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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 8, 2021**

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**Advanced Energy Industries, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation)

**000-26966**  
(Commission File Number)

**84-0846841**  
(IRS Employer Identification No.)

**1595 Wynkoop Street, Suite 800, Denver, Colorado**  
(Address of principal executive offices)

**80202**  
(Zip Code)

**(970) 407-6626**  
(Registrant's telephone number, including area code)

**Not applicable**  
(Former name or former address, if changed since last report)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
**Common Stock, \$0.001 par value**

Trading Symbol(s)  
**AEIS**

Name of each exchange on which registered  
**NASDAQ Global Select Market**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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## **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

### **Retirement of President & CEO and Succession**

Yuval Wasserman, the current President & Chief Executive Officer of Advanced Energy Industries, Inc. (the “Company”), will be stepping down as President & Chief Executive Officer of the Company, effective on March 1, 2021 (the “Effective Date”). In connection with Mr. Wasserman’s decision to retire, Mr. Wasserman will also resign as a member of the Company’s Board of Directors (the “Board”), effective on the Effective Date.

On February 8, 2021, the Board appointed Stephen D. Kelley to succeed Mr. Wasserman as President and Chief Executive Officer of the Company, effective on the Effective Date. In addition, on February 8, 2021, the Board elected Mr. Kelley as a director of the Company, effective on the Effective Date, to fill the vacancy created by Mr. Wasserman’s resignation from the Board on the Effective Date.

### **Executive Advisory Agreement with Mr. Wasserman**

Mr. Wasserman will remain as an executive advisor to the Board and Mr. Kelley to assist in the transition until his retirement on March 31, 2022 (the “Retirement Date”). In connection therewith, on February 8, 2021, the Company and Mr. Wasserman entered into a Transition and Retirement Agreement (the “Transition & Retirement Agreement”) whereby Mr. Wasserman (a) will agree to be an executive advisor to the Board and Mr. Kelley until the Retirement Date, (b) will receive his current base salary through the Retirement Date, (c) will continue to be eligible to participate in the Company’s short term incentive plan for 2020 and 2021 at his current bonus incentive opportunity percentage, subject to proration for the period that Mr. Wasserman served as President & Chief Executive Officer for 2021, (d) will continue to vest in his outstanding equity awards under the Company’s 2018, 2019 and 2020 long-term incentive equity plans, (e) will continue to participate in the October 2019 Artesyn Performance-Based Cash Integration Bonus Plan, (f) will continue to be eligible to participate under the Company’s benefit plans and (g) will continue to be covered under his Executive Change in Control & General Severance Agreement, dated August 2, 2018. The Transition & Retirement Agreement also includes customary confidentiality, proprietary information and indemnification provisions and includes a release from Mr. Wasserman. The foregoing is a summary of the material terms of the Transition & Retirement Agreement and is qualified in its entirety by reference to the Transition & Retirement Agreement. A copy of the complete Transition & Retirement Agreement is attached to this Current Report on Form 8-K as Exhibit 10.1, and the terms of the Transition & Retirement Agreement are incorporated herein by this reference.

### **Offer Letter with Mr. Kelley**

In connection with the appointment of Mr. Kelley as the Company’s President and Chief Executive Officer effective on the Effective Date, on February 8, 2021, the Company and Mr. Kelley entered into an offer letter (the “Offer Letter”). The Offer Letter provides that Mr. Kelley (a) will be eligible to receive an annualized base salary of \$850,000, (b) will be eligible under the Company’s 2021 short-term incentive plan to receive an annual cash target incentive of 100% of his base salary, (c) will be eligible under the Company’s 2021 long-term incentive plan to receive an equity incentive grant date value (using a 30-day average stock price) of \$3.6 million, (d) will be eligible to receive an additional new hire inducement equity grant equal to \$1.2 million of equity grant date value (using a 30-day average stock price), (e) will be provided relocation assistance under the Company’s relocation program in an amount up to \$350,000, including the facilitation of the sale of his home through a buyer value option, (f) will be offered the Company’s standard CEO Executive Change in Control & General Severance Agreement as disclosed in the Company’s 2020 proxy statement and attached as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed August 6, 2018, (g) will be offered the Company’s standard Director Indemnification Agreement as disclosed in Exhibit 10.1 to the Company’s

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Current Report on Form 8-K filed December 14, 2009, and (h) will be eligible to participate under the Company's benefits plans. The Offer Letter contains other customary terms and conditions.

The foregoing is a summary of certain material terms of the Offer Letter and is qualified in its entirety by reference to the Offer Letter. A copy of the complete Offer Letter is attached to this Current Report on Form 8-K as Exhibit 10.2, and the terms of the Offer Letter are incorporated herein by this reference.

### **Biography of Mr. Kelley**

Steve Kelley, who is 58, recently served for seven years as president & CEO of Amkor Technology, Inc. (NASDAQ:AMKR), a leading semiconductor package and test company. Kelley led the financial transformation of Amkor by prioritizing strong revenue growth, efficiency gains and a continuous quality improvement culture. Previously, Mr. Kelley held executive leadership roles of various businesses at companies including Cree, Texas Instruments and Philips Semiconductors, focusing primarily on the timely development of new products to grow revenue and profits. Mr. Kelley holds an SB ChE from the Massachusetts Institute of Technology and a JD from Santa Clara University.

### **Item 8.01 Other Events.**

On February 10, 2021, the Company issued a press release entitled "Advanced Energy Announces Retirement of President & CEO Yuval Wasserman and Appoints Stephen D. Kelley as Successor". Attached hereto as Exhibit 99.1 and incorporated herein by reference, is a copy of the press release.

### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit Number</b>	<b>Description</b>
10.1	<a href="#"><u>Transition &amp; Retirement Agreement dated February 8, 2021</u></a>
10.2	<a href="#"><u>Offer Letter dated February 8, 2021</u></a>
99.1	<a href="#"><u>Press Release dated February 10, 2021</u></a>
104	The cover page from Advanced Energy Industries, Inc. Current Report on Form 8-K, formatted in Inline XBRL

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 10, 2021

/s/ Thomas O. McGimpsey

Thomas O. McGimpsey

Chief Administrative Officer, Executive Vice President  
of Corporate Development & Corporate Secretary

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## TRANSITION AND RETIREMENT AGREEMENT

**THIS TRANSITION AND RETIREMENT AGREEMENT** ("*Agreement*") is entered into as of February 8, 2021 by Yuval Wasserman, residing in Denver, Colorado ("*Executive*") and Advanced Energy Industries, Inc., a Delaware corporation, located at 1595 Wynkoop Street (8th Floor), Denver, Colorado 80202 ("*AEI*"), for and on behalf of itself and its predecessors, successors, assigns, parents, subsidiaries, branches, affiliated entities and related entities (collectively, the "*Company*"). Executive and Company are referred to in this Agreement as the "*Parties*." This Agreement shall become effective on the Effective Date, as defined in Section 18.

**WHEREAS**, Executive, who is currently employed by AEI as its Chief Executive Officer, has indicated to the Company his desire to retire and voluntarily terminate his employment at some point in the future, and both Executive and the Company would like to provide for an orderly transition of Executive's duties and responsibilities to a successor Chief Executive Officer between now and Executive's retirement date;

**WHEREAS**, the Board of Directors of AEI ("*Board*") are engaged in a process to identify a successor Chief Executive Officer;

**WHEREAS**, this Agreement sets forth the terms and conditions of Executive's role with the Company on and after the Effective Date and any continuing obligations of the Parties to one another following the end of the employment relationship; and

**WHEREAS**, each of the Parties has had ample opportunity to review the facts and law relevant to the issues set forth in this Agreement, has consulted fully and freely with competent counsel of its and his choice if desired, and has entered this Agreement knowingly and intelligently without duress or coercion from any source, and Executive has had a reasonable time in which to consider whether to sign this Agreement.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises contained below, it is agreed as follows:

### **Section 1.     Title and Provision of Services through Retirement Date.**

(a) Executive shall continue to serve as the Chief Executive Officer of AEI, with the duties, responsibilities and authority consistent with such position, through the date that the successor Chief Executive Officer of AEI, as selected by the Board, assumes such role (the "*Transition Date*").

(b) On the Transition Date, Executive shall cease to be AEI's Chief Executive Officer, and except as provided in subsection (c), will be deemed to have resigned from any and all other positions he holds with the Company including, without limitation, President (if applicable) and a director of the Board, and will not thereafter represent himself as being an officer or director of the Company for any purpose.

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(c) From and after the Transition Date, Executive shall remain employed as a special advisor to the Company (the “Special Advisor”) through Executive’s Retirement Date (as defined in Section 3). As the Special Advisor, Executive will have such duties, responsibilities and authority as may be mutually agreed upon between Executive and the Board and/or AEI’s successor Chief Executive Officer, which will include, at a minimum, succession planning, strategic planning and other services as reasonably requested by the Board or AEI’s successor Chief Executive Officer to ensure the orderly transition of duties to AEI’s successor Chief Executive Officer. As the Special Advisor, Executive shall remain employed and provide services to the Company on a full-time basis.

**Section 2. Payments and Benefits.** In consideration for Executive’s execution of and compliance with this Agreement, Executive shall be entitled to the following through the Retirement Date (as defined in Section 3, below):

(a) The Company shall continue to pay Executive a base salary at a rate no less than Executive’s base salary rate as in effect on the Effective Date;

(b) Executive shall continue to vest in his outstanding equity awards under the Company’s 2008 Omnibus Equity Incentive Plan, 2017 Omnibus Equity Incentive Plan and the 2018, 2019 and 2020 Long Term Incentive Plans (collectively, the “Equity Plans”) according to their terms;

(c) Executive shall continue to be eligible to participate in the 2020 Short Term Incentive Plan and the 2021 Short Term Incentive Plan (the “STI Plans”) at his current bonus incentive opportunity percentage, subject to the terms of the STI Plans, *provided that* Executive’s 2021 STI Plan award will be prorated to reflect only the portion of 2021 that Executive serves as CEO (e.g., the time between January 1, 2021 and the Transition Date);

(d) Executive shall continue to be eligible to participate in the October 2019 Artesyn Performance-Based Cash Integration Bonus Plan (the “Integration Bonus Plan”) at his current bonus incentive opportunity amount;

(e) Executive shall continue to be eligible to participate in the Company’s benefit plans as are provided to salaried employees and executives from time to time (the “Benefit Plans”); and

(f) Subject to Section 3, Executive shall continue to be covered by that certain Executive Change in Control & General Severance Agreement in effect between Executive and Company dated August 2, 2018 (the “Severance Agreement”).

Executive acknowledges and understands that, except as listed above, this Agreement provides no other rights to compensation or benefits for the period from the Effective Date through the Retirement Date.

**Section 3. Retirement Date; Benefits and Responsibilities after Retirement.**

(a) The Executive’s “Retirement Date” shall mean the date that Executive’s employment with the Company terminates on the first to occur of the following:

- i. the later of the first anniversary of the Transition Date or March 31, 2022 (or such later date as is mutually agreed upon by Executive and the Company in writing);
- ii. the date Executive provides his written notice of resignation of employment, in any and all capacities, from the Company to the Board;
- iii. the date the Company provides written notice to Executive that he is being terminated for Cause (as defined in the Severance Agreement) or due to Long-Term Disability (as defined in the Severance Agreement);
- iv. the date of Executive's death;
- v. a CIC Termination (as defined in the Severance Agreement); or
- vi. an Involuntary Termination (as defined in the Severance Agreement), before the Transition Date. For clarity, after the Transition Date, Executive's employment can only be terminated pursuant to subsections (i)-(v) above, and not this subsection (vi).

(b) Upon the Retirement Date, Executive's right to receive the compensation and benefits described in Section 2 hereof shall cease, and:

- i. if the Retirement Date occurs on or before the Transition Date, then Executive (or his estate or beneficiaries, if applicable) shall be entitled to the compensation and benefits provided for in the Severance Agreement, if any, based on the reason for Executive's termination of employment;
- ii. if the Retirement Date occurs after the Transition Date:
  - A. Due to a CIC Termination (as defined in the Severance Agreement), then Executive shall be entitled to the compensation and benefits provided for in the Severance Agreement due to such CIC Termination, *provided, however*, that the payment described under Section 5(a)(ii) of the Severance Agreement shall be offset by the amount of base salary and amounts paid under the STI Plans to Executive after the Transition Date; and
  - B. For any reason other than a CIC Termination, then Executive (or his estate or beneficiaries, if applicable) shall only have the rights provided after such termination of employment, if any, as specifically provided under the terms of the Equity Plans, any equity award agreements, the STI Plans, the Integration Bonus Plan and the Benefit Plans, or as otherwise required by law.

For clarity, if the Retirement Date occurs after the Transition Date, then Executive will not be entitled to the benefits described in Section 6 (General Severance) of the Severance Agreement.

Notwithstanding anything to the contrary herein, if Executive's employment terminates as a result of his death (whether before or after the Transition Date), then, for twelve (12) months after the date of his death, provided Executive's spouse timely elects COBRA continuation coverage, the Company shall continue to provide Executive's spouse with the health insurance

benefits which Executive was enrolled as of the date of his death at active employee rates (subject to any changes to such benefits as are applied to similarly-situated actively employed executives).

Following the Retirement Date, (i) Executive will not thereafter represent himself as being an officer, director, employee, attorney, agent or representative of the Company for any purpose and (ii) Executive agrees to fully cooperate with the Company, upon the Company's reasonable request, with respect to any and all claims, disputes, negotiations, internal or external investigations, lawsuits or administrative proceedings involving matters within the scope of Executive's duties and responsibilities to the Company at any time during Executive's employment with the Company, including, without limitation, Executive being available to the Company upon reasonable notice for interviews and factual investigations, appearing at the Company's reasonable request to give testimony without requiring service of a subpoena or other legal process, and identifying for the Company all Company documents which are or may be relevant to the matter. Executive shall be entitled to indemnification and the advancement of expenses as provided in Section 43 of the Amended and Restated By-Laws (Updated Through the Fifth Amendment) of the Company, without regard to any subsequent amendments thereto. The Company shall also use commercially reasonable efforts to continue coverage for Executive under its Directors and Officers Insurance for a minimum tail period of five (5) years following Executive's Retirement.

**Section 4. Valid Consideration.** Executive and the Company agree that the compensation and benefits described in this Agreement provide valid and sufficient consideration for the obligations of Executive including but not limited to the waiver and release included in Section 6.

**Section 5. Reaffirmation of Restrictive Agreement.** Executive acknowledges that he shall continue to be bound by confidentiality, proprietary information, inventions and non-solicitation provisions of the following agreement, both now and after the Retirement Date: Confidentiality, Proprietary Information, Inventions and Non-Solicitation Agreement dated August 10, 2007 (the "Restrictive Agreement").

**Section 6. Waiver and Release.** To the extent permitted by applicable law, in exchange for the consideration provided in this Agreement, Executive, for himself and his heirs, executors, representatives, agents, insurers, administrators, successors and assigns (collectively, "Releasors") irrevocably and unconditionally fully and forever waives, releases and discharges the Company and each and all of its present and former officers, agents, directors, managers, employees, representatives, affiliates, shareholders, attorneys, members, and each of their successors and assigns, and all persons acting by, through, under or in concert with, and individually in their official capacities (collectively, "Releasees") from any and all claims, demands, actions, causes of action, obligations, judgments, rights, fees, damages, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever, whether known or unknown (collectively, "Claim" or "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that Releasors may have, have ever had or may in the future have arising out of, or in any way related to Executive's hire, benefits, or employment arising out of events occurring on or before the Effective Date and any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter that existed or arose on or before the



Effective Date, including, but not limited to any claims, under the United States Constitution, Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Equal Pay Act, the Employee Retirement Income Security Act (with respect to unvested benefits), the Civil Rights Act of 1991, 42 U.S.C. section 1981, the Sarbanes-Oxley Act of 2002, the Worker Adjustment and Retraining Notification Act, the Family Medical Leave Act, the Rehabilitation Act, the Occupational Safety and Health Act, the Fair Labor Standards Act, and/or any other federal, state or local law (statutory, regulatory or otherwise), as any of them may be amended, that may be legally waived and released and any common law tort and/or contract claims, including, but not limited to, any claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. Except as otherwise set forth below, Executive agrees that his waiver and release of claims extends to all Claims of every nature and kind, known or unknown, suspected or unsuspected, past or present, arising from or attributable to Executive's employment with the Company.

Nothing in this Agreement will be construed to (a) limit or affect Executive's right to challenge the validity of this release; (b) in any way interfere with Executive's right and responsibility to give truthful testimony under oath; or (c) prohibit Executive from participating in an investigation, filing a charge or otherwise communicating with any federal, state or local government office, official or agency, including, but not limited to, the Equal Employment Opportunity Commission, Department of Labor, National Labor Relations Board, or the Securities and Exchange Commission. However, Executive expressly promises never to seek or accept any compensatory damages, back pay, front pay, or reinstatement remedies with respect any Claim that Executive has released in this Agreement.

Furthermore, this waiver and release of claims excludes, and Executive does not waive, release or discharge, any claims under state workers' compensation or unemployment compensation laws Executive has against the Company and/or any claims by Executive that cannot be released by a private settlement agreement. In addition, nothing in this Agreement waives, releases or discharges (i) any claim regarding rights of indemnification and receipt of legal fees and expenses to which Executive is entitled under the Company's Certificate of Incorporation or By-laws (or similar instrument) or pursuant to applicable law, (ii) any of Executive's vested rights under the terms of the Equity Plans, any equity award agreements, the STI Plans, the Integration Bonus Plan and the Benefit Plans, and (iii) any claim to amounts due but not yet provided under Section 3.

**Section 7.     Return of Property.** Upon the Retirement Date, Executive will:

(a) return to the Company all of the Company's property, including, but not limited to, all copies of Company files and records (including all records, vendor/client lists, other lists, data, notes, reports, proposals, correspondence, specifications, drawings, blueprints, sketches, laboratory notebooks, flow charts, and memoranda), credit cards, pagers, computers, computer files, equipment, passwords and pass keys, card keys, or related physical or electronic access devices, and any and all other property received from the Company or any of its current or former executives or generated by Executive in the course of employment, provided that Executive shall be allowed to port and retain his mobile number and, further, Executive shall be permitted to remove any and all personal information from all computers and other devices; and

(b) take reasonable measures to delete any electronic data and files pertaining to Executive's job or the Company's business operations existing on Executive's personal computers, other personal electronic devices, and any email account maintained or accessible by Executive.

**Section 8. Mutual Non-Disparagement.** From and after the Effective Date (including after the Retirement Date) Executive will not make any statements, whether orally or in writing, about the Company or any of its present or former officers, agents, directors, managers, employees, representatives, affiliates, shareholders, members, or any of their successors or assigns, or to engage in conduct, in either case which could reasonably be expected to adversely affect the reputation or business of the Company and/or any of its present or former officers, agents, directors, managers, employees, representatives, affiliates, shareholders, members, and each of their successors and assigns. Similarly, the members of the Executive Team and the Board will be directed not to make, and shall not make, any statements, whether orally or in writing, about Executive, or engage in conduct, in either case which could reasonably be expected to adversely affect the reputation and business of Executive.

**Section 9. Permitted Communications.** Executive acknowledges that nothing in this Agreement prohibits or restricts Executive from initiating communications directly with, responding to any inquiry from, or providing information to or testimony before, the Securities and Exchange Commission, Department of Justice, or any other governmental agency or self-regulatory organization, about actual or potential violations of laws or regulations. Executive further acknowledges that Executive is not required to obtain the Company's prior authorization before engaging in such communications, nor is Executive required to inform the Company about such communications.

**Section 10. No Admission.** The Parties agree and acknowledge that this Agreement, and compliance with this Agreement, will not be construed as an admission by the Company of any liability whatsoever, or as an admission by the Company of any violation of the rights of Executive or any person, or violation of any order, law, statute, duty, or contract whatsoever against Executive or any person.

**Section 11. Assignment.** This Agreement will be binding upon the Parties and upon their heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of said parties and each of them and to their heirs, administrators, representatives, executors, successors, and assigns. Executive expressly warrants that he has not transferred to any person or entity any rights, causes of action or claims released in this Agreement. Any purported assignment by Executive will be null and void.

**Section 12. Severability.** Should any provision of this Agreement be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Agreement will be held as unenforceable and thus stricken, such holding will not affect the validity of the remainder of this Agreement, the balance of which will continue to be binding upon the Parties with any such modification to become a part of, and treated as though originally set forth in, this Agreement. The Parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Agreement in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or

all of the offending provision, adding additional language to this Agreement or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as embodied in this Agreement to the maximum extent permitted by law. However, if a court should hold that Executive's waiver and release of claims is void or voidable, in whole or in part, the Company at its election may recover the excess Benefits paid or provided under this Agreement.

**Section 13. Entire Agreement; Amendment.** This Agreement sets forth the entire agreement between the Parties and fully supersedes any and all prior agreements or understandings, written or oral, between the Parties pertaining to the subject matter of this Agreement (except that Executive will continue to be bound by the Restrictive Agreement). Executive acknowledges and confirms that he will be entitled to the benefits of the Severance Agreement only as set forth in Section 4 and that he will not be entitled to duplicative compensation or benefits. Executive represents and acknowledges that in executing this Agreement, Executive did not rely and has not relied upon any representation or statement made by the Company or by any of the Company's agents, attorneys, or representatives with regard to the subject matter, basis or effect of this Agreement or otherwise, other than those specifically stated in this written Agreement. This Agreement may be modified only in a written document signed by the Parties and referring specifically to this Agreement.

**Section 14. Interpretation; Governing Law.** This Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the Parties. Except to the extent that federal law applies, this Agreement is entered into under Colorado law and will be construed and governed under the laws of the State of Colorado without regard to its conflict of laws principles.

**Section 15. Arbitration and Equitable Relief.**

(a) The Company and Executive agree that any dispute or controversy arising out of, in relation to, or in connection with this Agreement, or the making, interpretation, construction, performance or breach thereof, will be finally settled by binding arbitration in Denver, Colorado under the then current rules of JAMS by one (1) arbitrator appointed in accordance with such rules. The arbitrator may grant injunctive or other relief in such dispute or controversy. The decision of the arbitrator, will be final, conclusive and binding on the Parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court of competent jurisdiction. The Parties agree that, any provision of applicable law notwithstanding, they will not request and the arbitrator will have no authority to award, punitive or exemplary damages against any party. Unless otherwise required by applicable law, the costs of the arbitration, including administrative and arbitrator's fees, will be shared equally by the Parties. Each party will bear the cost of its own attorneys' fees and expert witness fees. Notwithstanding the foregoing, if Executive's employment is terminated by the Company prior to the Retirement Date, and if Executive is required to initiate arbitration in order to receive the compensation and benefits described in Section 3 through the Retirement Date, and if the arbitrator determines that Executive's employment was not terminated in accordance with Section 3, then Executive shall be awarded all of the fees he expends in connection with the enforcement of this Agreement, including reasonable attorneys' fees.

(b) The Parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this Agreement and without abridgment of the powers of the arbitrator.

(c) EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION 15. EXECUTIVE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EXECUTIVE WILL BE OBLIGATED TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF, TO BINDING ARBITRATION, EXCEPT AS PROVIDED IN SECTION 15(b), AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE RELATIONSHIP BETWEEN THE PARTIES.

**Section 16. Taxes.** Any payments and benefits provided herein shall be paid net of any taxes that the Company is required to withhold. The Company makes no representations with regard to the effect on Executive's federal, state, or local income tax liability with regard to the payments or benefits hereunder. Executive hereby assumes full and sole responsibility for payment of taxes due, if any, on the consideration provided hereunder or under the Severance Agreement and further agrees to defend, indemnify, and hold the Company harmless from and against any loss, liability, obligation, action, cause of action, claims, demands, or other expenses of any nature whatsoever, relating to, in connection with, or arising out of the payment of said taxes and interest, and/or penalties imposed, arising out of any such tax.

**Section 17. Section 409A.** The Company and Executive intend that this Agreement and the payments provided hereunder be exempt from the requirements of Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") to the maximum extent possible; or to the extent Section 409A is applicable to this Agreement, the Company and Executive intend that this Agreement and any payments thereunder comply with the deferral, payout and other limitations and restrictions imposed under Section 409A. Notwithstanding anything herein to the contrary, this Agreement is intended to be interpreted, operated and administered in a manner consistent with such intentions; provided, however that in no event shall the Company be liable for any additional tax, interest or penalty that may be imposed on Executive pursuant to Section 409A or for any damages incurred by Executive as a result of this Agreement (or the payments hereunder) failing to comply with, or be exempt from, Section 409A. Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary, if at the time Executive's employment hereunder terminates Executive is a "specified employee" within the meaning of Section 409A, then to the extent necessary to avoid subjecting Executive to the imposition of any additional tax or interest under Section 409A, amounts that would (but for this provision) be payable within six months following the date of Executive's separation from service shall not be paid to Executive during such period, but shall instead be paid in a lump sum on the first payroll date that occurs on or after the date six months and one day following the date of Executive's separation from service or, if earlier, upon Executive's death.

**Section 18. Knowing and Voluntary Acknowledgement; Effective Date.** Executive agrees and acknowledges that: (a) he has read the terms of this Agreement and understands all of its terms; (b) he is hereby advised of his right to consult with an attorney of his choice prior to executing this Agreement; (c) this Agreement represents an important legal and binding agreement, that he is executing this Agreement voluntarily, free from duress, undue pressure or influence, harassment or intimidation and that he enters into it with full knowledge of its intent and terms; and (d) he is not waiving or releasing rights or claims that may arise after his execution of this Agreement.

Executive understands and agrees that he has been given at least 21 days (the “Consideration Period”) within which to consider this Agreement and its ramifications and discuss the terms of this Agreement with the Company before executing it. Executive further acknowledges that any modification of this Agreement, whether material or immaterial, will not restart or change the Consideration Period. Executive further understands and agrees that once Executive signs this Agreement, he will have an additional **7 days** in which to revoke his acceptance of this Agreement. To do so, Executive must provide notice of revocation prior to the expiration of the **7-day** revocation period to Thomas O. McGimpsey, Executive Vice President & General Counsel in writing via hand delivery, or by e-mail to tom.mcgimpsey@aei.com, or to his designated successor, which notice will be effective upon delivery. Provided Executive has not revoked his acceptance of this Agreement during such **7-day** revocation period, this Agreement shall become effective the eighth day after Executive signs this Agreement (the “Effective Date”).

**Section 19. Counterparts.** This Agreement may be signed in counterparts, each of which will be deemed an original, but all of which, taken together, will constitute the same instrument; provided, however, that this Agreement will be of no force or effect unless executed by both Parties. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

**Section 20. Captions.** Captions and headings of the sections and paragraphs of this Agreement are intended solely for convenience and no provision of this Agreement is to be construed by reference to the caption or heading of any section or paragraph.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates indicated below.

**ADVANCED ENERGY INDUSTRIES, INC.**

**EXECUTIVE**

By: /s/ Tom McGimpsey  
Tom McGimpsey  
EVP and Chief Administrative Officer

By: /s/ Yuval Wasserman  
Yuval Wasserman

Date: February 8, 2021

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February 8, 2021

**CONFIDENTIAL**  
Stephen D. Kelley

Dear Steve:

We are extremely pleased to offer you the position of **President & Chief Executive Officer** of Advanced Energy Industries, Inc. (the "Company" or "Advanced Energy" or "AE") on the terms set forth in this offer letter. We envision that you would start on March 1, 2021 (the "Start Date") with your office being located at the Company's world headquarters located in Denver, Colorado. In this capacity, you will have the complete support of the Board of Directors in your efforts to make certain that the Company achieves the goals set forth by the Board. You will also be nominated to serve as a member of the Board, commencing on the Start Date.

**Base Salary.** Your starting salary will be **\$850,000** on an annualized basis and will be paid semi-monthly. In addition to the above base salary, you are eligible for short and long-term incentive compensation as described below, all in accordance with our applicable plan documents.

**Short-Term Incentive Compensation.** You are eligible under the 2021 Short Term Incentive Plan (the "2021 STIP") for an annual cash target incentive of **100%** of your base salary with a 200% stretch potential. Your 2021 STIP incentive is prorated based on your Start Date. Payout under the 2021 STIP is dependent on the Company's financial performance, your performance and your continued active employment with the Company in your position through the date that the incentive award is paid. The Compensation Committee and the Board would typically evaluate the attainment of the 2021 STIP in the first quarter of 2022. Target incentives do not constitute a promise or guarantee of payment.

**Long-Term Incentive Compensation.** You are also eligible under the 2021 Long Term Incentive Plan (the "2021 LTIP") that covers a performance period of three (3) years (*i.e.*, 2021, 2022 and 2023). Your 2021 LTIP equity incentive grant date value (using a 30-day average stock price) is **\$3.6M**, with (i) 50% of the value awarded as restricted "time-based" stock units that vest 1/3<sup>rd</sup> each year and (ii) 50% as performance stock units. The performance stock units have a 200% stretch potential. The structure and design of the 2021 LTIP has been revised to include relative TSR and strategic performance metrics. Payout under the 2021 LTIP is dependent on the Company's performance, your performance and your continued active employment with the Company in your position through the date that the incentive award is paid. The Compensation Committee and the Board would evaluate the attainment under the 2021 LTIP starting in 2022. Target incentives do not constitute a promise or guarantee of payment.

**New Hire Inducement Equity Grant.** You are also eligible for a new hire inducement equity grant equal to **\$1.2M** of grant date equity value (using a 30-day average stock price) with (i) 50% of the equity value awarded as restricted “time-based” stock units that vest 1/3<sup>rd</sup> each year over a three-year period and (ii) 50% of the equity value awarded as performance-based stock units under the 2021 LTIP.

**Relocation Assistance.** Given your relocation to the Denver area, we also offer you relocation assistance in accordance with AE’s relocation program up to a maximum benefit amount of \$350,000. Should you decide to leave the Company within a year after your Start Date, you would be required to repay back to the Company any amounts paid to you for relocation.

**General Terms of Incentive Compensation.** Please note that the terms of the 2021 STIP and 2021 LTIP (including the 2017 Omnibus Incentive Plan and associated grants agreements) control the annual cash incentive bonus and equity incentive grants. In the event of a conflict between the terms of this offer letter and those documents, the terms of the 2021 STIP and 2021 LTIP (including the 2017 Omnibus Incentive Plan and associated grants agreements), as applicable, will control. All incentive plans are regularly re-evaluated and are subject to change at any time at the discretion of the Company.

**Stock Ownership Policy.** In 2014, the Company approved a Stock Ownership Policy that applies to the Board, the CEO and the executive team, all as more fully described in our 2020 Annual Proxy Statement.

**Executive Change in Control and General Severance Agreement.** We will offer you the standard Executive Change in Control and General Severance Agreement as described in our 2020 Annual Proxy Statement, a copy of which has been provided to you separately.

**Key Employee Agreement.** As a condition of employment, you will sign the Company’s Key Employee Agreement, a copy of which has been provided to you separately.

**Benefits.** AE offers medical, dental, 401(k) and disability benefits under its standard agreements and policies. Benefits become effective the first day of the month following your Start Date. You will be provided with additional information and will have an opportunity to enroll in benefits when your employment commences. As President & CEO, you will not accrue Paid Time Off (PTO), but will be able to take time off at your own discretion. Advanced Energy also recognizes seven (7) Company-sponsored holidays during each calendar year. The Company’s benefit programs are re-evaluated from time to time and are subject to change or cancellation at any time, at the discretion of the Company. This may include coverage offered and the cost of coverage.

Under U.S. export control laws, the U.S. Government regulates the transfer of U.S.-origin technology to certain non-U.S. persons in the United States, and Advanced Energy must comply with these laws. These restrictions do not apply to technology transfers in the United States between and among U.S. citizens, lawful permanent residents of the United States (“green card holders”), U.S. asylees, U.S. refugees, or aliens lawfully admitted for temporary residence under the 1986 legalization program. Your employment with Advanced Energy is

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Confidential Offer Letter  
February 8, 2021

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contingent upon the Company's ability to obtain any required export license or other export authorization. We understand that you are a U.S. citizen and will provide a copy of such documentation.

Once you join as an employee of Advanced Energy, you will be subject to all policies and procedures. We understand that you are not bound by any agreements that would restrict your duties with the Company. Given the importance of having your full attention and focus on AE and the position, please let us know of any outside commitments you currently have so that we can discuss. Any conflicts in terms of time and attention should be agreed to in advance. The information in this letter is not intended to constitute a contract of employment, either express or implied. Your employment with Advanced Energy Industries, Inc. shall be at will, which means that either you or the Company may terminate the employment relationship at any time and for any reason, with or without advance notice.

Steve, representing the full Board, we are very excited that we have such an outstanding leader to take the Company to the next level of performance. I am looking forward to working with you and supporting your future successes. Given our recent discussions, we ask that you countersign below as soon as practicable, but preferably this evening.

Sincerely,

/s/ Grant Beard

Grant Beard, Chairman of the Board

**Acceptance of offer:**

/s/ Stephen D. Kelley 2/8/21

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Signature

Date

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## **Advanced Energy Announces Retirement of President & CEO Yuval Wasserman and Appoints Stephen D. Kelley as Successor**

- Steve Kelley will become Advanced Energy's new president & CEO on March 1
- Yuval Wasserman will remain as an executive advisor to the board and the new CEO through March 31, 2022

**DENVER, Colorado (BUSINESS WIRE)**—February 10, 2021 -- Advanced Energy Industries, Inc. (NASDAQ: AEIS), a global leader in innovative power, measurement and control technologies, today announced that Yuval Wasserman will retire as president & chief executive officer and as a member of the board, effective March 1, 2021. The board of directors has appointed Steve Kelley, a semiconductor industry leader with over 30 years of experience, as the president & chief executive officer and a member of the board, effective March 1, 2021. Mr. Wasserman will remain as an executive advisor to the board and to Mr. Kelley, to assist in the transition.

"On behalf of the board, the company, and its shareholders, I would like to thank Yuval for his strong leadership, tireless dedication and passion in building Advanced Energy into a global leader in precision power conversion with over \$1.4 billion dollars in annual sales and delivering significant shareholder return since becoming president and CEO in 2014," stated Grant Beard, chairman of the board. "Under Yuval's leadership, Advanced Energy has diversified its revenue base, strengthened its market leadership, delivered record financial results and developed a platform to deliver long-term revenue and earnings growth as an industrial technology growth company. As we enter this next chapter, we are excited to welcome Steve Kelley as our new president & chief executive officer. Steve is a proven technology executive and we are confident that he will be able to lead the continued success of Advanced Energy."

"Throughout my fourteen years at Advanced Energy and since becoming its president and chief executive officer in 2014, we have expanded the company significantly, delivered sustainable and profitable growth and positioned Advanced Energy for future success," said Mr. Wasserman. "Together, we have delivered innovative products to our customers, provided a great place to work and professional opportunities for our employees and increased shareholder return. It has been my privilege to have led Advanced Energy during this unprecedented transformation and I look forward to working with our board and Steve to ensure a smooth transition. I am excited that we have attracted Steve to lead Advanced Energy, together with our proven management team, into the future."

"I am thrilled to be joining Advanced Energy at this exciting time, and am confident in the company's continued ability to deliver sustainable, profitable growth," commented Steve Kelley. "I am honored to be succeeding Yuval as president & CEO, and want to thank Grant and the board for their trust in me to lead the company through this next chapter in its growth story."

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Steve Kelley recently served for seven years as president & CEO of Amkor Technology, Inc. (NASDAQ:AMKR), a leading semiconductor package and test company. Kelley led the financial transformation of Amkor by prioritizing strong revenue growth, efficiency gains and a culture of continuous quality improvement. Previously, Mr. Kelley held executive leadership roles of various businesses at companies including Cree, Texas Instruments and Philips Semiconductors, focusing primarily on the timely development of new products to grow revenue and profits. Mr. Kelley holds an SB ChE from the Massachusetts Institute of Technology and a JD from Santa Clara University. He will be based in Denver.

### **About Advanced Energy**

Advanced Energy (NASDAQ: AEIS) is a global leader in the design and manufacturing of highly engineered, precision power conversion, measurement and control solutions for mission-critical applications and processes. AE's power solutions enable customer innovation in complex applications for a wide range of industries including semiconductor equipment, industrial, manufacturing, telecommunications, data center computing and healthcare. With engineering know-how and responsive service and support around the globe, the company builds collaborative partnerships to meet technology advances, propel growth for its customers and innovate the future of power. Advanced Energy has devoted more than three decades to perfecting power for its global customers and is headquartered in Denver, Colorado, USA. For more information, visit [www.advancedenergy.com](http://www.advancedenergy.com).

### **Forward-Looking Statements**

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to: (a) the effects of global macroeconomic conditions upon demand for our products and services; (b) the volatility and cyclical nature of the industries the company serves, particularly the semiconductor industry; (c) delays in capital spending by end-users in our served markets; (d) the risks and uncertainties related to the integration of Artesyn Embedded Power including the optimization and reduction of our global manufacturing sites; (e) the continuing spread of COVID-19 and its potential adverse impact on our product manufacturing, research & development, supply chain, services and administrative operations; (f) the accuracy of the company's estimates related to fulfilling solar inverter product warranty and post-warranty obligations; (g) the company's ability to realize its plan to avoid additional costs after the solar inverter wind-down; (h) the accuracy of the company's assumptions on which its financial statement projections are based; (i) the impact of product price changes, which may result from a variety of factors; (j) the timing of orders received from customers; (k) the company's ability to realize benefits from cost improvement efforts including avoided costs, restructuring plans and inorganic growth; (l) the company's ability to obtain in a timely manner the materials necessary to manufacture its products; (m) unanticipated changes to management's estimates, reserves or allowances; (n) changes and adjustments to the tax expense and benefits related to the U.S. tax reform that was enacted in late 2017; and (o) the impact of political, economic and policy tensions and conflicts between China and the United States including, but not limited to, trade wars and export restrictions between the two countries, China's national security law for Hong Kong, and China's expansion of control over the South China Sea, any of which could negatively impact our customers' and our presence, operations, and financial results. These and other risks are described in Advanced Energy's Form 10-K, Form 10-Q and other reports and statements filed with the Securities and Exchange Commission (the "SEC"). These reports and statements are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies may also be obtained

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from Advanced Energy's investor relations page at [ir.advanced-energy.com](http://ir.advanced-energy.com) or by contacting Advanced Energy's investor relations at 970-407-6555. Forward-looking statements are made and based on information available to the company on the date of this press release. Aspirational goals and targets should not be interpreted in any respect as guidance. The company assumes no obligation to update the information in this press release.

Advanced Energy | Precision. Power. Performance.

**For more information, contact:**

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