

## Agenda Item 7

Resolution to amend the Articles of Association to adjust the compensation for the Supervisory Board (Section 17 Numbers 3, 4 and 5 of the Articles of Association)

(Excerpt from Chapter 5 of the Group Management Report as part of the Annual Report 2017)

## 5. Remuneration Report

The remuneration report summarizes the principles of the remuneration system for the members of the Executive Board and Supervisory Board of AIXTRON SE and explains the structure and amount of the remuneration paid. The remuneration of each member of the Executive Board and Supervisory Board for fiscal year 2017 is presented on an individual basis. The remuneration report is based on the recommendations of the German Corporate Governance Code and includes the disclosures required by the German Commercial Code (Handelsgesetzbuch - HGB) and the International Financial Reporting Standards (IFRS). The remuneration report is part of the Group Management Report.

### 5.1. Principles of Management Compensation

#### 5.1.1. Executive Board

The Supervisory Board as a whole is responsible for establishing the structure of the remuneration system and for the total remuneration for individual members of the Executive Board. It regularly discusses and reviews remuneration for appropriateness to ensure that Management is not taking unreasonable risks.

The remuneration level of the Executive Board members of AIXTRON SE is aligned not only with the commercial and financial situation and future prospects of the Company and the level and structure of Executive Board remuneration at comparable companies but also with the compensation structure in place in other areas of the Company. In addition, the responsibilities, experience and contribution of each individual Executive Board member, and the desire to retain them, are taken into account when calculating the remuneration.

The current remuneration system was approved by AIXTRON's shareholders at the Annual General Meeting held on May 23, 2013.

Executive Board remuneration currently consists of three components: fixed remuneration (including benefits in kind and payments into a private pension insurance), a variable bonus, and may include stock-based remuneration.

##### 5.1.1.1. Fixed remuneration

The Executive Board employment contracts stipulate an annual income for the fixed remuneration component. The fixed remuneration component is non-performance-related and is paid out on a monthly basis (13 times a year) as a salary. Additional payments in kind are made, mainly consisting of company car usage and payments for private pension insurance.

##### 5.1.1.2. Variable bonus

The limited variable bonus scheme for the collective Executive Board (profit-sharing) is based on consolidated net income for the year and is paid from an "accrued internal bonus pool", defined as up to 10% of the modified consolidated net income for the year, but not to exceed EUR 6.5 million in total. The modified consolidated net income for the year is obtained from the Company's Consolidated Financial Statements (IFRS) certified by the auditor, which may be reduced by a consolidated loss carry forward figure and those amounts that are to be allocated to retained earnings in the Annual Financial Statements of AIXTRON by law or in accordance with the Articles of Association. The consolidated loss carry forward is obtained from consolidated net losses from previous years, less consolidated net income from subsequent fiscal years.

The variable bonus – paid out of the above mentioned "accrued internal bonus pool" – will be paid half through a monetary element and half in shares. That part of the variable bonus payable in shares will be converted into whole numbers of shares of the Company and will be deferred until the third bank working day following the ordinary General Meeting in the third fiscal year after having been granted to the Board members. The number of the shares to be granted for the part of the variable bonus payable in shares will be determined in accordance with the closing price of the share of the Company on the third bank working day following the ordinary General Meeting, which is presented with the annual financial statements of the Company and the consolidated financial statements for the fiscal year for which the bonus is granted. The shares will be delivered from treasury shares. Thus, during the multi-year waiting period, the Executive Board members will take part in both positive and negative developments of the Company's share price so that the variable compensation structure is clearly oriented toward a sustainable business development.

##### 5.1.1.3. Stock-based remuneration

In addition, as a variable component acting as a long-term incentive with an element of risk, the members of the Executive Board may receive a share-based payment in the form of options that are granted under AIXTRON's stock option plans or AIXTRON shares. The stock option plans, including the exercise thresholds, are adopted at the Companies' General Meeting. The number of options granted to the Executive Board is stipulated by the Supervisory Board. Further details on the outstanding stock options of the Executive Board as well as comments on the respective stock option plans are set out further in this report under "Executive Board remuneration" of the chapter "Individual remuneration structure".

#### **5.1.1.4 Commitments in connection with the termination of Executive Board membership**

If the tenure of any Executive Board member ends prematurely as result of a revocation of the appointment, such member of the Executive Board will receive a severance payment in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the employment contract, however, not exceeding an amount equal to twice the annual compensation (severance cap). Any payments beyond this severance payment shall be excluded.

If the tenure of any Executive Board member ends prematurely because the employment contract is terminated by mutual agreement, the total amount of any payments agreed to be paid by the Company to the Executive Board member as part of such an agreement may not exceed the amount of the severance payment which the Executive Board member would receive in the event of a revocation of the appointment with due regard to the severance cap.

If the tenure of any Executive Board member ends prematurely because the employment contract is terminated after a change of control, such member of the Executive Board will receive a severance payment in an amount equal to the fixed and variable compensation expected to be owed by the Company for the remaining term of the employment contract, however, not exceeding the severance cap, i.e. an amount equal to twice the annual compensation. Any payments beyond this severance payment shall be excluded. A change of control situation exists if a third party or a group of third parties who contractually combine their shares in order to act subsequently as a third party, directly or indirectly holds more than 50% of the Company's registered share capital.

#### **5.1.1.5. Other**

The current Executive Board members have no individual Company pension benefits, which would result in pension provisions being required to be made by AIXTRON, and receive no loans from the Company.

#### **5.1.2. Supervisory Board**

Remuneration of the Supervisory Board is regulated in Article 17 of AIXTRON's Articles of Association. Accordingly, the annual fixed compensation for individual members of the Supervisory Board is EUR 25,000. The Chairman's compensation is three times this amount and the Deputy Chairman's one and a half times the amount received by a regular member of the Supervisory Board.

The members of the Supervisory Board also receive, in aggregate, a limited variable compensation of 1% of the Company's net income, less an amount corresponding to 4% of the paid-in contributions to the share capital. The Chairman of the Supervisory Board receives 6/17, the Deputy Chairman 3/17, and each other member of the Supervisory Board 2/17 of the variable remuneration. The variable compensation is limited to fourfold the annual fixed compensation of each Supervisory Board member. In addition, committee members receive an attendance fee of EUR 2,000 for attending a committee meeting, with the Chairman of the committee receiving triple this amount. The total annual attendance fee per Supervisory Board member is limited to one-and-a-half times that individual's fixed remuneration.

The Supervisory Board members receive no loans from the Company.

#### **5.1.3. D&O insurance**

The Company has a D&O insurance contract in place, covering the activities of members of the Executive Board and members of the Supervisory Board. Pursuant to the amended § 93, Section 2 AktG following the Act on the Appropriateness of Executive Board remuneration (VorstAG), as well as to the amended recommendation in chapter 3.8. German Corporate Governance Code, the deductible for members of the Executive Board and members of the Supervisory Board is equal to a minimum of 10% of the respective, potential loss incurred. The deductible cannot exceed a factor of 1.5 of the respective annual fixed remuneration.

## **5.2. Individual remuneration structure**

### **5.2.1. Executive Board remuneration**

Martin Goetzler left the Company effective February 28, 2017. On June 8, 2017, Dr. Felix Grawert was appointed as a new member to the Executive Board and assumed his position on August 14, 2017. Dr. Felix Grawert and Dr. Bernd Schulte jointly lead the Company. Between March 1st, 2017 and August 31st, 2017, AIXTRON Supervisory Board Chairman Kim Schindelhauer was interim CEO and CFO of the Company.

The total Executive Board remuneration in fiscal year 2017 amounted to EUR 1,355,181 (2016: EUR 1,055,631; 2015: EUR 1,040,631). The success-independent, fixed remuneration of the Executive Board (including benefits in kind and the allowance for pension provision) in 2017 was at EUR 1,256,431 (2016: EUR 1,055,631; 2015: EUR 1,040,631).

Dr. Felix Grawert received his contractually agreed bonus amounting to EUR 80,000 pro rata temporis for the 2017 financial year, half paid in the form of AIXTRON shares and half paid in cash. The part of the management bonus relating to the share proportion was converted to a whole number of AIXTRON shares as of December 15, 2017 and will be transferred to the Executive Board member by the third bank working day, following the Annual General Meeting within the third fiscal year after granting (2017: 3,188 shares). In addition, Dr. Grawert receives Company shares in the value of EUR 50,000 per financial year. For the pro rata 2017 financial year this value amounts to EUR 18,750. The number of the shares will be determined in accordance with the closing price of the share of the Company on the third bank working day following the Annual General Meeting, which is presented with the Annual Financial Statements of the Company and the Consolidated Financial Statements for the fiscal year 2017. No variable bonus was paid for fiscal years 2016 and 2015. In the fiscal year 2017 a total of 24,594 AIXTRON shares were transferred to Mr. Goetzeler as a contractually guaranteed bonus relating to the fiscal year 2013. During the past fiscal year, no stock options were granted to the Members of the Executive Board (2016: 0; 2015: 0).

### 5.3. Information according to Nr 4.2.5 German Corporate Governance Code (DCGK)

#### 5.3.1. Value of benefits granted displayed according to DCGK

##### Value of benefits granted displayed according to DCGK

The following table according to DCGK shows the value of benefits granted to the individual members of the Executive Board in fiscal year 2017 as well as the minimum and maximum values that can be achieved.

For the one-year variable compensation, in line with the requirement of the DCGK, the target value (i.e. the value in the event of 100% goal achievement) granted for the year under review is stated. The multi-year variable compensation granted in the year under review is broken down into different plans are stated.

Potential benefits granted	Dr. Felix Grawert President				Dr. Bernd Schulte President				Martin Goetzeler CEO / CFO				Kim Schindelhauer CEO / CFO			
	Member of the Executive Board since August 14, 2017				Member of the Executive Board since March 7, 2002				Member of the Executive Board until February 28, 2017				Member of the Executive Board from March 01 to August 31, 2017			
	2016	2017	2017 (min)	2017 (max)	2016	2017	2017 (min)	2017 (max)	2016	2017	2017 (min)	2017 (max)	2016	2017	2017 (min)	2017 (max)
Fixed compensation	0	126,258	126,258	126,258	430,000	430,000	430,000	430,000	600,000	370,000	370,000	370,000	0	300,000	300,000	300,000
Fringe benefits	0	5,192	5,192	5,192	12,527	12,797	12,797	12,797	13,104	2,184	2,184	2,184	0	10,000	10,000	10,000
<b>Total</b>	<b>0</b>	<b>131,450</b>	<b>131,450</b>	<b>131,450</b>	<b>442,527</b>	<b>442,797</b>	<b>442,797</b>	<b>442,797</b>	<b>613,104</b>	<b>372,184</b>	<b>372,184</b>	<b>372,184</b>	<b>0</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>
One-year variable compensation	0	98,750	98,750	956,250	0	0	0	2,500,000	0	0	0	666,667	0	0	0	0
Multi-year variable compensation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferral from one-year variable compensation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>98,750</b>	<b>98,750</b>	<b>956,250</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,500,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Service cost	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>230,200</b>	<b>230,200</b>	<b>1,087,700</b>	<b>442,527</b>	<b>442,797</b>	<b>442,797</b>	<b>2,942,797</b>	<b>613,104</b>	<b>372,184</b>	<b>372,184</b>	<b>1,038,851</b>	<b>0</b>	<b>310,000</b>	<b>310,000</b>	<b>310,000</b>

#### 5.3.2. Allocation displayed according to DCGK

As the benefits granted to the members of the Executive Board in a fiscal year does not always result in a corresponding payment in the respective fiscal year, the following table shows severally - in line the relevant recommendation of the DCGK - the value of the actual allocation (amount disbursed) in fiscal year 2017.

According to the recommendations of the DCGK, for the fixed compensation and the one-year variable compensation the allocation (amount disbursed) for the respective fiscal year is entered. For subscription rights and other share-based payments, the time of allocation and the allocation amount is deemed to be the relevant time and value under German tax law.

Benefits realized	Dr. Felix Grawert President Member of the Executive Board since August 14, 2017		Dr. Bernd Schulte President Member of the Executive Board since March 7, 2002		Martin Goetzeler CEO / CFO Member of the Executive Board until February 28, 2017		Kim Schindelhauer CEO / CFO Member of the Executive Board from March 01 to August 31, 2017	
	2016	2017	2016	2017	2016	2017	2016	2017
	Fixed compensation	0	126,258	430,000	430,000	600,000	370,000	0
Fringe benefits	0	5,192	12,527	12,797	13,104	2,184	0	10,000
<b>Total</b>	<b>0</b>	<b>131,450</b>	<b>442,527</b>	<b>442,797</b>	<b>613,104</b>	<b>372,184</b>	<b>0</b>	<b>310,000</b>
One-year variable compensation	0	40,000	0	0	0	0	0	0
Multi-year variable compensation	0	0	67,132	226,876	0	127,028	0	0
<i>Deferral from one-year variable compensation</i>	0	0	0	0	0	0	0	0
<i>Stock option program 2007 (blackout period: 2 years)</i>	0	0	67,132	226,876	0	0	0	0
Other	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>67,132</b>	<b>226,876</b>	<b>0</b>	<b>127,028</b>	<b>0</b>	<b>0</b>
Service cost	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>171,450</b>	<b>509,659</b>	<b>669,673</b>	<b>613,104</b>	<b>499,212</b>	<b>0</b>	<b>310,000</b>

As of December 31, 2017, the AIXTRON Executive Board held a total of 154,000 options for the purchase of 154,000 shares of the Company (December 31, 2016: 283,500; December 31, 2015: 395,500). The number of shares underlying the options is set out below. The actual profits from exercising the stock options may differ significantly from the figures shown in the table.

Executive Board Member	Allocation Date	Outstanding (Shares)	Exercisable (Shares)	Grant Date Option Value (EUR)	Exercise Price (EUR)	Maturity	Forfeited	Total Outstanding Shares
Dr. Felix Grawert		-	-	-	-		-	0
Martin Goetzeler	Oct 2014	0	0	189,000	13.14	Oct 2024	50,000	0
Dr. Bernd Schulte	Oct 2014	50,000	0	189,000	13.14	Oct 2024		
	Nov 2010	52,000	52,000	461,240	26.60	Nov 2020		
	Nov 2009	52,000	52,000	448,240	24.60	Nov 2019		
	May 2002	0	0	152,625	7.48	May 2017	27,500	154,000
<b>Total</b>		<b>154,000</b>	<b>104,000</b>				<b>77,500</b>	<b>154,000</b>

In accordance with IFRS 2, the "grant-date fair value of the options" is used as the basis for recognizing options under expenses on the Income Statement.

The expenses for share based compensation of each individual member of the Executive Board are as follows:

<i>in EUR thousands</i>	2017	2016	2015
Dr. Felix Grawert	59	0	0
Dr. Bernd Schulte	47	47	53
Kim Schindelhauer	0	0	0
Martin Goetzeler	-107	47	47

In 2017, options to acquire 77,500 AIXTRON shares expired (2016: 60,000; 2015: 2,640). The expenses for the unvested expired options have been reversed in accordance with IFRS 2.

In fiscal year 2017, current Executive Board members exercised 52,000 options (2016: 52,000; 2015: 0).

<b>Executive Board Member</b>	<b>Year</b>	<b>Exercise Published</b>	<b>Weighted Share Price of Exercise Day</b>	<b>Underlying Shares</b>	<b>Total Underlying Shares</b>
Dr. Bernd Schulte	<b>2017</b>	November 28, 2017	14.1233	52,000	<b>52,000</b>
Dr. Bernd Schulte	<b>2016</b>	September 15, 2016	4.17	52,000	<b>52,000</b>

The current Executive Board members have no individual company pension benefits which would result in pension provisions being required to be made by the company. Instead, the Executive Board annual pension allowance is paid by AIXTRON and included in the fixed remuneration, and is transferred by the Executive Board members into independent insurance contracts with a benevolent fund or similar plan. In the years 2016 and 2015 payments of EUR 80,000 per annum were made to Martin Goetzeler. In 2017 Martin Goetzeler received EUR 40,000. In the years 2017, 2016 and in 2015, payments of EUR 40,000 per year were made to Dr. Bernd Schulte. In 2017, Dr. Grawert received a pro rata allowance amounting to EUR 11,250 (EUR 30,000 per annum). Mr. Schindelhauer did not receive any pension allowance. This allowance is part of the total fixed annual salary of the Executive Board members.

### 5.3.3. Supervisory Board Remuneration

In fiscal year 2017, the remuneration of the Supervisory Board totaled EUR 333,250 (2016: EUR 448,750; 2015: EUR 302,500). The division between the individual members of the Supervisory Board for the years 2015 to 2017 is presented in the table below:

Supervisory Board Member	Year	Fixed	Variable	Attendance Fee	Total
		(EUR)	(EUR)	(EUR)	(EUR)
Kim Schindelhauer <sup>1)2)3)4)5)6)</sup> (Chairman of the Supervisory Board)	2017	37,500	0	22,000	59,500
	2016	75,000	0	100,000	175,000
	2015	75,000	0	18,000	93,000
Prof. Dr. Wolfgang Blättchen <sup>1)4)9)10)</sup> (Deputy Chairman of the Supervisory Board) (Chairman of the Audit Committee) (Independent Financial Expert)	2017	56,250	0	40,000	96,250
	2016	37,500	0	72,250	109,750
	2015	37,500	0	24,000	61,500
Dr. Andreas Biagosch <sup>2)11)</sup>	2017	25,000	0	6,000	31,000
	2016	25,000	0	8,000	33,000
	2015	25,000	0	8,000	33,000
Prof. Dr. Petra Denk <sup>2)3)</sup> (Chair of the Technology Committee)	2017	25,000	0	32,000	57,000
	2016	25,000	0	30,000	55,000
	2015	25,000	0	26,000	51,000
Dr. Martin Komischke <sup>8)</sup>	2017	25,000	0	2,000	27,000
	2016	25,000	0	0	25,000
	2015	25,000	0	0	25,000
Prof. Dr. Rüdiger von Rosen <sup>1)3)8)10)</sup> (Chairman of the Nomination Committee)	2017	25,000	0	37,500	62,500
	2016	25,000	0	26,000	51,000
	2015	25,000	0	14,000	39,000
<b>Total</b>	<b>2017</b>	<b>193,750</b>	<b>0</b>	<b>139,500</b>	<b>333,250</b>
	<b>2016</b>	<b>212,500</b>	<b>0</b>	<b>236,250</b>	<b>448,750</b>
	<b>2015</b>	<b>212,500</b>	<b>0</b>	<b>90,000</b>	<b>302,500</b>

<sup>1)</sup> Member of the Audit Committee from 1.1.-28.2. and 1.9.-31.12.2017

<sup>2)</sup> Member of the Technology Committee from 1.1.-28.2. and 1.9.-31.12.2017

<sup>3)</sup> Member of the Nomination Committee from 1.1.-28.2. and 1.9.-31.12.2017

<sup>4)</sup> Member of the Capital Markets Committee from 1.1.-28.2. and 1.9.-31.12.2017

<sup>5)</sup> Former AIXTRON Executive Board Member from 1.1.-28.2. and 1.9.-31.12.2017

<sup>6)</sup> delegated to the Executive Board from 1.3. to 31.8.2017

<sup>7)</sup> Chairman of the Supervisory Board from 1.3. to 31.8.2017

<sup>8)</sup> Member of the Audit Committee from 1.3. to 31.8.2017

<sup>9)</sup> Member of the Technology Committee from 1.3. to 31.8.2017

<sup>10)</sup> Member of the Nomination Committee from 1.3. to 31.8.2017

<sup>11)</sup> Member of the Capital Markets Committee from 1.3. to 31.8.2017

In accordance with the article of association of the Company, the annual attendance fee of Prof. Dr. von Rosen in fiscal year 2017 was capped at one-and-a-half times their fixed remuneration. As in previous years, there were no payments made to any Supervisory Board member for advisory services in fiscal year 2017.