of the German Stock Corporation Act (AktG), for instance because, based on prudent business judgment, providing the information could cause significant negative consequences for the Company or for an affiliated company. Pursuant to article 24 (2) of the articles of association, the chairperson of the General Meeting may set appropriate limits in regard to shareholders' rights to ask questions and speak. In particular, the chairperson of the General Meeting may reasonably determine at the start or during the General Meeting the amount of time to be made available for the whole of the 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

As from the time the Annual General Meeting has been summoned, information pursuant to Section 124a of the German Stock Corporation Act (AktG) will be made available to shareholders on the Company's website www.lpkf.com/investor-relations/annual-general-meeting/invitation-agenda.htm. Additional information regarding the rights of shareholders pursuant to Section 122 (2), Section 126 (1), Section 127, Section 131 (1) of the German Stock Corporation Act (AktG) is also published at www.lpkf.com/investor-relations/annual-general-meeting/invitation-agenda.htm.

Garbsen, Germany, April 2015

LPKF Laser & Electronics Aktiengesellschaft

The Management Board