



elmos<sup>3</sup>

Invitation to the Annual General Meeting 2018  
May 16, 2018, 10:00 a.m., Spielbank Hohensyburg, Dortmund, Germany

Innovation Matters

# 19<sup>th</sup> Annual General Meeting on May 16, 2018

## Agenda at a glance

1. Presentation of the adopted separate financial statements and the approved consolidated financial statements as of December 31, 2017, the Management Board's combined management report for Elmos Semiconductor Aktiengesellschaft and the Group as well as the report of the Supervisory Board for fiscal year 2017
2. Resolution on the appropriation of retained earnings
3. Resolution on the formal approval of the actions of the Management Board for fiscal year 2017
4. Resolution on the formal approval of the actions of the Supervisory Board for fiscal year 2017
5. Election of the auditor and group auditor for fiscal year 2018 and of the auditor for the review of the interim financial report for the first six months of fiscal year 2018
6. Resolution on the authorization to purchase and use the Company's shares
7. Amendments to the Articles of Incorporation
8. Resolution on the non-disclosure of information according to Section 285 no. 9 lit. a) sentences 5 to 8 HGB and Sections 315e (1), 314 (1) no. 6 lit. a) sentences 5 to 8 HGB in the separate and consolidated financial statements (waiver of the obligation of individualized disclosure of Executive Board remuneration)

Elmos Semiconductor Aktiengesellschaft  
44227 Dortmund, Germany  
ISIN DE0005677108  
WKN: 567 710

**Invitation to the 19<sup>th</sup> Annual General Meeting of Elmos Semiconductor Aktiengesellschaft, 44227 Dortmund, Germany  
(ISIN DE0005677108 / WKN: 567 710)**

Dear shareholders,

our 19<sup>th</sup> Annual General Meeting will be held on Wednesday, May 16, 2018, 10:00 a.m., at Spielbank Hohensyburg, Hohensyburgstraße 200, 44265 Dortmund, Germany.

**AGENDA**

**1. Presentation of the adopted separate financial statements and the approved consolidated financial statements as of December 31, 2017, the Management Board's combined management report for Elmos Semiconductor Aktiengesellschaft and the Group as well as the report of the Supervisory Board for fiscal year 2017**

The aforementioned documents (including the explanatory report of the Management Board in accordance with Section 176 (1) sentence 1 AktG (Stock Corporation Act) on the disclosures required under takeover law pursuant to Sections 289a (1), 315a (1) HGB (Commercial Code)) are available on the Company's website at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting) on the internet upon the convening of the Annual General Meeting. These documents will also be on display at the Annual General Meeting for inspection by the shareholders.

According to statutory provisions, no resolution is scheduled with respect to agenda item 1 as the Supervisory Board has already approved the separate financial statements and the consolidated financial statements.

**2. Resolution on the appropriation of retained earnings**

Management Board and Supervisory Board propose that the retained earnings of Elmos Semiconductor Aktiengesellschaft of 117,411,739.00 Euro reported for fiscal year 2017 be used in the amount of 7,875,625.20 Euro for the payment of a dividend of 0.40 Euro per share and that the remaining amount of 109,536,113.80 Euro be carried forward to new accounts.

The proposal for the appropriation of retained earnings takes into account treasury shares held by the Company (414,450 shares) that are not entitled to dividend. If the number of no-par shares entitled to dividend for fiscal year 2017 changes up to the date of the Annual General Meeting, an accordingly adjusted proposal for the appropriation of retained earnings will be made to the Annual General Meeting, still providing for a dividend of 0.40 Euro per no-par share entitled to dividend.

**3. Resolution on the formal approval of the actions of the Management Board for fiscal year 2017**

Supervisory Board and Management Board propose that the actions of the acting members of the Management Board in fiscal year 2017 be formally approved for this period.

**4. Resolution on the formal approval of the actions of the Supervisory Board for fiscal year 2017**

Management Board and Supervisory Board propose that the actions of the acting members of the Supervisory Board in fiscal year 2017 be formally approved for this period.

It is intended to have the Annual General Meeting vote separately on the approval of the actions of the individual members of the Supervisory Board.

**5. Election of the auditor and group auditor for fiscal year 2018 and of the auditor for the review of the interim financial report for the first six months of fiscal year 2018**

The Supervisory Board proposes that Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, be appointed

- a) auditor and group auditor for fiscal year 2018 as well as
- b) auditor for the review of the interim financial report for the first six months of fiscal year 2018.

**6. Resolution on the authorization to purchase and use the Company's shares**

The Company adopted a resolution on the authorization to purchase and use the Company's shares most recently at the Annual General Meeting on May 8, 2015, limited until May 7, 2020. The existing authorization has

partly been used. The proposal therefore provides for suspension of the existing authorization and its replacement by a new authorization to purchase and use the Company's shares.

Management Board and Supervisory Board propose that the following resolution be adopted:

- a) The Management Board is authorized, subject to the approval of the Supervisory Board, to purchase the Company's shares of altogether up to 10% of the share capital until May 15, 2023. Together with any treasury shares purchased for the same or other reasons and either held by the Company or attributable to the Company according to Sections 71a et seq. AktG (Stock Corporation Act), the volume of the Company's shares purchased on the basis of this authorization shall not exceed 10% of the Company's share capital at any time.
- b) The authorization to purchase and use the Company's shares may be exercised entirely or in several parts, once or several times, and for one or several purposes within the scope of aforementioned limitation.
- c) The purchase shall be made on the stock exchange or by means of a public purchase offer addressed to all of the Company's shareholders, or by purchasing from individual shareholders based on individual agreements; however, shares shall not be purchased from Weyer Beteiligungsgesellschaft mbH, ZOE-VVG GmbH, Jumakos Beteiligungsgesellschaft mbH, or other entities subject to reporting in accordance with Art. 19 of Regulation (EU) No. 596/2014 of the

European Parliament and of the Council of April 16, 2014 on market abuse (**Market Abuse Regulation**) (or any replacement legislation) with no consideration of the exemption according to Art. 19 (8) of the Market Abuse Regulation (or any replacement legislation).

- > If shares are purchased on the stock exchange, consideration paid by the Company per share (net of ancillary purchase costs) shall neither exceed the opening price on the Xetra trading platform (or a comparable successor system) in Frankfurt/Main as of the purchase date by 10% nor fall below that price by more than 20%.
- > If the shares are purchased by means of a public purchase offer addressed to all of the Company's shareholders, the purchase price tendered or the limits of the purchase price margin per share (net of ancillary purchase costs) – adjustments during the tender period notwithstanding – may neither exceed nor fall below the unweighted average closing price of the stock of Elmos Semiconductor Aktiengesellschaft on the XETRA trading platform (or a comparable successor system) of the last three trading days in Frankfurt/Main prior to the day of the public announcement of the purchase offer by more than 20%. If material changes of the relevant stock price occur subsequent to the public announcement, the purchase price may be adjusted. In this case it will be referred to the unweighted average closing price of the stock of Elmos Semiconductor Aktiengesellschaft on the XETRA trading platform (or a comparable successor system)

of the last three trading days in Frankfurt/Main prior to the day of the public announcement of any price adjustment. The purchase offer may provide for further conditions. The volume of the offer may be limited. If total subscription to the offer exceeds its volume, acceptance must occur in proportion to the respective number of shares offered. Privileged acceptance of low volumes of up to 100 of the Company's shares offered for purchase per shareholder of the Company may be provided for.

- > If the shares are acquired by purchasing from individual shareholders based on individual agreements, the purchase price per share may neither exceed nor fall below the unweighted average closing price of the stock of Elmos Semiconductor Aktiengesellschaft on the XETRA trading platform (or a comparable successor system) of the last three trading days in Frankfurt/Main prior to the transaction of the respective purchase by more than 5%. The other shareholders' right to tender is excluded by analogy to Section 186 (3) sentence 4 AktG.
- d) The Management Board is authorized to use the Company's shares purchased on the basis of aforementioned authorization or a preceding authorization for the following purposes:
  - aa) Shares may be assigned by the Management Board to employees and executives of Elmos Semiconductor Aktiengesellschaft as well as to employees and members of the management of affiliated companies within the framework of stock option plans 2010 and

2015 to service subscription rights. Insofar as the Company's shares are to be assigned to members of the Company's Management Board within this framework, the Company's Supervisory Board is authorized to the assignment. Applicable are the provisions of existing stock option plans 2010 and 2015. The key provisions of stock option plans 2010 and 2015 adopted by shareholders' resolution are available for inspection as parts of the notarial minutes of the respective Annual General Meetings at the commercial register in Dortmund. The stock option plans may also be inspected at the offices of Elmos Semiconductor Aktiengesellschaft at the registered address, Heinrich-Hertz-Straße 1, 44227 Dortmund, Germany, or on the internet at [www.elmos.com/english/investor-relations/corporate-governance/option-program](http://www.elmos.com/english/investor-relations/corporate-governance/option-program). Furthermore, they are sent to shareholders by mail upon request and will be on display during the Annual General Meeting.

bb) Shares may be sold by the Management Board, subject to the Supervisory Board's approval, to third parties against payment in cash if the sale is transacted at a price that does not materially fall below the stock market price and if the number of shares sold does not exceed 10% of the share capital at the time the shares are thus utilized. To be taken into account of this 10% limit are shares, bonds with conversion privileges or option rights, or conversion obligations, as well as comparable financial instruments, issued or sold during the term of this authorization with exclusion of the

shareholders' subscription right in direct or indirect application of Section 186 (3) sentence 4 AktG.

- cc) Shares may be sold by the Management Board, subject to the Supervisory Board's approval, against contribution in kind, particularly in order to offer them to third parties within the scope of business combinations or acquisitions of entities, operations, investments, or other assets.
- dd) Shares may be used by the Management Board, subject to the Supervisory Board's approval, for servicing convertible bonds or option bonds, or profit participating bonds (or a combination of these instruments), linked respectively to conversion privileges or option rights, or conversion obligations, issued by Elmos Semiconductor Aktiengesellschaft or a group company of Elmos Semiconductor Aktiengesellschaft for the purpose of Section 18 AktG in the future.
- ee) Shares may be used by the Management Board or, insofar as the Management Board is concerned, by the Supervisory Board, in connection with share-based remuneration plans or employee share programs of the Company or one of its affiliates, or even unconnected to share-based remuneration plans or employee share programs, and issued to persons who are or were in an employment relationship with the Company or one of its affiliates as well as to members of a corporate body of the Company or one of its affiliates. To above-mentioned persons or

corporate body members, shares may in particular be offered for purchase, promised, and assigned, either against payment or without consideration.

- ff) Shares may be promised and assigned by the Supervisory Board to the members of the Management Board of Elmos Semiconductor Aktiengesellschaft as share-based remuneration components in observance of the requirement for the appropriateness of remuneration (Section 87 (1) AktG). The particulars of share-based remuneration of the Management Board members are determined by the Supervisory Board.
- gg) Shares may be assigned to members of the Supervisory Board as part of their remuneration as determined by the Articles of Incorporation.
- hh) Shares may be retired by the Management Board, subject to the Supervisory Board's approval, without further shareholders' resolution on the retirement or its execution. They may also be retired, subject to the Supervisory Board's approval, in a simplified procedure without capital reduction by adjusting the theoretical share in the Company's share capital of each of the remaining no-par shares. The retirement may be limited to a part of the purchased shares. If the retirement is carried out by way of the simplified procedure, the Management Board is authorized to adjust the number of no-par shares in the Articles of Incorporation.

e) The shareholders' subscription right to these shares of the Company is excluded to the extent that these shares are used according to authorizations described in lit. d) aa) through gg).

f) The authorization to purchase and use the Company's shares based on shareholders' resolution adopted at the Annual General Meeting of May 8, 2015 and limited until May 7, 2020 is suspended as of the new authorization's coming into force.

## **7. Amendments to the Articles of Incorporation**

### **a) Chairman of the Annual General Meeting**

The Chairman of the Supervisory Board or the Vice Chairman of the Supervisory Board shall be entitled to either chair the Annual General Meeting himself or to opt for appointing another person as Chairman of the Annual General Meeting. This measure is intended to ensure that the Annual General Meeting is properly chaired by a suitable Chairman equipped with the necessary skills and knowledge.

Management Board and Supervisory Board propose that the following resolution be adopted:

Section 12.1 of the Articles of Incorporation is suspended and rephrased as follows:

"The Annual General Meeting is chaired by the Chairman of the Supervisory Board or, if he is not available, the Vice Chairman of the Supervisory Board. The Chairman of the Supervisory Board or, if he is not available, the Vice Chairman of the Supervisory Board may

also appoint another person as Chairman of the Annual General Meeting. The Chairman of the Annual General Meeting determines the sequence in which agenda items are discussed and the manner and order in which votes are to be cast.”

b) Reduction of conditional capital

The share capital is conditionally increased by up to 503,549.00 Euro (conditional capital 2010/I). The conditional capital increase serves the redemption of stock options issued to employees, executives and Management Board members of the Company as well as to employees and executives of affiliated companies up to and including May 3, 2015 on the basis of the authorization given by the Annual General Meeting (AGM) of May 4, 2010 (**stock option plan 2010**). From stock option plan 2010, 219,851 stock options for one of the Company’s shares each are still outstanding (as of 31 December 2017). Conditional capital 2010/I for serving the redemption of stock options under stock option plan 2010, however, still amounts to 503,549.00 Euro, i.e. equivalent to the subscription to 503,549 of the Company’s shares.

Conditional capital 2010/I is thus no longer required in part. It shall therefore be reduced accordingly.

Management Board and Supervisory Board propose that the following resolution be adopted:

aa) Reduction of conditional capital 2010/I

Conditional capital 2010/I according to Section 3.6 of the Articles

of Incorporation is reduced to an amount of up to 219,851 Euro, i.e. the issue of up to 219,851 shares. All other provisions governing conditional capital 2010/I remain unchanged. Conditional capital 2010/I particularly serves – and has served – the redemption of stock options based on stock option plan 2010 adopted by the Annual General Meeting on May 4, 2010 under the conditions defined therein.

bb) Section 3.6 sentence 1 of the Articles of Incorporation is suspended and rephrased as follows:

“The share capital is conditionally increased by up to 219,851 Euro (conditional capital 2010/I).”

The other sentences under Section 3.6 of the Articles of Incorporation remain unchanged.

It is intended to have the Annual General Meeting vote on the new version of Section 12 (1) of the Articles of Incorporation separately from the reduction of conditional capital and the new version of Section 3.6 sentence 1 of the Articles of Incorporation.

**8. Resolution on the non-disclosure of information according to Section 285 no. 9 lit. a) sentences 5 to 8 HGB and Sections 315e (1), 314 (1) no. 6 lit. a) sentences 5 to 8 HGB in the separate and consolidated financial statements (waiver of the obligation of individualized disclosure of Executive Board remuneration)**

Pursuant to Section 285 no. 9 lit. a) sentences 5 to 8 HGB (Commercial Code), the notes to the financial statements of a listed stock corporation



require, apart from the disclosure of total remuneration granted to the Management Board members in the fiscal year, additional information with regard to remuneration granted to each individual Management Board member. Pursuant to Sections 315e (1), 314 (1) no. 6 lit. a) sentences 5 to 8 HGB, the same applies for the notes to the consolidated financial statements.

The Company's Annual General Meeting of May 13, 2014 adopted the resolution as proposed under agenda item 6 and in accordance with Section 286 (5) sentence 1 HGB, Sections 315a (1), 314 (2) sentence 2 HGB (old version), that the Company will not disclose the remuneration of the individual members of the Management Board in the notes to the separate financial statements and consolidated financial statements for fiscal years 2014 up to and including 2018 (opt-out).

This resolution shall be renewed this year.

The proposal provides for a renewal of the opt-out vote for the separate financial statements and consolidated financial statements of Elmos Semiconductor Aktiengesellschaft to be prepared for fiscal years 2018 up to and including 2022. The respective information shall not be disclosed, to the extent and as long as permitted by law. Management Board and Supervisory Board agree that such disclosure would not contribute to greater transparency in the form of additional information relevant to the capital market.

Supervisory Board and Management Board therefore propose that the following resolution be passed:

The information required under Section 285 no. 9 lit. a) sentences 5 to 8 HGB and Sections 315e (1), 314 (1) no. 6 lit a) sentences 5 to 8 HGB (in the respective applicable version) is not disclosed, in accordance with Section 286 (5) sentence 1 HGB and Sections 315e (1), 314 (3) sentence 1 HGB (to the extent and as long as permitted by law) in the notes to the separate financial statements and consolidated financial statements of Elmos Semiconductor Aktiengesellschaft to be prepared for fiscal years 2018 up to and including 2022.

Upon this resolution's coming into force, the resolution of the Company's Annual General Meeting of May 13, 2014 is repealed under agenda item 6 for fiscal year 2018.

#### **REPORT OF THE MANAGEMENT BOARD ON AGENDA ITEM 6 (AUTHORIZATION TO PURCHASE AND USE THE COMPANY'S SHARES)**

At the Annual General Meeting of May 8, 2015, the Company adopted a resolution on an authorization to purchase and use the Company's shares, limited until May 7, 2020. The existing authorization has partly been used. The proposal therefore provides for suspension of the existing authorization and its replacement by a new authorization to purchase and use the Company's shares for a period of five years, thus until May 15, 2023.

Apart from the purchase of shares on the stock market, the Management Board shall also be given the option, subject to the Supervisory Board's respective approval, to purchase the Company's shares by means of a public purchase offer. With this alternative, each of

the Company's shareholders with the intent to sell may decide how many shares he or she wants to offer and, if a price range is determined, at what price. If the volume of shares offered at the determined price exceeds the number of shares requested by the Company, the allocation of shares must occur in proportion to the shares offered. The proposed resolution provides for the privileged acceptance of small offers or small contingents of offers of up to 100 shares. This option helps avoid fractions that would otherwise occur in determining the quota to be purchased and small remaining parcels, thereby simplifying the technical implementation.

The authorization also provides for the option that Elmos Semiconductor Aktiengesellschaft may purchase shares from individual shareholders based on individual purchase agreements without having to offer the other shareholders the purchase of their shares, too. Purchase of shares from the so-called anchor shareholders of Elmos Semiconductor Aktiengesellschaft, i.e. Weyer Beteiligungsgesellschaft mbH, ZOE-VVG GmbH, or Jumakos Beteiligungsgesellschaft mbH, or from any other entity subject to reporting pursuant to Art. 19 of the Market Abuse Regulation (or any replacement legislation), without consideration of the exemption according to Art. 19 (8) of the Market Abuse Regulation Section (or any successor legislation), is not permitted. The purchase of shares based on individual purchase agreements is advantageous because share buyback on the stock market, in view of the limited trading volume, or by way of a public purchase offer might take relatively long. It would take a long time until the Company was able to actually buy back a larger portion of

the Company's shares. The purchase from individual shareholders is also subject to a market-based stock price so that shareholders are ultimately not penalized. Shareholders not involved in such transactions therefore do not lose value. This corresponds to the position of shareholders upon share buyback on the stock exchange where not all of the shareholders can actually sell the Company's shares they hold. Insofar the conditions under Section 186 (3) sentence 4 AktG are met, according to which the exclusion of the shareholders' subscription right is justified if the shareholders' asset interests are safeguarded due to market-based price calculation.

The Elmos stock option plans 2010 and 2015 for employees, executives and members of the Management Board of Elmos Semiconductor Aktiengesellschaft as well as for employees and members of the management of affiliated companies are each secured by conditional capital. The resolution as proposed under agenda item 6 is intended to enable the Management Board to service stock option plans 2010 and 2015 also by the prior purchase of the Company's shares. Dilution of existing shareholders' equity by an otherwise necessary capital increase is thus avoided in particular. The decision on how the options are serviced in the individual case will be made by the Company's respective corporate body; it will let itself be guided solely by the interests of the shareholders and the Company and will report on its decision at each following Annual General Meeting.

Moreover, the Management Board is intended to be able to sell shares bought back with exclusion of the shareholders' subscription right, subject

to the Supervisory Board's approval, to third parties against cash payment, provided the selling price does not materially fall below the stock market price. The administration will keep a possible discount off the stock market price as low as possible in compliance with the provisions of law. The sale for a selling price that does not materially fall below the stock market price avoids dilution of the shareholders' investment value. The number of shares sold this way must not exceed 10% of the share capital at the time of the utilization of shares. To be taken into account of this 10% limit are shares, bonds with conversion privileges or option rights, or conversion obligations, as well as comparable financial instruments, issued or sold during the term of this authorization under exclusion of the shareholders' subscription right in direct or indirect application of Section 186 (3) sentence 4 AktG (Stock Corporation Act). This opens up opportunities for the Company to offer its shares to domestic and international investors and to expand the shareholder base, and thus to stabilize the value of the stock. The Company is thus enabled to adjust its equity to business requirements in a flexible manner and to respond to favorable stock market scenarios.

Furthermore, the authorization granted as proposed is intended to provide the Management Board with the option, subject to the Supervisory Board's approval, to have the Company's shares available to dispose of against contribution in kind, especially as consideration with regard to business combinations or acquisitions of entities, operations, or investments in entities. Domestic and international competition and a globalized economy increasingly require this kind of acquisition financing.

The proposed authorization is intended to provide the Company with the necessary range of options to seize any opportunities for the acquisition of companies or investments swiftly and in a flexible manner. This concern is met by the proposed exclusion of the shareholders' subscription right. There are no specific plans for making use of this authorization. In determining the valuation proportions, the Management Board will make sure that the shareholders' interests are duly considered. In calculating the value of shares disposed of as consideration, the Management Board will generally orient itself toward the stock market price of the share of Elmos Semiconductor Aktiengesellschaft. The Management Board will report to the Annual General Meeting on each use of this authorization.

In addition to that, the Management Board is intended to be able, or, insofar as the Management Board is concerned, the Supervisory Board, to offer shares to employees and executives of the Company, employees and members of the management of affiliated companies, freelancers, and members of the Company's Management Board, or to provide and assign them as compensation components (even without consideration). Elmos Semiconductor Aktiengesellschaft promotes a culture of ownership within the Company and enables employees and executives to participate in the Company and its performance by share programs and share-based payment as well as by individual stock awards. Such participation is also desired by the legislator and therefore made easier in many respects. The issue of shares to employees of the Company or one of its affiliates and to members of corporate bodies of the Company or one of its affiliates is

meant to strengthen the connection aforementioned persons have with Elmos Semiconductor Aktiengesellschaft. They are meant to be committed to the Company and to participate in its long-term development as shareholders as well. Thus understanding and the willingness to assume a larger share of responsibility, particularly economic responsibility, is meant to be strengthened in the interest of the Company and its shareholders. The issue of shares also makes arrangements with a long-term incentive effect possible, taking into consideration not only positive developments but negative ones as well. Granting shares e.g. subject to a lockup period or blocking period of several years, or linked to incentives that promote holding shares, also provides for a penalty effect in the case of negative developments in addition to the bonus effect. Granting shares is thus intended to give an incentive for pursuing a sustainable increase in the Company's shareholder value.

The issue of shares to the Company's employees is intended to create an additional kind of share-based payment in order to commit employees to the Company and to attract qualified new employees to the Company. The objectives of incentive and employee commitment to the Company are in the Company's interest. The exclusion of the shareholders' subscription right with regard to the utilization of purchased shares of the Company is a prerequisite to this. Members of the Company's Management Board are also meant to be given the opportunity to be promised or assigned shares as share-based remuneration by the Supervisory Board. The option to promise and assign treasury shares to the Management Board members

as a remuneration component commits the members of the Management Board to the Company and its economic success and is therefore in the Company's interest as well. Members of the Management Board who receive shares by way of remuneration on these grounds have an additional interest to work towards the Company's increase in shareholder value as expressed by its stock market price. On the other hand, they bear the price risk, too. The decision on this is the sole responsibility of the Supervisory Board as the proper decision-making body that also decides on the terms and conditions of the share-based remuneration of Management Board members in compliance with the statutory provisions for appropriateness (Section 87 (1) AktG). It is thus assured that the shareholders' subscription right is excluded not excessively, and only in the Company's interest.

Assigning treasury shares to members of the Supervisory Board as part of their remuneration as determined by the Articles of Incorporation under exclusion of the shareholders' subscription right is also intended to be an option. According to Section 9 of the Company's Articles of Incorporation (remuneration of the Supervisory Board), 25% of the fixed remuneration and 50% of the variable remuneration shall be paid to the members of the Supervisory Board in treasury shares insofar as the Company is authorized to use treasury shares for this purpose and to the extent the Company holds treasury shares as of the due date of the remuneration claim. The value of the shares is determined by the average closing price of the Company's stock on the XETRA trading platform (or a comparable successor system) of the twenty trading days in Frankfurt/

Main prior to the due date of remuneration. Granting shares instead of a cash payment is not dependent on a certain stock price. If the calculation results in a fractional amount of shares, the number of shares will be rounded down to the next whole number and the difference will be paid in cash. For shares received by way of share-based payment, a holding period of three calendar years applies as of the shares' respective grant date. The interest of the members of the Supervisory Board in the Company's long-term and sustainable governance and performance is thus intended to be strengthened. In order to facilitate the practical implementation of the remuneration structure, the Management Board is meant to be enabled to assign treasury shares to members of the Supervisory Board as part of their remuneration as determined by the Articles of Incorporation under exclusion of the shareholders' subscription right.

Finally, the Management Board is intended to be authorized, subject to the Supervisory Board's approval, to retire the Company's shares purchased on the grounds of the proposed authorization resolution even without another shareholders' resolution. According to Section 237 (3) no. 3 AktG, the Annual General Meeting may decide the retirement of no-par shares without making a reduction of share capital necessary. The proposed authorization provides for this option besides the retirement of shares with a capital reduction. By retiring shares without a capital reduction, the remaining no-par shares' theoretical share in the share capital increases automatically. Therefore the Management Board shall be authorized to adjust the number of no-par shares as they are reduced by retirement in the Articles of Incorporation.

## TOTAL NUMBER OF SHARES AND VOTING RIGHTS

The Company's share capital comes to 20,103,513.00 Euro as of the convening of the Annual General Meeting and is divided into 20,103,513 no-par ordinary bearer shares. Each no-par share grants one vote in the General Meeting.

Please take note that the Company holds 414,450 treasury shares. In accordance with Section 71b AktG (Stock Corporation Act), the Company cannot derive any rights from these shares, particularly no voting rights.

## PARTICIPATION IN THE ANNUAL GENERAL MEETING

According to Section 11 of the Company's Articles of Incorporation, shareholders are entitled to participation in the Annual General Meeting and to the exercise of voting rights if they register their participation with the Company at the following address and submit special proof of share ownership issued by their depository bank to the following address:

Elmos Semiconductor Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich, Germany  
Fax: +49 (0) 89-30903-74675  
Email: anmeldestelle@computershare.de

Proof of share ownership must refer to the point in time as defined by the German Stock Corporation Act, i.e. the beginning of the 21<sup>st</sup> day prior to the Annual General Meeting (record date), thus to the **beginning of April 25, 2018**, and it must be received by the Company together with the

registration **before midnight of May 9, 2018** at said address. Registration and proof of share ownership must be in text form (Section 126b BGB (Civil Code)), composed either in German or English.

Entitlement to participation and the scope of voting rights exclusively correspond with the shareholder's share ownership as of the record date. The record date does not have a blocking effect on the marketability of shareholdings. Even in case of the entire or partial sale of shareholdings subsequent to the record date, the shareholder's share ownership as of the record date remains the sole deciding quantity for participation and the scope of voting rights; i.e. the sale of shares subsequent to the record date has no effect on the entitlement to participation and the scope of voting rights. The same applies for the acquisition of shares after the record date. Entities who do not own any shares as of the record date and become shareholders at a later time are not entitled to participate or exercise any voting rights unless they are insofar empowered or authorized to exercise such rights. The record date has no relevance to the entitlement to dividend.

Upon the Company's receipt of registration and proof of share ownership, tickets of admission to the Annual General Meeting will be sent to the shareholders by the registration office. In order to assure the timely receipt of admission tickets, we kindly ask our shareholders to request a ticket of admission to the Annual General Meeting from their depository bank in good time. In these cases, the required registration and the proof of share ownership are provided by the depository bank.

## PROXY VOTING PROCEDURE

### *Proxy authorization*

Voting rights may be exercised by proxies. If neither a credit institution nor a shareholders' association nor another entity comparable to a credit institution in accordance with Section 135 (8) or (10) AktG (Stock Corporation Act) is authorized as a proxy, the proxy authorization, its revocation, and proof of proxy authorization must be furnished to the Company at least in text form (Section 134 (3) sentence 3 AktG in conjunction with Section 126b BGB (Civil Code)).

For our shareholders' convenience, we provide the option for them to authorize proxies nominated by the Company. Proxy authorization and its revocation require at least text form in this case as well (Section 134 (3) sentence 3 AktG in conjunction with Section 126b BGB). If a proxy nominated by the Company is authorized, the proxy authorization must also be accompanied by voting instructions. The Company-nominated proxies are obligated to vote according to the respective shareholder's instructions.

In case of proxy voting, the submission of registration and proof of share ownership must also be made in due time according to the above-mentioned regulations.

Statutory provisions apply, Section 135 AktG in particular, to granting proxy authorization to credit institutions, shareholders' associations, or other entities comparable to a credit institution in accordance with Section 135 (8) or (10) AktG, as well as to revoking and giving proof of such proxy

authorization. Credit institutions, shareholders' associations, and other entities comparable to a credit institution in accordance with Section 135 (8) or (10) AktG may have special requirements for the procedure of their own authorization. Shareholders are therefore kindly asked to contact the entity they wish to authorize in good time in consideration of potential special requirements for the form of granting proxy authorization.

#### *Submission of the proxy authorization to the Company*

Proof of proxy authorization must be either furnished by the proxy at the day of the Annual General Meeting or submitted by way of declaration to the Company prior to the Annual General Meeting to the following address:

Elmos Semiconductor Aktiengesellschaft  
Hauptversammlungsstelle  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany  
Fax: +49 (0) 231-7549-111  
Email: [hauptversammlung@elmos.com](mailto:hauptversammlung@elmos.com)

On the day of the Annual General Meeting, the only place available for furnishing proof of proxy authorization is the registration desk at Spielbank Hohensyburg, Hohensyburgstraße 200, 44265 Dortmund, from 9:00 a.m. to just before the beginning of voting procedures. Shareholders who intend to authorize proxies nominated by the Company prior to the Annual General Meeting are asked for organizational considerations to please submit proxy authorization and the voting instructions **before midnight of May 14, 2018**

**(Company's receipt)** by mail, fax, or email to the following address:

Elmos Semiconductor Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich, Germany  
Fax: +49 (0) 89-30903-74675  
Email: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

#### *Proxy forms*

Shareholders who have registered for participation according to Section 11 of the Company's Articles of Incorporation will receive a proper form for granting the proxy authorization as part of the ticket of admission. In addition to that, a proxy form is available for download on the Company's website at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting).

### **SHAREHOLDERS' RIGHTS (MOTIONS, ELECTION PROPOSALS, REQUESTS FOR INFORMATION)**

#### *1. Additions to the agenda*

Shareholders whose combined share ownership comes to a twentieth of the share capital or the proportionate amount of 500,000.00 Euro (equivalent to 500,000 shares) are entitled to request in accordance with Section 122 (2) AktG (Stock Corporation Act) that topics of their choice be put on the agenda and announced. Each new topic must be accompanied by an explanatory statement or a resolution proposal. The request must be addressed to the Company's Management Board in writing. It must be

received by the Company at least 30 days prior to the day of the Annual General Meeting, not including the day of receipt and the day the Annual General Meeting is held. The last admissible date of receipt is thus Sunday, **April 15, 2018 before midnight.**

We kindly ask to submit any requests for additions to the agenda to the following address:

Elmos Semiconductor Aktiengesellschaft  
The Management Board  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany

Additions to the agenda subject to announcement – unless announced already upon the convening of the AGM – are announced in the Federal Gazette promptly upon the request's receipt and transmitted for publication to media outlets of which it can be expected that they distribute the information throughout the entire European Union. They are also announced on the internet at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting).

## *2. Countermotions and election proposals*

In accordance with Section 126 (1) AktG (Stock Corporation Act), each shareholder is entitled to submit countermotions with regard to the resolution proposals on the respective agenda items. If countermotions are meant to be made accessible by the Company, the Company must receive

them, together with an explanatory statement and proof of shareholder capacity, at least 14 days prior to the Annual General Meeting, i.e. **before midnight of May 1, 2018**, at the following address:

Elmos Semiconductor Aktiengesellschaft  
Hauptversammlungsstelle  
Heinrich-Hertz-Straße 1  
44227 Dortmund, Germany  
Fax: +49 (0) 231-7549-111  
Email: [hauptversammlung@elmos.com](mailto:hauptversammlung@elmos.com)

Otherwise addressed countermotions will not be made accessible. Subject to Section 126 (2) and (3) AktG, any shareholder's countermotions to be made accessible will be released on the internet at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting) together with the shareholder's name and the explanatory statement as well as any corresponding statement by the administration.

In accordance with Section 127 AktG, these provisions apply analogously to a shareholder's proposal for the election of Supervisory Board members (insofar as such an election is on the agenda of the Annual General Meeting) or auditors. Such proposals do not require explanatory statements, however. In addition to the reasons named in Section 126 (2) AktG, the Management Board does not have to make an election proposal accessible if the proposal does not contain the candidate's name, actual occupation, and place of residence. Proposals for the election of Supervisory Board members do



also not have to be made accessible if they do not contain information on Supervisory Board candidates' memberships in other statutory supervisory boards pursuant to Section 125 (1) sentence 5 AktG.

Even if countermotions or election proposals are submitted to the Company in advance, they will be regarded at the Annual General Meeting only if they are proposed or submitted orally at the Annual General Meeting again. Shareholders' rights to propose countermotions or submit election proposals (insofar as such an election is on the agenda) at the Annual General Meeting even without prior submission to the Company remain unaffected.

### *3. Requests for information*

In accordance with Section 131 (1) AktG (Stock Corporation Act), the Management Board must give information on the Company's matters upon any shareholder's request at the Annual General Meeting insofar as such information is necessary for the proper assessment of an item on the agenda and no right to withhold information applies. The Management Board's duty to provide information also includes the legal and business relationships Elmos Semiconductor Aktiengesellschaft maintains with its affiliates. The duty to provide information furthermore includes the situation of the Elmos Semiconductor Group and the subsidiaries included in the consolidated financial statements of Elmos Semiconductor Aktiengesellschaft.

### *4. Further information*

More detailed explanations of the shareholders' rights in accordance with Sections 122 (2), 126 (1), 127, and 131 (1) AktG (Stock Corporation Act) are available on the internet at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting).

### **RELEASE OF THE INVITATION TO THE ANNUAL GENERAL MEETING AND OTHER DOCUMENTS RELATING TO THE ANNUAL GENERAL MEETING**

The information to be made accessible on the Company's website pursuant to Section 124a AktG (Stock Corporation Act), particularly the AGM convening notice, the documents to be made available to the shareholders at the Annual General Meeting, shareholders' motions, and further information, is available on the internet at [www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting).

Voting results are announced after the Annual General Meeting at the same internet address.

The convening of the Annual General Meeting is announced in the Federal Gazette of March 27, 2018 and transmitted for publication to media outlets of which it can be expected that they distribute the information throughout the entire European Union.

## **INTERNET BROADCAST OF THE ANNUAL GENERAL MEETING**

By order of the Chairman of the Annual General Meeting, parts of the Annual General Meeting on May 16, 2018, starting at 10:00 a.m., can be broadcast live on the internet ([www.elmos.com/english/investor-relations/annual-general-meeting](http://www.elmos.com/english/investor-relations/annual-general-meeting)) for shareholders of Elmos Semiconductor Aktiengesellschaft and the interested public.

The broadcast of the Annual General Meeting does not enable viewers to participate in the Annual General Meeting for the purpose of Section 118 (1) sentence 2 AktG.

Dortmund, March 2018

Elmos Semiconductor Aktiengesellschaft  
The Management Board

## INFORMATION

### Admission

The doors to the Annual General Meeting will open on May 16, 2018, at 9:00 a.m.

### Catering

Please note that food and drinks will be available only in the lobby due to an expansion of the gambling facilities of Spielbank Hohensyburg.

### Parking

Parking spaces are available for our guests at Spielbank Hohensyburg during the Annual General Meeting. We kindly ask you to show your parking ticket upon registration so that we can exchange it for a parking voucher that provides for free parking. For organizational considerations, there will be no bus transfer from the Dortmund bus terminal to Spielbank Hohensyburg.

## DIRECTIONS

On highway A1 from Cologne, take the exit “Hagen-Nord”. Follow the signposts showing the way to Spielbank Hohensyburg from there.

Coming from either A44 or A2, follow the signs to the city, “Dortmund-Zentrum”. Take southbound B54 from the city to Spielbank Hohensyburg.

On highway A45, take the exit “Dortmund-Süd” in the direction of Hohensyburg. Follow the signposts showing the way to Spielbank Hohensyburg after the exit.

A futuristic white car is shown from the rear side, positioned on the right side of the frame. The background is a deep blue gradient. A trail of glowing, semi-transparent white and light blue particles, including squares and rectangles, extends from the left side towards the center, creating a sense of motion and digital data. The car's rear wheel and part of the body are visible, with some light reflecting off its surface.

Elmos Semiconductor AG

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