



DIRECTOR AND EXECUTIVE OFFICER POLICIES AND PRACTICES RELATING TO AXCELIS SECURITIES

OVERVIEW

These Director and Executive Officer Policies and Practices Relating to Axcelis Securities (the “Policies and Practices”) are designed to ensure compliance with applicable United States securities laws by Axcelis Technologies, Inc. (“Axcelis” or the “Company”) and its Directors and Executive Officers (each as defined below). These Policies and Practices supplement the Company’s general **Insider Trading Policy**, available on the Company’s intranet. Directors and Executive Officers are invited to consult the Company’s General Counsel, or their own counsel, for further explanation and assistance in understanding and applying the Company’s policies and practices. If any doubt exists as to personal or corporate responsibilities arising under the federal securities laws, Directors and Executive Officers should seek guidance before acting.

APPLICABILITY

All members (each, a “Director” and, collectively, the “Directors”) of the Company’s Board of Directors (the “Board”) and all persons who have been designated as Executive Officers by the Board within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended (each, an “Executive Officer” and, collectively, the “Executive Officers”), are expected to be familiar with, and comply with, these Policies and Practices.

Securities ownership and transactions by spouses and immediate family members of a Director or Executive Officer (particularly those sharing the same address), and management of any company or trust controlled by a Director or Executive Officer, will likely be subject to the same reporting requirements and trading restrictions as the Director and Executive Officer him- or herself, so please ensure that such individuals are also aware of the requirements and constraints of these Policies and Practices. These individuals are referred to as “related persons” in these Policies and Practices.

1. OWNERSHIP IN GENERAL

- 1.1. Sources of Ownership. Directors and Executive Officers may acquire Axcelis securities in the public markets, in private third-party transactions or from the Company. Shares may be acquired through awards granted under the Company’s 2012 Equity Incentive Plan or prior or successor stock plans (the “Stock Plans”), such as stock options, restricted stock, restricted stock units and any other awards. Executive Officers who are Axcelis employees may participate in the Company’s Employee Stock Purchase Plan.

- 1.2. Director and Officer Stock Ownership Guidelines. The Company has adopted **Executive Officer and Director Stock Ownership Guidelines** to communicate the level of common stock ownership that is expected in these positions. These guidelines encourage Directors and Executive Officers to acquire a minimum level of ownership of Axcelis common stock over a five-year period. A copy of these guidelines is available from the General Counsel.
- 1.3. Obligations of Directors and Executive Officers. All ownership of Axcelis securities by Directors and Executive Officers is subject to these Policies and Practices, which are based on, but may be broader than, legal requirements under the Securities Act of 1933 or the Securities Exchange Act of 1934, and the rules and regulations issued by the Securities and Exchange Commission (collectively referred to herein as “US Securities Laws”). Any failure to comply with the reporting requirements and trading restrictions described in these Policies and Practices should be immediately reported to the General Counsel.

2. REPORTING TO THE SECURITIES EXCHANGE COMMISSION

- 2.1. Who Must Report. All Directors and Executive Officers are required to file with the Securities and Exchange Commission (the “SEC”) certain reports as to their ownership of Company’s equity securities and acquisitions and dispositions of such securities on Forms 3, 4 and 5 (“Section 16 Reports”). Even a former Executive Officer or Director must file a Section 16 Report for any purchase, sale, or option exercise if the transaction occurs within six months following a Section 16 Report of a transaction going the opposite way (e.g., sale vs. purchase) during the individual’s service at the Company. The transactions so reported may be the basis of Short Swing liability (See Section 3.4 below).
- 2.2. Process for Preparing and Filing Section 16 Reports. The obligation to file Section 16 Reports is the personal obligation of each Director and Executive Officer. However, the Company has a significant interest in ensuring that all forms are filed correctly and on time. Accordingly, on election to the Board or as an Executive Officer, you will be asked to provide a Power of Attorney to Axcelis’ General Counsel to execute Section 16 Reports on your behalf¹. The General Counsel will then prepare and file all Section 16 Reports relating to transactions of which she is aware. This will include all transactions relating to awards issued under the Stock Plans and any market or private transaction of which you provide notice to the General Counsel in a timely manner. Please keep in mind that **US Securities Laws generally require any stock transaction to be reported on a Section 16 Report within 2 business days from the transaction**, and therefore prompt advance notice is necessary. These filings are made electronically through the SEC’s EDGAR system, and once filed, are publicly available. You can obtain copies of your filings at any time, either through the EDGAR website or by asking the General Counsel. See the Company’s **Insider Trading Policy** for required pre-approval and post-sale notification processes.

¹ Directors not wishing to provide powers of attorney to Axcelis’ General Counsel should discuss with the General Counsel their proposed alternative method of insuring compliance with Section 16 Report obligations.

- 2.3. Specific Section 16 Reports. A summary of the reporting requirements for most types of transactions is attached hereto as Appendix A. New Directors and Executive Officers must file a **Form 3**, the Initial Statement of Beneficial Ownership of Securities, within ten days of their election or appointment. A Director or Executive Officer is required to file a Form 3 even if he or she does not own any shares of the Company's Common Stock. A **Form 4** is used to report almost all transactions involving the Company's securities during the period in which a Director or Executive Officer is serving the Company, and up to six months thereafter. An annual **Form 5**, due within 45 days after each year-end (i.e., by February 14), must be filed by Directors and Executive Officers to report certain transactions not previously reported on Form 4. See Appendix A.
- 2.4. Enforcement of Section 16 Reports and Proxy Statement Disclosure. The SEC takes the obligation to file Section 16 Reports seriously and has imposed substantial fines in flagrant cases. Any person who willfully fails to file a Section 16 Report which he or she knew was required to be filed or who willfully misrepresents information reported in any such filing may be subject to criminal sanctions. A Director or Executive Officer failing to make Section 16 Report filings could also be subject to SEC enforcement orders and possible civil liability. In addition, the SEC's rules require Axcelis to disclose in its proxy statement or Form 10-K the name of any Director or Executive Officer who failed to make a required filing or who made a late filing during the prior year.
- 2.5. Form 144 - a Report Required only When Selling. A report on **Form 144** will also be required to be filed with the SEC when a Director or Executive officer sells, during any three-month period, more than 5,000 shares or shares with a sale price exceeding \$50,000 in one or more market transactions (i.e., other than under a registration statement filed with the SEC).² Unlike Section 16 Reports, which are filed after the transaction, a Form 144 must be filed **not later than the date of the first sale** by a Director or Executive Officer. Any relative or spouse sharing the same home as any Director or Executive Officer, and any trust or estate of which any of the foregoing is trustee or executor, must also file a Form 144 if such person or entity sells the threshold amount of Company securities. **A registered broker-dealer handling the transaction typically files the Form 144 for you** and will send you a blank Form 144 to complete and a representation letter regarding your ownership of the shares being sold and other transactions by you within recent periods. **If you are working on a sale with a broker who has not asked you to complete a Form 144, do not proceed with the sale until you are referred to a Form 144 specialist who understands that you are a Director or Executive Officer.**
- 2.6. Additional Rule 144 Compliance. The following additional requirements apply when you or a related person sell Axcelis shares:

² You will not be required to file additional Form 144s as long as you are selling securities covered by the first Form 144 within the three-month period. Whether or not you sell all of the securities covered by the first Form 144 during the three month period, a new Form 144 must be filed prior to the commencement of any sales thereafter.

- All sales (whether or not a Form 144 is required) must be made only in ordinary "brokers' transactions," directly to a market maker, or in a riskless principal transaction (i.e., no solicitation or special selling efforts, nor any payments to any person other than the broker executing the sale order).
- A Director or Executive Officer (or related persons) may not sell more than a specified number of shares under a Form 144 during any three-month period. At Axcelis, the share limit is currently more than 1 million shares.³
- Form 144 sales would be unavailable if the Company has failed to file the required Form 10-Ks and Form 10-Qs due during the prior 12 months.
- If the shares being sold were acquired other than in the public markets or under a Stock Plan, you may be subject to a holding period before you are permitted to sell them.
- If you or one of your related persons makes a gift of Axcelis shares, the gift recipient may be subject to the Rule 144 resale requirements even if the recipient has nothing to do with Axcelis. You should consult with the Company's General Counsel before making the gift.

3. PROHIBITED TRADING ACTIVITIES BASED ON THE TIMING OF THE TRADE

- 3.1. Insider Trading Prohibitions. Trading in the Company's securities by a person (including, but not limited to, a Director or Executive Officer) who has knowledge of **undisclosed material information** about the Company violates the US Securities Laws. Anyone in possession of such material inside information must abstain from trading in Company stock until after full disclosure has been made. The Company's **Insider Trading Policy** provides guidance on the types of non-public information which may be material. Directors and Executive Officers should discuss with the General Counsel, or their own counsel, if they are ever uncertain whether non-public Company information is material. Please ensure that your spouses and immediate family members (particularly those sharing the same address as you), and management of any company you control, understand your obligations to refrain from trading in Axcelis securities during certain periods, since their trading activities may be imputed to you. The US Securities Laws also prohibit the passing of material non-public information to other individuals ("tipping") to enable such individuals to trade in a company's securities on the basis of undisclosed information. Violations of US Securities Laws against insider trading can subject a Director or Executive Officer to civil liability to purchasers or sellers of the Company's securities who do not possess such information, and to possible civil and criminal action by the

³ The number of shares of Common Stock that may be sold in any three month period under Rule 144 is the **greater** of (i) one percent of the total number of shares of Common Stock outstanding as shown by the most recent report or statement published by the Company or (ii) the average weekly volume of trading, as reported by Nasdaq, during the four weeks preceding the filing of a Form 144.

SEC. In cases involving trading on the basis of material nonpublic information, the SEC may seek civil penalties equal to five times the amount of profit gained or loss avoided.

3.2. Practices to Avoid Insider Trading Problems. The Company's **Insider Trading Policy** sets forth requirements which apply to Directors, Executive Officers and certain others, including:

- Trading pre-approval requirements and post-sale notifications;
- The "black out" periods between the two weeks prior to the end of each fiscal quarter and two trading days after the public release of financial information, during which time trades may not occur; and
- The process for implementing a **10b5-1 trading plan** which would permit trades during otherwise impermissible periods.

3.3. Short Swing Prohibition. In addition to insider trading prohibitions discussed above, the US Securities Laws **impose strict liability on Directors or Executive Officers buying and selling their company's securities within any six month period**. This "Short Swing" trade liability is an early "blunt instrument" approach to insider trading, first implemented in 1934 and remaining on the books today. The concept is that Directors or Executive Officers who are trading in and out of positions within a relatively short period may be using insider information to personal advantage. If a Director or Executive Officer buys and sells (or sells and buys) any number of shares on dates that fall within a six month period, the insider must pay over to the Company any "profit" (see Appendix B for a definition) made when the two transactions are matched. This provision establishes an absolute standard of liability, which means that the Director's or Executive Officer's good faith and the absence of any improper use of inside information are irrelevant. Items to keep in mind are:

- This prohibition applies whether or not the trades occur during normal trading windows (i.e., not in a black out period).
- It is no defense that the reporting person did not realize the transaction would be considered a purchase or sale or did not realize that a transaction by another could be attributed to him or her.
- The Company may not waive the violation, permit rescission of the transaction involving the violation or settle for less than the entire "profit" realized, unless recovery on the merits is in serious doubt. If the Company fails to recover the "profit" or to bring a suit to do so, any stockholder may sue the Director or Executive Officer on behalf of the Company to recover such "profit". There are lawyers who make a business from regularly reviewing Section 16 Reports and bringing actions to recover "profits" on a contingent fee basis if a company fails to directly enforce collection. As a result, if the General Counsel identifies a Short Swing transaction, you will be asked to immediately pay over to the Company the amount of any "profits" you received as a result of the transactions.

Appendix B provides more detail on the various definitions and criteria incorporated in the Short Swing rules. A Director or Executive Officer may want to consult a personal attorney in the event that the Company determines that a Short Swing transaction has occurred.

4. CERTAIN SECURITIES TRANSACTIONS PROHIBITED AT ALL TIMES

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if Directors and Executive Officers engage in certain types of securities transactions. To avoid this, the Company's policy is that certain types of securities transactions should either be restricted or prohibited, as follows:

- 4.1. No Transfer or Pledge of Stock Awards. **The agreements which document awards under the Stock Plans prohibit any transfer or assignment of (which includes a pledge or grant of security interest in) any rights under Stock Plan awards, except on death.** Shares of common stock issued on exercise of options or on vesting of restricted stock units may be transferred, subject to the provisions of these Policies and Practices.
- 4.2. Margin Accounts and Pledged Securities. **Directors and Executive Officers are prohibited from holding Axcelis securities in a margin account or otherwise pledging Company securities as collateral for a loan.** Securities held in a margin account as collateral for a margin loan may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. This prohibition is necessary because a margin sale or foreclosure sale may occur at a time when the Director or Executive Officer is aware of material nonpublic information or otherwise is not permitted to trade in Axcelis securities.
- 4.3. Standing and Limit Orders. The Company therefore discourages placing standing or limit orders on Axcelis securities. Standing and limit orders (except standing and limit orders under approved Rule 10b5-1 Plans, as described in the **Insider Trading Policy**), create heightened risks for insider trading violations similar to the use of margin accounts. There is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a Director or Executive Officer is in possession of material nonpublic information. If a person subject to these Policies and Practices determines that they must use a standing order or limit order, the order should be limited to short duration and should otherwise comply with the restrictions and procedures outlined above under the heading "*Practices to Avoid Insider Trading Problems.*"
- 4.4. Publicly-Traded Options. **Transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by these Policies and Practices.** Given their relatively short term, transactions in publicly-traded options on Axcelis stock may create the appearance that a Director or Executive Officer is trading based on material nonpublic information. Ownership of these types of put and call options could also focus the Director's or Executive Officer's attention on short-term performance at the expense of the Company's long-term objectives.

- 4.5. Hedging Transactions. **In addition to the short sale transactions prohibited by law (see Section 4.6 below), Directors and Executive Officers are prohibited from acquiring or entering into any financial instruments or arrangements that are designed to hedge or offset any decrease in the market value of Axcelis equity securities.** Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such hedging transactions may permit a stockholder to continue to own Company securities, but without the full risks and rewards of ownership. When that occurs, the stockholder may no longer have the same objectives as the Company's other shareholders.
- 4.6. Prohibition on "Short Sales". **The US Securities Laws (Section 16(c)) and Company policy prohibit Directors and Executive Officers from engaging in "short sales" and "short sales against the box."** In a short sale, the seller attempts to profit from an anticipated drop in market price by selling securities he or she does not then own and covering with securities bought after the decline. A short sale against the box is a hedging device in which the seller owns the securities he or she has sold but wishes to protect his or her long position against price declines while deferring realization of gain. In covering his or her sale, the seller either (i) delivers other securities bought during a price decline (while holding the securities already owned for long-term gain), or (ii) delivers the securities already owned if the price has increased. The market perception is that such transactions represent bets against the Company's securities, short sales by directors and officers are also prohibited by Company policy.

RELATED POLICIES

Insider Trading Policy
Director and Executive Stock Ownership Guidelines

APPENDIX A- Section 16 Reports

<u>Transaction</u>	<u>Sensitive for Timing Purposes</u>	<u>§16(a) Report</u>	<u>§16(b) Short Swing Profit Liability</u>
OPEN MARKET			
Purchase	Yes	Form 4	Yes
Sale	Yes	Form 4	Yes
STOCK PLAN TRANSACTIONS			
Grant of Option, RSU or other stock award	No	Form 4	No
Vesting of an Option	No	No	No
Vesting of Restricted Stock Units (if grant reported in Table II)	No	Yes	No
Vesting of Restricted Stock Units if grant reported in Table I and shares are forfeited to cover tax withholding	No	Yes	No
Expiration or Termination of an Option or RSU or other award	No	No	No
Exercise of Option for Stock	No	Form 4	No
Use of Stock to Pay Exercise Price or Withholding Tax	No	Form 4 ¹	No
Sale of Stock (including to cover RSU tax withholding or on a “cashless option exercise”)	Yes	Form 4	Yes
EMPLOYEE STOCK PURCHASE PLAN			
Election to Participate/Grant of Purchase Right	No	No Report	No
Acquisition of Stock	No	Form 5/No Report ²	No
Sale of Stock	Yes	Form 4	Yes
OTHER TRANSACTIONS			
Receipt of Stock Dividend or Split	No	No Report ²	No
Gift by or to Officer or Director	Yes	Form 4	No

¹ Withheld shares should be included in the number of shares reported as acquired upon the exercise of options. Stock withholding also is reportable as a disposition.

² Must be reflected in the inventory of securities owned that the reporting person provides in subsequent reports.

Ownership That Must Be Reported. Each Director and Executive Officer must report all equity securities of the Company of which he or she is the “beneficial owner.” For this purpose, a person is deemed the “beneficial owner” of shares in which he or she has a direct or indirect pecuniary interest. These include securities owned by members of the immediate family sharing the same residence as the reporting person, securities held by certain trusts of which the reporting person or a family member is a beneficiary or has another pecuniary interest, and securities owned by certain partnerships, controlled corporations, and other entities in which the reporting person has a pecuniary interest.

Form 4s. Form 4s must be filed before the end of the second business day after the date on which a purchase or sale of Common Stock or another equity security occurs, including the grant of an option or restricted stock, the exercise of an option. In the case of transactions under a 10b5-1 trading plan, where the Director or Executive Officer does not pick the execution date, the Director or Executive Officer has 2 business days after notice of the trade to file.

Form 5s. No Form 5 is required from any person who has nothing to report. The Company will solicit this information annually. Former Executive Officers and former Directors also must file a Form 5 for their last year of service if necessary to report otherwise unreported transactions. You should note that, although reporting of some transactions may be deferred, the preferred practice is that in most instances they should nonetheless be reported on Form 4 currently as they take place. This will avoid the need to track transactions for months after they occur, thereby increasing the risk of inadvertent reporting violations.

APPENDIX B- Short Swing Profit Recapture (Section 16(b))

Transactions Before and After Holding Office. As a general rule, transactions before one becomes a Director or Executive Officer are not matchable with transactions while holding office. However, Section 16(b) would apply if a former Director or Executive Officer buys or sells shares after his or her resignation and within six months of such transaction engaged in a matchable “opposite way” transaction while a Director or Executive Officer.

“Purchase” and “Sale” Definitions. Appendix A includes information under the heading “*Short Swing Profit Liability*” on the types of transactions which are purchases and sales for the purposes of Short Swing liability and which are not. In general, the matching rules for determining whether a purchase and a sale have occurred within a six-month period are broadly conceived to accomplish the purposes of Section 16(b). The general rule is that a change in beneficial ownership that is **volitional** on the part of the beneficial owner and for which he or she gave or received **value** (i.e., not a bona fide gift) will be deemed a matchable purchase or a sale. A sale by a Director or Executive Officer pursuant to a Securities Act registration statement does not avoid potential Section 16(b) liability if such a sale can be matched with a purchase occurring within the appropriate six-month period. The purchase and sale of securities which are convertible into or exercisable for the purchase of shares of Common Stock may be matched either against the sale and purchase of other securities which are so convertible or the sale and purchase of shares of Common Stock. For example, a sale of warrants to acquire Common Stock might be matched either against a purchase of warrants or a purchase of Common Stock within six months before or after such sale.

Attribution. Transactions by certain family members and partnerships, corporations and trusts over which a Director or Executive Officer can exercise a controlling influence may be attributed to that Director or Executive Officer. Directors and Executive Officers should avoid sales within six months of a purchase of Axcelis shares by such a person or entity and avoid purchases within six months of a sale of shares by such a person or entity.

Determination of “profit”. “Profit” is the difference between the price of any purchase and the price of any sale made within a six-month period, regardless of order. Profit can be reduced by the commissions paid by the trader on the purchase and sale. Transactions are paired so as to match the highest sale price with the lowest purchase price within a six-month period, the next highest sale price with the next lowest purchase price within the period, and so on, until all shares have been included in the computation. The courts apply these provisions with mechanical rigidity to extract the maximum profit.

Liability cannot be avoided by designating the specific shares to be sold, by application of a “first in, first out” rule or by any other approach designed to establish that particular securities were held for the requisite six-month period. *All shares are fungible for purposes of Short Swing liability.* Losses cannot be offset against gains.

A Director or Executive Officer can be liable to the Company for short-swing profit even though he or she has suffered an economic loss. For example, if a Director or Executive Officer purchases 10,000 shares at \$9.00, sells them at \$8.50, buys a second 10,000 shares at \$9.25 and sells them at \$9.50, all within the same six-month period. The reporting person would incur an out-of-pocket net loss on the transactions of \$2,500, but for purposes of Section 16(b) would incur a liability of \$5,000 to the Company, based on the difference between the sale of 10,000 shares at \$9.50 (the highest sales price) and the purchase of 10,000 shares at \$9.00 (the lowest purchase price).