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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 2, 2018

Advanced Energy Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-26966
(Commission
File Number)

84-0846841
(IRS Employer
Identification No.)

1625 Sharp Point Drive, Fort Collins, Colorado
(Address of principal executive offices)

80525
(Zip Code)

Registrant's telephone number, including area code: **(970) 221-4670**

(Former Name or Former Address, if Changed Since Last Report)

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))

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

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.

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

At its regularly scheduled meeting on August 2, 2018, the Compensation Committee (the “*Committee*”) of the Board of Directors (the “*Board*”) of Advanced Energy Industries, Inc. (the “*Company*”) reviewed and approved changes to the Company’s executive severance program based upon benchmark peer data provided by the Committee’s independent compensation consultant. Such changes include (1) expanding eligibility and benefits for severance upon certain terminations of employment in connection with a change in control of the Company and (2) adding general severance benefits upon certain terminations of employment unrelated to a change in control of the Company. These revisions to the Company’s severance program are reflected in a new form of Executive Change in Control and General Severance Agreement (the “*Agreement*”) (a copy of which is attached to this Current Report on Form 8-K), which the Company will be entering into with a number of officers, including Mr. Yuval Wasserman, the Company’s President & Chief Executive Officer, Mr. Paul Oldham, the Company’s Executive Vice President & Chief Financial Officer, Mr. Neil Brinker, the Company’s Executive Vice President & Chief Operating Officer and Mr. Thomas McGimpsey, the Company’s Executive Vice President, General Counsel & Corporate Secretary (collectively referred to herein as the “*Named Executive Officers*”).

Change in Control Severance Program

The Agreement provides selected officers, including the Named Executive Officers, with severance payments and certain benefits in the event the selected officer’s employment is terminated at the time of or following a Change in Control (as defined in the Agreement) before the end of the CIC Period (defined as the twelve month period following the effective date of a Change of Control) (i) by the Company without Cause (as defined in the Agreement) or (ii) by the selected officer for Good Reason (as defined in the Agreement) (referred to as a “*CIC Involuntary Termination*”). In addition, if the selected officer’s employment is terminated by the Company without Cause during the 90 days preceding a Change in Control then, upon such Change in Control, the officer shall also be entitled to severance payments and certain benefits. Any amounts payable to a selected officer pursuant to the Agreement, except for any Accrued Compensation (as defined in the Agreement), will be contingent on the selected officer delivering to the Company a release of claims.

In the event of (i) termination of a Named Executive Officer’s employment under circumstances constituting a CIC Involuntary Termination or (ii) termination of a Named Executive Officer’s employment without Cause during the 90 days preceding a Change in Control, upon a Change of Control, he or she will be entitled to receive: (a) all then Accrued Compensation and a pro-rata portion of the Named Executive Officer’s target bonus for the year in which the termination is effected, (b) a lump sum payment equal to the officer’s CIC Multiple (as defined below) times the sum of (1) his or her then current annual base salary and (2) his or her target bonus for the year in which the termination is effected, (c) continuation of medical benefits for 18 months following termination, unless the Name Executive Officer commences employment with another employer that provides medical benefits, (d) an amount equal to the contributions that would have been made to the Company’s retirement plans on his or her behalf, if he or she had continued to be employed for 18 months following the date of termination, and (e) reimbursement, up to \$15,000, for the cost of outplacement services. Mr. Wasserman’s CIC Multiple equals two (2) and the CIC Multiple for Messrs. Oldham, Brinker, and McGimpsey equals one and a half (1.5).

Pursuant to the Agreement, selected officers of the Company that are not Named Executive Officers are eligible for the same benefits described in (a)-(e) above, except that their CIC Multiple equals one (1) and the reimbursement for outplacement ranges from \$4,870 to \$15,000, depending upon the officer's position.

Pursuant to the Agreement, each selected officer's Options, RSUs and PSUs (each as defined in the Agreement) will also accelerate in full upon a CIC Involuntary Termination. The termination of such officer's employment without Cause 90 days preceding a Change of Control will also accelerate the vesting of Options, RSUs or PSUs held by the officer upon such Change in Control. Performance conditions for RSUs and PSUs, as the case may be, will be assumed to have been attained at maximum such that the maximum number of RSUs and PSUs shall vest.

General Severance Program Unrelated to a Change in Control

The Agreement also provides selected officers, including the Named Executive Officers, with severance payments and certain benefits in the event of his or her Involuntary Termination. An "*Involuntary Termination*" will be deemed to have occurred if the selected officer's employment is terminated by the Company without Cause unrelated to a Change in Control. Any amounts payable to a selected officer pursuant to the Agreement, except for any Accrued Compensation, will be contingent on the selected officer delivering to the Company a release of claims.

In the event of termination of a Named Executive Officer's employment under circumstances constituting an Involuntary Termination, he or she will be entitled to receive: (a) his or her Accrued Compensation, (b) a lump sum payment equal to the officer's Severance Multiple (as defined below) multiplied by his or her then current annual base salary, (c) continuation of medical benefits for 12 months following termination, unless the Name Executive Officer commences employment with another employer that provides medical benefits, (d) an amount equal to the contributions that would have been made to the Company's retirement plans on his or her behalf, if he or she had continued to be employed for 12 months following the date of termination and (e) reimbursement, up to \$15,000, for outplacement services. Mr. Wasserman's Severance Multiple equals one and a half (1.5) and the Severance Multiple for Messrs. Oldham, Brinker, and McGimpsey equals one (1)(collectively, the "*Severance Multiple*").

Selected officers of the Company that are not Named Executive Officers are eligible for the same benefits described above in (a)-(e), except that the Severance Multiple ranges from seventy-five percent (75%) to one (1) and the reimbursement for outplacement ranges from \$4,870 to \$15,000, depending upon the officer's position.

Any unvested equity of a Named Executive Officer or other selected officer would be treated according to the terms of the award agreements granting such awards, which generally provide that the award will be forfeited upon termination of employment.

The foregoing is a summary of the material terms of the Agreement and is qualified in its entirety by reference to the Agreement. A copy of the form of Agreement is attached as Exhibit 10.1 to this Current Report on Form 8-K, and the terms the Agreement are incorporated herein by this reference.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Executive Change In Control and General Severance Agreement

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.

Advanced Energy Industries, Inc.

Date: August 6, 2018

/s/ Thomas O. McGimpsey

Thomas O. McGimpsey

Executive Vice President, General Counsel & Corporate Secretary

EXECUTIVE CHANGE IN CONTROL & GENERAL SEVERANCE AGREEMENT

This Executive Change in Control & General Severance Agreement (this “*Agreement*”), is made as of the ___ day of _____, 20__ (the “*Effective Date*”), by and between Advanced Energy Industries, Inc., a Delaware corporation (the “*Company*”), and [NAME] (the “*Executive*”).

WITNESSETH

WHEREAS, The Executive is expected to serve as the [TITLE] of the Company;

WHEREAS, The Board of Directors of the Company (the “*Board*”) acknowledges that consolidation within the industries in which the Company operates is likely to continue and the potential for a change in control of the Company, whether friendly or hostile, currently exists and from time to time in the future will exist, which potential can give rise to uncertainty among the senior executives of the Company. The Board considers it essential to the best interests of the Company to reduce the risk of the Executive’s departure and/or the inevitable distraction of the Executive’s attention from his duties to the Company, which are normally attendant to such uncertainties, and based on market data, offers certain benefits as outlined in this Agreement;

WHEREAS, The Board also acknowledges that should the Executive be involuntarily terminated without cause, even during a time where no potential change of control is occurring, that based on market data, certain standard severance benefits would be available to the Executive;

WHEREAS, The Executive confirms that the terms of this Agreement (a) reduce the risks of his/her departure and distraction of his/her attention from his/her duties to the Company and (b) provides retention value, and, accordingly, desires to enter into this Agreement; and

WHEREAS, This Agreement replaces any former executive change in control agreement previously entered into (if applicable) with the Executive.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants contained herein, the Company and the Executive agree as follows:

Section 1. Definitions. Capitalized terms used herein shall have the meanings given to them in Annex A attached hereto, except where the context requires otherwise.

Section 2. Term of Agreement. This Agreement shall be effective as of the Effective Date and shall continue in effect until the termination of the Executive’s employment or upon mutual written agreement of the Executive and the Company. For the avoidance of doubt, the Executive’s and Company’s obligations hereunder that are intended to survive the Executive’s termination of employment shall nonetheless be enforceable.

Section 3. At Will Employment; Reasons for Termination. The Executive’s employment shall continue to be at-will, as defined under applicable law. If the Executive’s employment terminates for any reason or no reason, the Executive shall not be entitled to any compensation, benefits, damages, awards or other payments in respect of such termination, except as provided in this Agreement or pursuant to the terms of any Applicable Benefit Plan. “*Applicable Benefit Plan*” means any written employee benefit plan (which may include certain benefits in equity agreements) in effect and in which the Executive participates or under which the Executive retains rights to benefits as of the time of the termination of his employment, other than any severance plan or policy.

Section 4. General Benefits Upon Separation.

(a) Compensation and Benefits Required by Law or Applicable Benefit Plan. Notwithstanding anything to the contrary herein, upon the Executive's termination of employment for any reason, the Executive (or his estate) shall be entitled to any and all compensation, benefits, awards and other payments required by any Applicable Benefit Plan, the COBRA Act or other applicable law, after taking into account the agreements set forth herein.

(b) No Payments Without Release. Upon the Executive's termination of employment, the Executive shall not be entitled to any of the compensation (other than Accrued Compensation), benefits or other payments provided herein in respect of the termination of his employment, unless and until he has provided to the Company a full release of claims, substantially in the form of Appendix I attached hereto, which release shall be dated not earlier than the date of the termination of his employment, which release shall be provided to the Executive within 9 days of the Executive's Date of Termination and executed within 30 days of the Executive's Date of Termination.

(c) Voluntary Resignation or Termination for Cause.

(i) In the event of the Executive's Voluntary Resignation or termination of his employment by the Company for Cause, the Executive shall not be entitled to any compensation, benefits, awards or other payments in connection with such termination of his employment, except as provided in paragraph (a) of this Section 4.

(ii) The Executive shall not be deemed to have been terminated for Cause under this Agreement, unless the following procedures have been observed: To terminate an Executive, who at the time of such termination is a "*named executive officer*" under 17 CFR 229.402, for Cause, the Board must deliver to the Executive notice of such termination in writing, which notice must specify the facts purportedly constituting Cause in reasonable detail. The Executive will have the right, within 10 calendar days of receipt of such notice, to submit a written request for review by the Board. If such request is timely made, within a reasonable time thereafter, the Board (with all directors attending in person or by telephone) shall give the Executive the opportunity to be heard (personally or by counsel). Following such hearing, unless a majority of the directors then in office confirm that the Executive's termination was for Cause, the Executive's termination shall be deemed to have been made by the Company without Cause for purposes of this Agreement. To terminate an Executive that is not a named executive officer for Cause, the Chief Executive Officer must simply deliver to the Executive notice of such termination in writing without any further action.

(d) Death or Long-Term Disability. In the event of the Executive's termination due to his death or Long-Term Disability, the Executive (or his estate or personal representative) shall be entitled to receive, in addition to the amounts described in paragraph (a) of this Section 4, (i) the proceeds of any life insurance policy carried by the Company with respect to the Executive, or (ii) payments pursuant to any long-term disability insurance policy carried by the Company with respect to the Executive, as applicable, subject to and in accordance with the terms of such policies. In the event of such a termination, the Executive shall not be treated as having incurred a CIC Involuntary Termination or an Involuntary Termination, and thus shall not be entitled to receive the severance benefits described herein.

Section 5. Change in Control Severance

(a) CIC Involuntary Termination. In the event the Executive's employment is terminated under circumstances constituting a CIC Involuntary Termination, the Executive shall be entitled to receive:

(i) within fifteen (15) calendar days after the Date of Termination, the Executive's Accrued Compensation and, within fifteen (15) calendar days after the period for revocation of the release has elapsed, the Pro-Rata Bonus through the Date of Termination; and

(ii) within fifteen (15) calendar days after the period for revocation of the release has elapsed, a lump sum payment in cash equal to **[TWO TIMES (2X)]**~~**[ONE AND A HALF TIMES (1.5X)]**~~~~**[ONE TIMES (1X)]**~~ the sum of (x) the Executive's annual Base Salary and (y) the Executive's Target Bonus in effect as of the Date of Termination; and

(iii) for eighteen (18) months after the Date of Termination continuation of medical benefits ("**Benefits**") in which the Executive was enrolled as of the Date of Termination (subject to any changes to Benefits as are applied to similarly-situated active employees), with the full premium cost for such coverage to be borne by the Company; *provided, however*, that if the Executive commences employment with another employer during such eighteen (18) month period and is eligible to receive medical benefits under the new employer's plan(s), the Benefits shall terminate as of the date the Executive becomes eligible to receive such benefits; and

(iv) within fifteen (15) calendar days after the period for revocation of the release has elapsed, a lump sum payment in an amount equal to the employer contributions to the Company's retirement plans on behalf of the Executive that would have been made for the benefit of the Executive if the Executive's employment had continued for eighteen (18) months after the Date of Termination, assuming for this purpose that (A) all benefits under any such retirement plans were fully vested, (B) the Executive's compensation during such eighteen (18) months was the same as it had been immediately prior to the Date of Termination, and (C) the Executive would have made contributions at the level necessary to receive the maximum matching contribution provided under such plans; and

(v) reimbursement, up to **[\$15,000]**~~**[\$4,870]**~~, for the cost of outplacement services reasonably selected by the Executive incurred by the end of the second calendar year after termination of employment, such reimbursement to occur by the end of the following calendar year.

(b) CIC Involuntary Termination - Effect on Options. In the event Options held by the Executive are assumed by the surviving entity in connection with a Change in Control, if a CIC Involuntary Termination of the Executive's employment occurs, vesting of any and all assumed Options held by the Executive shall be accelerated so that all such assumed, unexpired Options then held by the Executive shall be fully vested and exercisable immediately upon the CIC Involuntary Termination.

(c) CIC Involuntary Termination - Effect on Restricted Stock Units (RSUs) and Performance Stock Units (PSUs). In the event RSUs and PSUs held by the Executive are assumed by the surviving entity in connection with a Change in Control, if a CIC Involuntary Termination of the Executive's employment occurs, vesting of any and all assumed RSUs and PSUs (at an assumed *maximum performance attainment* with regard to RSUs and PSU) held by the Executive shall be accelerated

so that all such assumed RSUs and all PSUs (at such *maximum performance attainment*) then held by the Executive shall be fully vested immediately upon the CIC Involuntary Termination.

(d) Termination Within 90 Days Prior to Change in Control. If the Executive's employment is terminated by the Company without Cause during the 90 days preceding a Change in Control then, upon such Change in Control: (i) the Executive shall be entitled to the benefits described in Section 5(a) as of the date of such Change in Control (with any lump sum payment due thereunder to be made within fifteen (15) calendar days following the Change in Control), but reduced by any benefits already paid or that are payable under Section 6, and (ii) the Options, RSUs and PSUs held by the Executive as of the Date of Termination shall be treated as if the Executive's employment had not been terminated and the Executive's awards shall vest as set forth under Section 5(b) and (c) above as of the date of the Change in Control.

(e) Effect on Equity Awards for Other Terminations. In the event the Executive's employment is terminated by the Company under any circumstances other than those described in paragraphs (a) through (d) of this Section 5 or Section 6 below, the effect of such termination of employment on the Options, RSUs and/or PSUs then held by the Executive shall be as set forth in the agreements and plans representing such Options, RSU and/or PSUs.

Section 6. General Severance

(a) Involuntary Termination. In the event the Executive's employment is terminated under circumstances constituting an Involuntary Termination (other than a CIC Involuntary Termination), the Executive shall be entitled to receive:

(i) within fifteen (15) calendar days after the Date of Termination, the Executive's Accrued Compensation through the Date of Termination; and

(ii) within fifteen (15) calendar days after the period for revocation of the release has elapsed, a lump sum payment in cash equal to **[ONE AND A HALF TIMES (1.5X)][ONE TIMES (1X)][SEVENTY FIVE PERCENT (75%) OF]** the Executive's annual Base Salary as of the Date of Termination; and

(iii) for twelve (12) months after the Date of Termination, continuation of the Benefits in which the Executive was enrolled as of the Date of Termination (subject to any changes to Benefits as are applied to similarly-situated active employees), with the full premium cost for such coverage to be borne by the Company; *provided, however*, that if the Executive commences employment with another employer during such twelve (12) month period and is eligible to receive medical benefits under the new employer's plan(s), the Benefits shall terminate as of the date the Executive becomes eligible to receive such benefits; and

(iv) within fifteen (15) calendar days after the period for revocation of the release has elapsed, a lump sum payment in an amount equal to the employer contributions to the Company's retirement plans on behalf of the Executive that would have been made for the benefit of the Executive if the Executive's employment had continued for twelve (12) months after the Date of Termination, assuming for this purpose that (A) all benefits under any such retirement plans were fully vested, (B) the Executive's compensation during such twelve (12) months was the same as it had been immediately prior to the Date of Termination, and (C) the Executive would have made contributions at the level necessary to receive the maximum matching contribution provided under such plans; and

(iv) reimbursement, up to ~~[\$15,000]~~[\$4,870], for outplacement services reasonably selected by the Executive incurred by the end of the second calendar year after termination of employment such reimbursement to occur by the end of the following calendar year.

(b) Effect on Options, Restricted Stock Units and Performance Stock Units. Any unvested Options, RSUs and PSUs shall be forfeited on the Date of Termination unless provided otherwise in the award agreement governing such Options, RSUs and PSUs.

(c) Effect on Short Term and Long Term Incentive Plans. Any opportunity to participate in the Company's short term incentive and long term incentive plans shall be forfeited on the Date of Termination.

(d) No Duplication of Benefits. The Executive cannot claim benefits under this Section 6 if benefits under Section 5 are triggered; *provided, however*, that if the Executive is terminated by the Company without Cause within 90 days prior to a Change in Control then the benefits under this Section 6 shall be paid upon the Date of Termination as provided herein and any additional benefits due under Section 5 shall be paid or provided as of the date of the Change in Control, as provided by Section 5(d).

7. **Mitigation.** In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and except as set forth in Section 4, Section 5(a)(iii) and Section 6(a)(iii), such amounts shall not be reduced whether or not the Executive obtains other employment.

8. **Successors.**

(a) This Agreement is personal to the Executive, and, without the prior written consent of the Company, shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

9. **Miscellaneous.**

(a) The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement constitutes the entire agreement and understanding of the parties in respect of the subject matter hereof and supersedes all prior understanding, agreements, or representations by or among the parties, written or oral, to the extent they relate in any way to the subject matter hereof; *provided, however*, this Agreement shall have no effect on any restrictive covenant agreements or assignment of inventions agreements between the parties. This Agreement may not be amended or modified other than by a written agreement executed by the parties hereto or their respective successors and legal representatives. **Any prior executive change in control**

severance agreement (if any) or severance agreement (if any) between the Company (or its affiliates) and the Executive shall be deemed terminated upon the signing of this Agreement.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

if to the Executive:

if to the Company:

Advanced Energy Industries, Inc.
1625 Sharp Point Drive
Fort Collins, CO 80525
Attention: Thomas O. McGimpsey
EVP & General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such United States federal, state or local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) All claims by the Executive for payments or benefits under Section 5 of this Agreement shall be promptly forwarded to and addressed by the Compensation Committee of the Board of Directors of the Company (the "**Compensation Committee**") and shall be in writing. All claims by the Executive for payments or benefits under Section 6 of this Agreement shall be promptly forwarded to and addressed by the Chief Executive Officer of the Company and the Senior Vice President of Human Resources (collectively, "**Senior Management**"), or if the person making the claim is either the Chief Executive Officer or the Senior Vice President of Human Resources, the Compensation Committee, and shall be in writing. Any denial by the Compensation Committee or Senior Management, as the case may be, of a claim for benefits under this Agreement shall be delivered to the Executive in writing and shall set forth the specific reasons for the denial and the specific provisions of this Agreement relied upon. The Compensation Committee and Senior Management, as the case may be, shall afford the Executive a reasonable opportunity for a review of the decision denying a claim and shall further allow the Executive to make a written demand upon the Company to submit the disputed matter to arbitration in accordance with the provisions of paragraph (g) below. With regard to claims under Section 5 of the Agreement, the Company shall

pay all expenses of the Executive, including reasonable attorneys and expert fees, in connection with any such arbitration. With regard to claims under Section 6 of the Agreement, the Executive and the Company shall pay for their own expenses, including reasonable attorneys and expert fees, in connection with any such arbitration. With respect to claims under Section 5 of the Agreement, if for any reason the arbitrator has not made his award within one hundred eighty (180) days from the date of the Executive's demand for arbitration, such arbitration proceedings shall be immediately suspended and the Company shall be deemed to have agreed to the Executive's position. Thereafter, and only with respect to claims under Section 5 of the Agreement, the Company shall, as soon as practicable and in any event within 10 business days after the expiration of such 180-day period, pay the Executive his reasonable expenses and all amounts reasonably claimed by him that were the subject of such dispute and arbitration proceedings.

(g) Subject to the terms of paragraph (f) above, any dispute arising from, or relating to, this Agreement shall be resolved at the request of either party through binding arbitration in accordance with this paragraph (g). Within 10 business days after demand for arbitration has been made by either party, the parties, and/or their counsel, shall meet to discuss the issues involved, to discuss a suitable arbitrator and arbitration procedure, and to agree on arbitration rules particularly tailored to the matter in dispute, with a view to the dispute's prompt, efficient, and just resolution. Upon the failure of the parties to agree upon arbitration rules and procedures within a reasonable time (not longer than 15 business days from the demand), the Commercial Arbitration Rules of the American Arbitration Association shall be applicable. Likewise, upon the failure of the parties to agree upon an arbitrator within a reasonable time (not longer than 15 business days from demand), there shall be a panel comprised of three arbitrators, one to be appointed by each party and the third one to be selected by the two arbitrators jointly, or by the American Arbitration Association, if the two arbitrators cannot decide on a third arbitrator. At least 30 days before the arbitration hearing (which shall be set for a date no later than 60 days from the demand), the parties shall allow each other reasonable written discovery including the inspection and copying of documents and other tangible items relevant to the issues that are to be presented at the arbitration hearing. The arbitrator(s) shall be empowered to decide any disputes regarding the scope of discovery. The award rendered by the arbitrator(s) shall be final and binding upon both parties. The arbitration shall be conducted in Larimer County in the State of Colorado. The Colorado District Court located in Larimer County shall have exclusive jurisdiction over disputes between the parties in connection with such arbitration and the enforcement thereof, and the parties consent to the jurisdiction and venue of such court for such purpose.

(h) This Agreement shall be governed by the laws of the State of Colorado, without giving effect to any choice of law provision or rule (whether of the State of Colorado or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Colorado.

10. Other Terms Relating to Section 409A

(a) Except as provided in Section 10(b), amounts payable under this Agreement following the Executive's termination of employment, other than those expressly payable on a deferred or installment basis or as reimbursement of expenses, will be paid as promptly as practicable after such a termination of employment and, in any event, within 2 ¹ / 2 months after the end of the year in which employment terminates, and amounts payable as reimbursements of expenses to the

Executive must be made on or before the last day of the calendar year following the calendar year in which such expense was incurred.

(b) Anything in this Agreement to the contrary notwithstanding, if (i) on the date of Executive's "*separation from service*" the Executive is determined to be a "*specified employee*," as each such term is defined under Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*") , and (ii) the Executive would receive any payment under this Agreement that, absent the application of this Section 10(b), would be subject to interest and additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(2)(B)(i) of the Code, then no such payment shall be payable prior to the date that is the earliest of (A) six (6) months after the Executive's separation from service date, (B) the Executive's death or (C) such other date as will cause such payment not to be subject to such interest and additional tax (with a catch-up payment equal to the sum of all amounts that have been delayed to be made as of the six (6) month payment date).

(c) It is the intention of the parties that payments or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code. To the extent such potential payments or benefits could become subject to such Section, the parties shall cooperate to amend this Agreement with the goal of giving the Executive the economic benefits described herein in a manner that does not result in such tax being imposed.

(d) Any payment due upon a termination of employment under this Agreement shall be due only upon the Executive's separation from service for purposes of Treasury Regulation section 1.409A-1(h)(1)(ii).

(e) Wherever payments under this Agreement are to be made in installments, each such installment shall be deemed to be a separate payment for purposes of Section 409A.

11. Other Terms Relating to Section 280G

(a) Notwithstanding any other provision of this Agreement, if any portion of the payments or other benefits provided to the Executive under this Agreement, or under any other agreement with or plan of the Company or any 409A Affiliate (in the aggregate, "*Total Payments*"), would constitute an "*excess parachute payment*" (as defined below) and would, but for this Section 11, result in the imposition on the Executive of an excise tax under Code Section 4999 (the "*Excise Tax*"), then the Total Payments to be made to the Executive shall either be (i) delivered in full, or (ii) delivered in a reduced amount that is One Dollar (\$1.00) less than the amount that would cause any portion of such Total Payments to be subject to the Excise Tax, whichever of the foregoing results in the receipt by the Executive of the greatest benefit on an after-tax basis (taking into account the applicable federal, state and local income taxes and the Excise Tax).

(b) Within forty (40) days following the Executive's Date of Termination or notice by one party to the other of its belief that there is a payment or benefit due the Executive that will result in an excess parachute payment, the Executive and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("*National Tax Counsel*") selected by the Company's independent auditors and reasonably acceptable to the Executive (which may be regular outside counsel to the Company in any case), which opinion sets forth (i) the amount of the Base Period Income (as defined below), (ii) the amount and present value of Total Payments, (iii) the amount and present value of any excess parachute payments determined

without regard to any reduction of Total Payments pursuant to Section 11(a)(ii), and (iv) the net after-tax proceeds to the Executive, taking into account the tax imposed under Code Section 4999 if (1) the Total Payments were reduced in accordance with Section 11(a)(ii), or (2) the Total Payments were not so reduced. The opinion of National Tax Counsel shall be addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such National Tax Counsel opinion determines that clause (ii) of Section 11(a) applies, then the payments hereunder or any other payment or benefit determined by such counsel to be includable in Total Payments shall be reduced or eliminated so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. In such event, payments or benefits included in the Total Payments shall be reduced or eliminated by applying the following principles, in order: (x) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (y) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (z) cash payments shall be reduced prior to non-cash benefits; provided that if the foregoing order of reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Total Payments (on the basis of the relative present value of the parachute payments).

(c) For purposes of this Agreement, (i) the terms “*excess parachute payment*” and “*parachute payments*” shall have the meanings assigned to them in Section 280G of the Code and such “*parachute payments*” shall be valued as provided therein, (ii) present value for purposes of this Agreement shall be calculated in accordance with Section 1274(b)(2) of the Code, (iii) the term “*Base Period Income*” means an amount equal to the Executive’s “*annualized includable compensation for the base period*” as defined in Section 280G(d)(1) of the Code, (iv) for purposes of the National Tax Counsel opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Section 280G(d)(3) and (4) of the Code, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive, and (v) the Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation, and state and local income taxes at the highest marginal rate of taxation in the state or locality of the Executive’s domicile (determined in both cases in the calendar year in which the Date of Termination occurs or notice described in Section 11(b) is given, whichever is earlier), net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes. If the National Tax Counsel so requests in connection with the opinion required by this Section 11, the Executive and the Company shall obtain, at the Company’s expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive solely with respect to its status under Section 280G of the Code and the regulations thereunder.

(d) The Company agrees to bear all costs associated with, and to indemnify and hold harmless, the National Tax Counsel of and from any and all claims, damages, and expenses resulting from or relating to its determinations pursuant to this Section 11, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of such firm.

(e) This Section 11 shall be amended to comply with any amendment or successor provision to Sections 280G or 4999 of the Code. If such provisions are repealed without successor, then this Section 11 shall be cancelled without further effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Executive Change in Control and General Severance Agreement as of the date set forth in the Preamble hereto.

Advanced Energy Industries, Inc.

By:

Authorized Officer

Executive

By:

Name:

ANNEX A
DEFINITIONS

(a) “**Accrued Compensation**” means an amount including all amounts earned or accrued through the Date of Termination but not paid as of the Date of Termination including (i) Base Salary, (ii) reimbursement for reasonable and necessary expenses incurred by the Executive on behalf of the Company during the period ending on the Date of Termination, (iii) vacation and sick leave pay (to the extent provided by Company policy or applicable law), and (iv) incentive compensation (if any) earned in respect of any period ended prior to the Date of Termination. It is expressly understood that incentive compensation shall have been “earned” as of the time that the conditions to such incentive compensation have been met, even if not calculated or payable at such time unless the incentive plan itself requires otherwise.

(b) “**Agreement**” means this Executive Change in Control and General Severance Agreement, as set forth in the Preamble hereto.

(c) “**Applicable Benefit Plan**” means any written employee benefit plan in effect and in which the Executive participates as of the time of the termination of his employment.

(d) “**Base Salary**” means the Executive’s annual base salary at the rate in effect during the last regularly scheduled payroll period immediately preceding the occurrence of the termination of employment (disregarding any reduction in base salary that constitutes Good Reason) and does not include, for example, bonuses, overtime compensation, incentive pay, fringe benefits, sales commissions or expense allowances.

(e) “**Board**” means the Board of Directors of the Company, as set forth in the Recitals hereto.

(f) “**Cause**” means any of the following:

(i) the Executive’s (A) conviction of a felony; (B) commission of any other material act or omission involving dishonesty or fraud with respect to the Company or any of its affiliates or any of the customers, vendors or suppliers of the Company or its affiliates; (C) misappropriation of material funds or assets of the Company for personal use; or (D) engagement in unlawful harassment or unlawful discrimination with respect to any employee of the Company or any of its subsidiaries;

(ii) the Executive’s continued substantial and repeated neglect of his duties, after written notice thereof from Senior Management (or the Compensation Committee, if Executive is a member of Senior Management or a named executive officer of the Company), and such neglect has not been cured within 30 days after the Executive receives notice thereof from Senior Management (or the Compensation Committee, as applicable);

(iii) the Executive’s gross negligence or willful misconduct in the performance of his duties hereunder that is materially and demonstrably injurious to the Company (either singly or on a consolidated basis); or

(iv) the Executive’s engaging in conduct constituting a breach of his written obligations to the Company or any subsidiary in respect of confidentiality and/or the use or ownership of proprietary information.

(g) “**Change in Control**” shall be deemed to occur upon the consummation of any of the following transactions, unless the only parties to the transaction are the Company and/or one or more of its direct or indirect majority-owned subsidiaries and/or one or more companies directly

or indirectly owning a majority interest in the Company immediately prior to the transaction:

(i) a merger or consolidation in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the state of the Company's incorporation or a transaction in which 50% or more of the surviving entity's outstanding voting stock following the transaction is held by holders who held 50% or more of the Company's outstanding voting stock prior to such transaction; or

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company; or

(iii) any reverse merger in which the Company is the surviving entity, but in which 50% or more of the Company's outstanding voting stock is transferred to holders different from those who held the stock immediately prior to such merger; or

(iv) the acquisition by any person (or entity) directly or indirectly of 50% or more of the combined voting power of the outstanding shares of Common Stock.

(h) "**CIC Involuntary Termination**" means the termination of the Executive's employment with the Company at the time of or following a Change in Control before the end of the CIC Period:

(i) by the Company without Cause, or

(ii) by the Executive for Good Reason.

Notwithstanding the foregoing, if the Executive has provided the Company notice that a Good Reason event has occurred and the Company's cure period in connection therewith has not expired as of the end of the CIC Period, then the Executive will be treated as having incurred a CIC Involuntary Termination if the Company fails to timely cure the Good Reason event and the Executive effectuates a timely termination for Good Reason thereafter.

(i) "**CIC Period**" means the twelve (12) month period following the effective date of a Change in Control.

(j) "**Code**" means the Internal Revenue Code of 1986, as amended.

(k) "**Common Stock**" means common stock, par value \$0.001, of the Company.

(l) "**Company**" means Advanced Energy Industries, Inc., a Delaware corporation, as set forth in the Preamble hereto.

(m) "**Date of Termination**" means (i) if the Executive's employment is terminated for Cause, the date of receipt by the Executive of written notice from Board or the Chief Executive Officer that the Executive has been terminated, or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Company other than for Cause, death or Long-Term Disability, the date specified in the Company's written notice to the Executive of such termination, (iii) if the Executive's employment is terminated by reason of the Executive's death or Long-Term Disability, the date of such death or the effective date of such Long-Term Disability, and (iv) if the Executive's employment is terminated by Executive's resignation that constitutes Good Reason under this Agreement, the date of the Company's receipt of the Executive's notice of termination or any later date specified therein, which date shall not exceed thirty (30) days from the date notice is given.

(n) "**Effective Date**" means the date set forth in the Preamble hereto.

(o) “**Executive**” means the individual identified in the Preamble hereto.

(p) “**Good Reason**” means any of the following:

(i) a material reduction in the Executive’s duties, level of responsibility or authority, other than a change in title only without the Executive’s express written consent; or

(ii) a material reduction in the Executive’s Base Salary, without (A) the Executive’s express written consent or (B) an increase in the Executive’s benefits, perquisites and/or guaranteed bonus, which increase(s) have a value reasonably equivalent to the reduction in Base Salary; or

(iii) a material reduction in the Executive’s Target Bonus, without (A) the Executive’s express written consent or (B) a corresponding increase in the Executive’s Base Salary; or

(iv) the relocation of the Executive’s principal place of business to a location more than thirty-five (35) miles from the Executive’s principal place of business immediately prior to the Change in Control, without the Executive’s express written consent; or

(v) the Company’s (or its successor’s) material breach of this Agreement.

Notwithstanding the foregoing, the Executive will not be considered to have terminated for Good Reason unless (A) the Executive provides written notice to the Company of the circumstance(s) constituting the Good Reason event within 90 days following the initial existence of such event, (B) the Company fails to cure the Good Reason event within 30 days following its receipt of such notice, and (C) the Executive provides written notice to the Company of his Date of Termination.

(q) “**Involuntary Termination**” means the termination of Executive’s employment with the Company at any time by the Company without Cause.

(r) “**Long-Term Disability**” is defined according to the Company’s insurance policy regarding long-term disability for its employees.

(s) “**Option**” means options to purchase Common Stock granted by the Company or any of its subsidiaries under a compensation plan adopted or approved by the Company.

(t) “**Payment**” means any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise.

(u) “**Pro Rata Bonus**” means an amount equal to 100% of the Target Bonus that the Executive would have been eligible to receive for the Company’s fiscal year in which the Executive’s employment terminates following a Change in Control, multiplied by a fraction, the numerator of which is the number of days in such fiscal year through the Termination Date and the denominator of which is 365. If the Target Bonus for the fiscal year in which the Executive’s employment is terminated has not yet been established as of the date of such termination, then “Target Bonus” shall refer to the Target Bonus as was in effect for the Executive for the fiscal year preceding the fiscal year in which the Executive’s employment terminates.

(v) “**PSUs**” means performance stock units or awards granted by the Company pursuant to which the Company has the right to issue Common Stock upon the satisfaction of vesting and other conditions, which PSUs are subject to an award agreement pursuant to a stock plan of the Company.

(w) “**RSUs**” means restricted stock units or awards granted by the Company pursuant to which the Company has the right to issue Common Stock upon the satisfaction of vesting and other

conditions, which RSUs are subject to an award agreement pursuant to a stock plan of the Company.

(x) “**Target Bonus**” means the bonus which would have been paid to the Executive for full achievement of specific performance objectives pertaining to the business of the Company or any of its specific business units or divisions, or to individual performance criteria applicable to the Executive or his position (as the case may be), which objectives have been established by the Board of Directors (or the Compensation Committee thereof) or the Chief Executive Officer for the Executive relating to such plan or budget for the year in question. “**Target Bonus**” shall not mean the “maximum bonus” which the Executive might have been paid for overachievement of such plan.

(y) “**Value**” of a Payment means the economic present value of a Payment as of the date of the change of control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

(z) “**Voluntary Resignation**” means the termination of the Executive’s employment upon his voluntary resignation, which includes retirement, as set forth in Section 4 hereof. If the Executive terminates his employment for Good Reason under circumstances constituting a CIC Involuntary Termination, such termination shall not be treated as a Voluntary Resignation.

(aa) “**409A Affiliate**” means each entity that is required to be included in the Company’s controlled group of corporations within the meaning of Section 414(b) of the Code, or that is under common control with the Company within the meaning of Section 414(c) of the Code; *provided, however*, that the phrase “at least 50 percent” shall be used in place of the phrase “at least 80 percent” each place it appears therein or in the regulations thereunder.

APPENDIX I

Legal Release

This Legal Release (“**Release**”) is between Advanced Energy Industries, Inc. (the “**Company**”) and _____ (“**Executive** ”) (each a “**Party**,” and together, the “**Parties**”).

Recitals

A. Executive and the Company are parties to an Executive Change In Control and General Severance Agreement to which this Release is appended as Appendix I (the “**Agreement**”).

B. Executive wishes to receive the compensation, benefits, awards and other payments described in the Agreement.

C. Executive and the Company wish to resolve, except as specifically set forth herein, all claims between them arising from or relating to any act or omission predating the Final Separation Date of [_____].

Agreement

The Parties agree as follows:

The Company shall pay or provide to Executive the payments and benefits, as, when and on the terms and conditions specified in the Agreement.

Legal Releases

(a) Executive, on behalf of Executive and Executive’s heirs, personal representatives and assigns, and any other person or entity that could or might act on behalf of Executive, including, without limitation, Executive’s counsel (all of whom are collectively referred to as “**Executive Releasers**”), hereby fully and forever releases and discharges the Company, its present and future affiliates and subsidiaries, and each of their past, present and future officers, directors, employees, shareholders, independent contractors, attorneys, insurers and any and all other persons or entities that are now or may become liable to any releaser due to any releasee’s act or omission, (all of whom are collectively referred to as “**Executive Releasees**”) of and from any and all actions, causes of action, claims, demands, costs and expenses, including attorneys’ fees, of every kind and nature whatsoever, in law or in equity, whether now known or unknown, that Executive Releasers, or any person acting under any of them, may now have, or claim at any future time to have, based in whole or in part upon any act or omission occurring on or before the Final Separation Date, without regard to present actual knowledge of such acts or omissions, including specifically, but not by way of limitation, matters which may arise at common law, such as breach of contract, express or implied, promissory estoppel, wrongful discharge, tortious interference with contractual rights, infliction of emotional distress, defamation, or under federal, state or local laws, such as the Fair Labor Standards Act, the Employee Retirement Income Security Act, the National Labor Relations Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination in Employment Act, the Rehabilitation Act of 1973, the Equal Pay Act, the Americans with Disabilities Act, the Family and Medical Leave Act, and any civil rights law of any state or other governmental body; PROVIDED, HOWEVER, that notwithstanding the foregoing or anything else contained in this Release the release set forth in this Section shall not extend to: (i) any rights arising under this Release (including the rights to payments and benefits under the Agreement that have not yet been paid or provided as of the Final

Separation Date); (ii) any vested rights under any pension, retirement, profit sharing or similar plan; (iii) Executive's rights, if any, to indemnification, and/or defense under any Company certificate of incorporation, bylaw and/or policy or procedure, or under any insurance contract, in connection with Executive's acts and omissions within the course and scope of Executive's employment with the Company; or (iv) any rights or remedies that cannot by law be waived by private agreement. Executive hereby warrants that Executive has not assigned or transferred to any person any portion of any claim which is released, waived and discharged above. Executive further states and agrees that Executive has not experienced any illness, injury, or disability that is compensable or recoverable under the worker's compensation laws of any state that was not reported to the Company by Executive before the Final Separation Date. Executive has specifically consulted with counsel with respect to the agreements, representations, and declarations set forth in the previous sentence. Executive understands and agrees that by signing this Release Executive is giving up any right to bring any legal claim against the Company concerning, directly or indirectly, Executive's employment relationship with the Company, including Executive's separation from employment. Executive agrees that this legal release is intended to be interpreted in the broadest possible manner in favor of the Company, to include all actual or potential legal claims that Executive may have against the Company, except as specifically provided otherwise in this Release.

(b) In order to provide a full and complete release, Executive understands and agrees that this Release is intended to include all claims, if any, covered herein that Executive may have and not now know or suspect to exist in Executive's favor against any Executive Releasee and that this Release extinguishes such claims. Thus, Executive expressly waives all rights under any statute or common law principle in any jurisdiction that provides, in effect, that a general release does not extend to claims which the releasing party does not know or suspect to exist in Executive's favor at the time of executing the release, which if known by Executive must have materially affected Executive's settlement with the party being released. Notwithstanding any other provision of this Section, however, nothing in this Section is intended or shall be construed to limit or otherwise affect in any way Executive's rights under this Release.

(c) Executive agrees and acknowledges that Executive: (i) understands the language used in this Release and the Release's legal effect; (ii) is specifically releasing all claims and rights under the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621 *et seq.*; (iii) will receive compensation under this Release to which Executive would not have been entitled without signing this Release; (iv) has been advised by the Company to consult with an attorney before signing this Release; and (v) will be given up to twenty one (21) calendar days to consider whether to sign this Release. For a period of seven (7) days after Executive signs this Release, Executive may, in Executive's sole discretion, rescind this Release by delivering a written notice of rescission to the Company's General Counsel. If Executive rescinds this Release within seven (7) calendar days after Executive signs the Release, or if Executive does not sign this Release within the twenty-one (21) day consideration period, this Release shall be void, all actions taken pursuant to this Release shall be reversed, and neither this Release nor the fact of or circumstances surrounding its execution shall be admissible for any purpose whatsoever in any proceeding between the Parties, except in connection with a claim or defense involving the validity or effective rescission of this Release. If Executive does not rescind this Release within seven (7) calendar days after the day Executive signs this Release, this Release shall become final and binding and shall be irrevocable.

Executive acknowledges that Executive has received all compensation to which Executive

is entitled for Executive's work up to Executive's last day of employment with the Company, and that Executive is not entitled to any further pay or benefit of any kind, for services rendered or any other reason, other than the payments and benefits, to the extent not already paid, described in the Agreement. Benefits under the Agreement are conditioned on Executive's compliance with any restrictive covenant agreements or assignment of inventions agreements between the parties.

Executive agrees that the only thing of value that Executive will receive by signing this Release is the payments and benefits described in the Agreement.

The Parties agree that their respective rights and obligations under the Agreement shall survive the execution of this Release.

NOTE: DO NOT SIGN THIS LEGAL RELEASE UNTIL AFTER EXECUTIVE'S FINAL DAY OF EMPLOYMENT.

EXECUTIVE

ADVANCED ENERGY INDUSTRIES, INC INC.

By: _____

By: _____

Date: _____

Date: _____