

ADVANCED ENERGY INDUSTRIES INC

FORM S-8

(Securities Registration: Employee Benefit Plan)

Filed 10/7/1998

Address	1625 SHARP POINT DR FT COLLINS, Colorado 80525
Telephone	970-221-4670
CIK	0000927003
Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ADVANCED ENERGY INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 84-0846841

(State or other
jurisdiction of
incorporation or
organization)

(I.R.S. Employer
Identification No.)

1625 SHARP POINT DRIVE, FORT COLLINS, COLORADO 80525
(Address of Principal Executive Offices) (Zip Code)

RF POWER PRODUCTS, INC. 1992 STOCK OPTION PLAN

RF POWER PRODUCTS, INC. 1993 NON-EMPLOYEE DIRECTORS STOCK OPTION

PLAN

RF POWER PRODUCTS, INC. 1995 STOCK OPTION PLAN

(Full title of the plans)

RICHARD P. BECK
ADVANCED ENERGY INDUSTRIES, INC.
1625 SHARP POINT DRIVE, FORT COLLINS, COLORADO 80525
(Name and address of agent for service)

(970) 221-4670
(Telephone number, including area code, of agent for service)

with copies to:
CARISSA C. W. COZE
THELEN REID & PRIEST LLP

TWO EMBARCADERO CENTER, 21ST FLOOR, SAN FRANCISCO, CALIFORNIA

94111-3995

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per share (2)	Proposed maximum aggregate offering price (2)	Amount of registration fee
Common Stock, \$0.001 par value	14,027 shares 6,582 shares	\$ 0.67 3.42	\$1,561,740.87	\$460.75

88,627 shares	8.75
494 shares	8.93
494 shares	10.26
3,292 shares	11.03
8,229 shares	15.01
28,797 shares	17.29
4,937 shares	17.65

(1) Pursuant to the Agreement and Plan of Merger dated as of June 1, 1998 (the "Merger Agreement"), by and among the registrant, Warpspeed, Inc. and RF Power Products, Inc. ("RF Power"), the registrant will assume all of the outstanding options to purchase common stock of RF Power granted under the RF Power Products, Inc. 1992 Stock Option Plan, RF Power Products, Inc. 1993 Non-Employee Directors Stock Option Plan and RF Power Products, Inc. 1995 Stock Option Plan. Such options will be converted into options to purchase Common Stock of the registrant, with appropriate adjustments to the number of shares and exercise price of each assumed option to reflect the ratio at which RF Power common stock will be converted into Common Stock of the registrant under the Merger Agreement.

(2) Pursuant to Rule 457(h) under the Securities Act of 1933, the aggregate offering price and the registration fee have been computed based on the fixed prices at which the options to purchase Common Stock of the registrant will be exercisable.

PART 1

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

This Registration Statement on Form S-8 is being filed to register the Common Stock, \$0.001 par value ("Common Stock"), of Advanced Energy Industries, Inc., a Delaware corporation (the "Company"), issuable pursuant to the Company's assumption of the RF Power Products, Inc. 1992 Stock Option Plan, RF Power Products, Inc. 1993 Non-Employee Directors Stock Option Plan and RF Power Products, Inc. 1995 Stock Option Plan (collectively, the "Plans"), and certain options granted under the Plans, which Plans and options were assumed by the Company in connection with its acquisition of RF Power Products, Inc. The documents containing the information specified in Part I of Form S-8 will be or have been sent or given to participants in the Plans, as specified by Rule 428(b)(1) under the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not submitted to the Securities and Exchange Commission (the "Commission") herewith in accordance with the Note to Part I of Form S-8, but (together with the documents incorporated by reference herein pursuant to Item 3 of Part II, below) shall constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

Item 1. PLAN INFORMATION

See above.

Item 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION

See above.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. INCORPORATION OF DOCUMENTS BY REFERENCE

The following documents filed with the Commission by the Company are incorporated by reference in this Registration Statement:

- (a) The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1997;
- (b) All other reports filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since the end of the fiscal year covered by the Annual Report referred to in (a) above; and
- (c) The description of the Common Stock contained in the Company's registration statement on Form 8-A filed under the Exchange Act on October 12, 1995, including any amendment or report filed for the purpose of updating such description.

All documents subsequently filed by the Company pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing (except that no document shall be deemed to be incorporated by reference herein if such document is filed after the filing of a post-effective amendment which indicates that all securities offered hereunder have been sold or which deregisters securities then remaining unsold).

Item 4. DESCRIPTION OF SECURITIES

Not applicable.

Item 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not applicable.

Item 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

As permitted by the Delaware General Corporation Law ("DGCL"), the Company's Certificate of Incorporation, as amended (the "AE Certificate"), provides that no director shall be personally liable to the Company or any stockholder for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the duty of loyalty to the Company or its stockholders; (ii) for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of the law; (iii) arising from payment of dividends or approval of a stock purchase in violation of Section 174 of the DGCL; or (iv) for any action from which the director derived an improper personal benefit. While the AE Certificate provides protection from awards for monetary damages for breaches of the duty of care, it does not eliminate the director's duty of care. Accordingly, the AE Certificate will not affect the availability of equitable remedies, such as an injunction, based on a director's breach of the duty of care. The provisions of the AE Certificate described above apply to officers of the Company only if they are directors of the Company and are acting in their capacity as directors, and does not apply to officers of the Company who are not directors.

In addition, the Company's Bylaws provide that the Company shall indemnify its Executive Officers (as defined in Rule 3b-7 promulgated under the Exchange Act) and directors, and any employee who serves as an Executive Officer or director of any corporation at the Company's request, to the fullest extent permitted under and in accordance with the DGCL; provided, however, that the Company may modify the extent of such indemnification by individual contracts with its Executive Officers and directors; and, provided further, that the Company shall not be required to indemnify any Executive Officer or director in connection with any proceeding (or part thereof) initiated by such person unless: (i) such indemnification is expressly required to be made by law; (ii) the proceeding was authorized by the directors of the Company; (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the DGCL; or (iv) such indemnification is required to be made under Article XI, Section 43, Subsection (d) of the Company's Bylaws. Under the DGCL, directors and officers as well as employees and individuals may be indemnified against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with specified actions, suits or proceedings, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation as a derivative action) if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful.

The Company maintains a policy of directors' and officers' liability insurance that insures the Company's directors and officers against the costs of defense, settlement or payment of a judgment under certain circumstances.

Item 7. EXEMPTION FROM REGISTRATION CLAIMED

Not applicable

Item 8. EXHIBITS

Number	Exhibit
4	INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES
4.1	Company's Restated Certificate of Incorporation *
4.2	Company's Bylaws *
4.3	RF Power Products, Inc. 1992 Stock Option Plan
4.4	RF Power Products, Inc. 1993 Non-Employee Directors Stock Option Plan
4.5	RF Power Products, Inc. 1995 Stock Option Plan
5	OPINION OF COUNSEL
23	CONSENTS OF EXPERTS AND COUNSEL
23.1	Consent of Independent Accountants
23.2	Consent of Counsel (included in Exhibit 5)
24	POWERS OF ATTORNEY (included on the Signature Pages to this Registration Statement)

* Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 33-97188) filed September 20, 1995, as amended.

Item 9. UNDERTAKINGS

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in the volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however that paragraphs (a)(1)(i) and (a)(1)(ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the

event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Fort Collins, State of Colorado, on October 6, 1998.

Advanced Energy Industries, Inc., a Delaware corporation

By: /s/ Richard P. Beck
Name: Richard P. Beck
Title: Senior Vice President and
 Chief Financial Officer

POWER OF ATTORNEY

Each person whose signature appears below hereby appoints Douglas S. Schatz, Hollis Caswell and Richard P. Beck, and each of them severally, acting alone and without the other, his true and lawful attorney-in-fact with authority to execute in the name of each such person, and to file with the Securities and Exchange Commission, together with any exhibits thereto and other documents therewith, any and all amendments (including without limitation post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, necessary or advisable to enable the Registrant to comply with the Securities Act and any rules, regulations and requirements of the Securities and Exchange Commission in respect thereof, which amendments may make such changes in this registration statement as the aforesaid attorney-in-fact deems appropriate.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

Date: October 6, 1998 /s/ Douglas S. Schatz
Douglas S. Schatz
President and Chief Executive Officer and Director
(Principal Executive Officer)

Date: October 6, 1998 /s/ Richard P. Beck
Richard P. Beck
Senior Vice President and
Chief Financial Officer and Director
(Principal Financial and Accounting Officer)

Date: G. Brent Backman Director

Date: October 6, 1998 */s/ Hollis Caswell*
Hollis Caswell
Director

Date: *Elwood Spedden*
Director

Date: October 6, 1998 */s/ Arthur A. Noeth*
Arthur A. Noeth
Director

EXHIBIT INDEX

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* Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 33-97188) filed September 20, 1995, as amended.

RF POWER PRODUCTS, INC.

1992 STOCK OPTION PLAN

1. Purpose. RF Power Products, Inc. (the "Company") hereby adopts the RF Power Products, Inc. 1992 Stock Option Plan (the "Plan"). The Plan is intended to recognize the contributions made to the Company by employees (including employees who are members of the Board of Directors), consultants and advisors of the Company or any Affiliate, to provide such persons with additional incentive to devote themselves to the future success of the Company or an Affiliate, and to improve the ability of the Company or an Affiliate to attract, retain, and motivate individuals upon whom the Company's sustained growth and financial success depend, by providing such persons with an opportunity to acquire or increase their proprietary interest in the Company through receipt of rights to acquire the Company's Common Stock, par value \$.01 per share (the "Common Stock").

2. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) "Affiliate" means a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of section 424(e) or (f) of the Code.

(b) "Board of Directors" means the Board of Directors of the Company.

- (c) "Change of Control" shall have the meaning as set forth in Section 9 of the Plan.
- (d) "Code" means the Internal Revenue Code of 1986, as amended.
- (e) "Committee" means the members of the Board of Directors who are not eligible to receive options under the Plan or a committee designated by the Board of Directors as described in Section 3 of the Plan.
- (f) "Company" means RF Power Products, Inc., a New Jersey corporation.
- (g) "Disability" shall have the meaning set forth in section 22(e)(3) of the Code.
- (h) "Fair Market Value" shall have the meaning set forth in Section 8(b) of the Plan.
- (i) "ISO" means an Option granted under the Plan which is intended to qualify as an "incentive stock option" within the meaning of section 422(b) of the Code.
- (j) "Non-qualified Stock Option" means an option granted under the Plan which is not intended to qualify, or otherwise does not qualify, as an "incentive stock option" within the meaning of section 422(b) of the Code.
- (k) "Option" means either an ISO or a Non-qualified Stock Option granted under the Plan.
- (l) "Optionee" means a person to whom an option has been granted under the Plan, which Option has not been exercised and has not expired or terminated.

- (m) "Option Document" means the document described in Section 8 which sets forth the terms and conditions of each grant of Options.
- (n) "Option Price" means the price at which Shares may be purchased upon exercise of an Option, as calculated pursuant to subsection 8(b).
- (o) "Shares" means the shares of Common Stock of the Company which are the subject of Options.

3. Administration of the Plan. The Plan shall be administered by a committee composed of two or more of the members of the Company's Board of Directors who are not eligible to receive Options under the Plan; however, the Board may designate two committees to operate and administer the Plan in its stead, one of such committees composed of two or more of its directors who are not eligible to receive Options under the Plan to operate and administer the Plan with respect to each person who is a "Principal Officer" (as defined below), and the other such committee composed of two or more directors (which may include directors who are also employees, consultants or advisors of the Company) to operate and administer the Plan with respect to each person other than a "Principal Officer." Any of such committees designated by the Board of Directors is referred to as the "Committee." As used herein, the term "Principal Officer" means a person who is an "officer" of the Company, within the meaning of Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934, as amended, or any successor regulation.

(a) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.

(b) Grants. The Committee shall from time to time at its discretion direct the Company to grant Options pursuant to the terms of the Plan. The Committee shall have plenary authority to (i) determine the Optionees to whom, the times at which, and the price at which Options shall be granted,

(ii) determine the type of Option to be granted and the number of Shares subject thereto, and (iii) approve the form and terms and conditions of the Option Documents; all subject, however, to the express provisions of the Plan. In making such determinations, the Committee may take into account the nature of the Optionee's services and responsibilities, the Optionee's present and potential contribution to the Company's success and such other factors as it may deem relevant. The interpretation and construction by the Committee of any provisions of the Plan or of any Option granted under it shall be final, binding and conclusive.

(c) Exculpation. No member of the Committee shall be personally liable for monetary damages as such for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of options thereunder unless (i) the member of the Committee has breached or failed to perform the duties of his office within the meaning of

Chapter 6 of the Business Corporation Act of New Jersey, New Jersey Revised Statutes Title 14A, as amended, and (ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness; provided, however, that the provisions of this subsection 3(c) shall not apply to the responsibility or liability of a member of the Committee pursuant to any criminal statute or to the liability of a member of the Committee for the payment of taxes pursuant to local, state or federal law.

(d) Indemnification. Service on the Committee shall constitute service as a member of the Board of Directors of the Company. Each member of the Committee shall be entitled without further act on his part to indemnify from the Company to the fullest extent provided by applicable law and the Company's Certificate of Incorporation and/or Bylaws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Options thereunder in which he or she may be involved by reason of his or her being or having been a member of the Committee, whether or not he or she continues to be such member of the Committee at the time of the action, suit or proceeding.

4. Grants under the Plan. Grants under the Plan may be in the form of a Non-qualified Stock Option, an ISO or a combination thereof, at the discretion of the Committee.

5. Eligibility. All employees (including employees who are members of the Board of Directors of the Company or its Affiliates), consultants and advisors of the Company or its

Affiliates shall be eligible to receive Options hereunder. The Committee, in its sole discretion, shall determine whether an individual qualifies as an employee, consultant or advisor of the Company or its Affiliates.

6. Shares Subject to Plan. Prior to November 30, 1996, the aggregate maximum number of Shares for which Options may be granted pursuant to the Plan is 1,200,000. On and after November 30, 1996, subject to stockholder approval at the 1997 Annual Stockholders Meeting, the aggregate number of Shares which may be issued pursuant to the Plan is (i) 1,200,000 Shares, plus (ii) an amount equal to 1% of the total number of shares of Common Stock outstanding on the last trading day of the fiscal year ended November 30, 1996, plus (iii) additional amounts equal to 1% of the total number of shares of Common Stock outstanding on the last trading day of each succeeding fiscal year, such amounts to be added at the end of each such year. The Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If an Option terminates or expires without having been fully exercised for any reason, the Shares for which the Option was not exercised may again be the subject of an Option granted pursuant to the Plan.

7. Term of the Plan. The Plan is effective as of July 10, 1992, the date on which it was adopted by the Board of Directors, subject to the approval of the Plan on or before July 10, 1993, by a majority of the votes cast at a duly called meeting of the shareholders at which a quorum representing a

majority of all outstanding voting stock of the Company is, either in person or by proxy, present and voting, or by consent in writing of shareholders representing a majority of all outstanding voting stock of the Company. No Option may be granted under the Plan after July 10, 2002. No Option granted pursuant to the Plan may be exercised before the Plan is so approved by the Company's shareholders. If the Plan is not so approved on or before July 10, 1993, all options granted under the Plan shall be null and void.

8. Option Documents and Terms. Each Option granted under the Plan shall be a Non-qualified Stock Option unless the Option shall be specifically designated at the time of grant to be an ISO for Federal income tax purposes. Options granted pursuant to the Plan shall be evidenced by the Option Documents in such form as the Committee shall from time to time approve, which Option Documents shall comply with and be subject to the following terms and conditions and such other terms and conditions as the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Option Shares. Each Option Document shall state the number of Shares to which it pertains. An Optionee may receive more than one Option, which may include options which are intended to be ISOs and Options which are not intended to be ISOs, but only on the terms and subject to the conditions and restrictions of the Plan.

(b) Option Price. Each Option Document shall state the Option Price which, for all ISOs, shall be at least

100% of the Fair Market Value of the Shares at the time the Option is granted as determined by the Committee in accordance with this subsection 8(b); provided, however, that if an ISO is granted to an Optionee who then owns, directly or by attribution under section 424(d) of the Code, shares possessing more than 10% of the total combined voting power of all classes of stock of the Company or an Affiliate, then the Option Price shall be at least 110% of the Fair Market Value of the Shares at the time the option is granted. If the Common Stock is traded in a public market, then the Fair Market Value per share shall be, if the Shares are listed on a national securities exchange or included in the NASDAQ National Market System, the last reported sale price thereof on the relevant date, or, if the Shares are not so listed or included, the mean between the last reported "bid" and "asked" prices thereof, as reported on NASDAQ or, if not so reported, as reported by the National Daily Quotation Bureau, Inc., or as reported in a customary financial reporting service, as applicable and as the Committee determines, on the relevant date. If the Common Stock is not traded in a public market on the relevant date, the Fair Market Value shall be as determined in good faith by the Committee.

(c) Exercise. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and of payment in full of the Option Price for the Shares to be purchased. Each such notice shall specify the number of Shares to be purchased and shall (unless the Shares are covered by a then current registration statement

or a Notification under Regulation A under the Securities Act of 1933, as amended (the "Act")), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (i) such Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act), (ii) the Optionee has been advised and understands that (A) the Shares have not been registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act, and are subject to restrictions on transfer and (B) the Company is under no obligation to register the Shares under the Act or to take any action which would make available to the Optionee any exemption from such registration, (iii) such Shares may not be transferred without compliance with all applicable federal and state securities laws, and (iv) an appropriate legend referring to the foregoing restrictions on transfer and any other restrictions imposed under the Option Documents may be endorsed on the certificates. Notwithstanding the foregoing, if the Company determines that issuance of Shares should be delayed pending (i) registration under federal or state securities laws, (ii) the receipt of an opinion that an appropriate exemption from such registration is available, (iii) the listing or inclusion of the Shares on any securities exchange or in an automated quotation system or (iv) the consent or approval of any governmental regulatory body whose consent or approval is necessary in connection with the issuance of such Shares, the

Company may defer exercise of any Option granted hereunder until any of the events described in this subsection 8(c) has occurred.

(d) Medium of Payment. An Optionee shall pay for Shares (i) in cash, (ii) by certified check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve, including payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board. Furthermore, the Committee may provide in an Option Document that payment may be made in whole or in part in shares of the Company's Common Stock held by the Optionee for at least six months. If payment is made in whole or in part in shares of the Company's Common Stock, then the Optionee shall deliver to the Company certificates registered in the name of such Optionee representing the shares owned by such Optionee, free of all liens, claims and encumbrances of every kind and having an aggregate Fair Market Value on the date of delivery that is at least as great as the Option Price of the Shares (or relevant portion thereof) with respect to which such Option to be exercised by the payment in shares of Common Stock, accompanied by stock powers duly endorsed in blank by the Optionee. Notwithstanding the foregoing, the Committee may impose from time to time such limitations and prohibitions on the use of shares of the Common Stock to exercise an Option as it deems appropriate.

(e) Termination of Options.

(i) No Option shall be exercisable after the first to occur of the following:

(A) Expiration of the Option term specified in the Option Document, which for an ISO shall not exceed (1) ten years from the date of grant, or (2) five years from the date of grant if the Optionee on the date of grant owns, directly or by attribution under section 424(d) of the Code, shares possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of an Affiliate;

(B) The date the Optionee's employment or service with the Company or its Affiliates terminates for any reason other than Disability or death or as otherwise specified in subsection 8(e)(i)(D) or Section 9 below;

(C) Expiration of one year from the date the Optionee's employment or service with the Company or its Affiliates terminates due to the Optionee's Disability or death;

(D) A finding by the Committee, after full consideration of the facts presented on behalf of both the Company and the Optionee, that the Optionee has breached his employment or Service contract with the Company or an Affiliate, or has been engaged in any sort of disloyalty to the Company or an Affiliate, including, without limitation, fraud, embezzlement, theft, commission of a felony or proven dishonesty in the course of his employment or Service, or has disclosed trade secrets or confidential information of the Company or an Affiliate. In such event, in addition to immediate termination of the Option, the Optionee shall automatically forfeit all Shares for which the Company has not yet delivered the share certificates upon refund

by the Company of the Option Price of such Shares. Notwithstanding anything herein to the contrary, the Company may withhold delivery of share certificates pending the resolution of any inquiry that could lead to a finding resulting in a forfeiture; or

(E) The date, if any, set by the Board of Directors as an accelerated expiration date pursuant to

Section 9 hereof.

(ii) Notwithstanding the foregoing, the Committee may extend the period during which an Option may be exercised to a date no later than the date of the expiration of the Option term specified in the Option Documents, as they may be amended, provided that any change pursuant to this subsection 8(e)(ii) that would cause an ISO to become a Non-qualified Stock Option may be made only with the consent of the Optionee.

(A) Transfers. No Option granted under the Plan may be transferred, except by will or by the laws of descent and distribution. During the lifetime of the person to whom an Option is granted, such Option may be exercised only by him. Notwithstanding the foregoing, Non-qualified Stock Option may be transferred pursuant to the terms of a "qualified domestic relations order," within the meaning of sections 401(a)(13) and 414(p) of the Code or within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended. (B) Holding Period. No Option granted under the Plan may be exercised unless such period of time as may

be specified in the Option Documents has elapsed from the date of grant.

(C) Limitation on ISO Grants. No ISO shall be granted if, for any calendar year during which such ISO may be exercised, the Fair Market Value of the Shares (determined at the time the ISO is granted) with respect to which such ISO is exercisable for the first time by the Optionee, plus the aggregate Fair Market Value (determined at such time) of any Shares with respect to which any other incentive stock option of the Company or its Affiliates are exercisable for the first time by the Optionee, exceeds \$100,000. (D) Other Provisions. The Option Documents shall contain such other provisions including, without limitation, provisions authorizing the Committee to accelerate the exercisability of all or any portion of an Option granted pursuant to the Plan, additional restrictions upon the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable. (E) Amendment. The Committee shall have the right to amend Option Documents issued to an Optionee, subject to the Optionee's consent if such amendment is not favorable to the Optionee, except that the consent of the Optionee shall not be required for any amendment made under

Section 9 of the Plan.

9. Change of Control. In the event of a Change of Control, the Committee may take whatever action with respect to the Options outstanding it deems necessary or desirable,

including, without limitation, accelerating the expiration or termination date or the date of exercisability in the respective Option Documents. A "Change of Control" shall be deemed to have occurred upon the earliest to occur of the following events:

(i) the date the shareholders of the Company (or the Board of Directors, if shareholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated, or (ii) the date the shareholders of the Company (or the Board of Directors, if shareholder action is not required) approve a definitive agreement to sell or otherwise dispose of substantially all of the assets of the Company, or
(iii) the date the shareholders of the Company (or the Board of Directors, if shareholder action is not required) and the shareholders of the other constituent corporation (or its board of directors if shareholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into such other corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's Common Stock or other common voting stock immediately prior to the merger or consolidation will hold at least a majority of the ownership of common stock of the surviving corporation (and, if one class of common stock is not the only class of voting securities entitled to vote on the election of directors of the surviving corporation, a majority of the voting power of the surviving corporation's voting securities) immediately after the merger or consolidation, which

common stock (and if applicable voting securities) is to be held in the same proportion as such holders, ownership of Common Stock or other common voting stock of the Company immediately before the merger or consolidation, or (iv) the date any entity, person or group (within the meaning of Section 13(d)(3) or

Section 14(d)(2) of the Securities Exchange Act of 1934, as amended) other than the Company or any of its subsidiaries, or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries, shall have become the beneficial owner of, or shall have obtained voting control over, outstanding shares of the Company's voting stock representing more than fifty percent (50%) of the voting power of all of the Company's outstanding voting stock.

10. Adjustments on Changes in Capitalization. The aggregate number of Shares and class of shares as to which Options may be granted hereunder, and the Option Price shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Common Stock and/or, if appropriate, other outstanding equity securities or a recapitalization or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) affecting the Common Stock which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Section, and

any such determination by the Committee shall be final, binding and conclusive; provided, however, that no adjustment shall be made which will cause an ISO to lose its status as such without the consent of the Optionee, except for adjustments made pursuant to Section 9 hereof.

11. Amendment of the Plan. The Board of Directors of the Company may amend the Plan from time to time in such manner as it may deem advisable. Nevertheless, the Board of Directors of the Company may not: (i) change the class of individuals eligible to receive an ISO, (ii) increase the maximum number of Shares as to which Options may be granted, or (iii) make any other change or amendment as to which shareholder approval is required in order to satisfy the conditions set forth in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, in each case without obtaining approval, within twelve months before or after such action, by vote of a majority of the votes cast at a duly called meeting of the shareholders at which a quorum representing a majority of all outstanding voting stock of the Company is, either in person or by proxy, present and voting on the matter. No amendment to the Plan shall adversely affect any outstanding Option, however, without the consent of the Optionee.

12. No Commitment to Retain. The grant of an Option pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliate to retain the Optionee in

the employ of the Company or an Affiliate and/or as a member of the Company's Board of Directors or in any other capacity.

13. Withholding of Taxes. Whenever the Company proposes or is required to deliver or transfer Shares in connection with the exercise of an Option, the Company shall have the right to (a) require the recipient to remit or otherwise make available to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for each Shares or (b) take whatever other action it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Shares shall be conditioned on the Optionee's compliance, to the Company's satisfaction, with any withholding requirement.

14. Interpretation. The Plan is intended to enable transactions under the Plan with respect to directors and officers (within the meaning of Section 16(a) under the Securities Exchange Act of 1934, as amended) to satisfy the conditions of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended; any provision of the Plan which would cause a conflict with such conditions shall be deemed null and void to the extent permitted by applicable law and in the discretion of the Board of Directors.

RF POWER PRODUCTS, INC.

1993 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN

1. Purpose. RF Power Products, Inc. (the "Company") hereby adopts the RF Power Products, Inc. 1993 Non-Employee Directors Stock Option Plan (the "Plan"). The Plan is intended to recognize the contributions made to the Company by the non-employee members of the Board of Directors of the Company or any Affiliate (as defined below), to provide such persons with additional incentive to devote themselves to the future success of the Company or an Affiliate, and to improve the ability of the Company or an Affiliate to attract, retain, and motivate individuals upon whom the Company's sustained growth and financial success depend, by providing such persons with an opportunity to acquire or increase their proprietary interest in the Company through receipt of options to purchase the Company's Common Stock, par value \$.01 per Share (the "Common Stock").

2. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the following meanings:

(a) "Affiliate" means a corporation which is a parent corporation or a subsidiary corporation with respect to the Company within the meaning of Section 424(e) or (f) of the Code.

(b) "Board of Directors" or "Board" means the Board of Directors of the Company.

(c) "Change in Control" shall have the meaning as set forth in Section 10 of the Plan.

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

(e) "Committee" shall have the meaning set forth in Section 3 of the Plan.

(f) "Company" means RF Power Products, Inc., a Delaware corporation.

(g) "Disability" shall have the meaning set forth in Section 22(e)(3) of the Code.

(h) "Fair Market Value" shall have the meaning set forth in Subsection 8(c) of the Plan.

(i) "Non-employee Director" means a member of the Board of Directors who is not an employee of the Company or an Affiliate.

- (j) "Non-qualified Stock Option" means an Option granted under the Plan which is not intended to qualify, or otherwise does not qualify, as an "incentive stock option" within the meaning of Section 422(b) of the Code.
 - (k) "Option" means a Non-qualified Stock Option granted under the Plan.
 - (l) "Optionee" means a person to whom an Option has been granted under the Plan, which Option has not been exercised and has not expired or terminated.
 - (m) "Option Document" means the document described in Section 8 of the Plan, as applicable, which sets forth the terms and conditions of each grant of Options.
 - (n) "Option Price" means the price at which Shares may be purchased upon exercise of an Option, as calculated pursuant to Subsection 8(c) of the Plan.
 - (o) "Rule 16b-3" means Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.
 - (p) "Shares" means the shares of Common Stock of the Company which are the subject of Options.
3. Administration of the Plan. The Plan shall be administered by the Board of Directors of the Company; however, the Board of Directors may designate a committee composed of two or more of its Non-employee Directors to operate and administer the Plan in its stead.
- (a) Meetings. The Committee shall hold meetings at such times and places as it may determine. Acts approved at a meeting by a majority of the members of the Committee or acts approved in writing by the unanimous consent of the members of the Committee shall be the valid acts of the Committee.
 - (b) Administration. The interpretation and construction by the Committee of any provisions of the Plan or of any Option granted under it shall be final, binding and conclusive.
 - (c) Exculpation. No member of the Board of Directors shall be personally liable for monetary damages for any action taken or any failure to take any action in connection with the administration of the Plan or the granting of Options under the Plan, provided that this

Subsection 3(c) shall not apply to (i) any breach of such member's duty of loyalty to the Company or its stockholders, (ii) acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, (iii) acts or omissions that would result in liability under Section 174 of the General Corporation Law of the State of Delaware, as amended, and (iv) any transaction from which the member derived an improper personal benefit.

(d) Indemnification. Service on the Committee shall constitute service as a member of the Board of Directors of the Company. Each member of the Committee shall be entitled without further act on his or her part to indemnify from the Company to the fullest extent provided by applicable law and the Company's Certificate of Incorporation and/or By-laws in connection with or arising out of any action, suit or proceeding with respect to the administration of the Plan or the granting of Options thereunder in which he or she may be involved by reason of his or her being or having been a member of the Committee, whether or not he or she continues to be such member of the Committee at the time of the action, suit or proceeding.

(e) Limitations on Grants of Options to Consultants and Advisors. With respect to the grant of Options to consultants or advisors, bona fide services shall be rendered by consultants or advisors and such services must not be in connection with the offer or sale of securities in a capital-raising transaction.

4. Grants under the Plan. Grants under the Plan may only be in the form of a Non-qualified Stock Option.

5. Eligibility. All Non-employee Directors shall be eligible to receive Options hereunder. The Committee, in its sole discretion, shall determine whether an individual is eligible to receive Options under the Plan.

6. Shares Subject to Plan. The aggregate maximum number of Shares for which Options may be granted pursuant to the Plan will be increased to one hundred and ninety-five thousand (195,000), subject to adjustment as provided in Section 10 of the Plan. The Shares shall be issued from authorized and unissued Common Stock or Common Stock held in or hereafter acquired for the treasury of the Company. If an Option terminates or expires without

having been fully exercised for any reason, the Shares for which the Option was not exercised may again be the subject of one or more Options granted pursuant to the Plan.

7. Term of the Plan. The Plan is effective as of March 24, 1993 the date on which it was adopted by the Board of Directors, subject to the approval of the Plan on or before March 23, 1994 by a majority of the votes cast at a duly called meeting of the stockholders at which a quorum representing a majority of all outstanding voting stock of the Company is, either in person or by proxy, present and voting. If the Plan is not so approved on or before March 23, 1994, all Options granted under the Plan shall be null and void. No Option may be granted under the Plan after March 23, 2003.

8. Option Documents and Terms. Each Option granted under the Plan shall be a Non-qualified Stock Option. Options granted pursuant to the Plan shall be evidenced by the Option Documents in such form as the Committee shall from time to time approve, which Option Documents shall comply with and be subject to the following terms and conditions and such other terms and conditions as the Committee shall from time to time require which are not inconsistent with the terms of the Plan.

(a) Number of Option Shares. Each Option Document shall state the number of Shares to which it pertains. An Optionee may receive more than one Option on the terms and subject to the conditions and restrictions of the Plan.

(b) Timing of Grants, Number of Shares Subject to Options. Each Non-Employee Director shall be granted automatically, in accordance with the provisions of this Plan:

(i) upon appointment to the Board of Directors, an Option to purchase fifteen thousand (15,000) Shares; and

(ii) annually, commencing on the last business day of November 1995 and on the last business day of November thereafter, an Option to purchase fifteen thousand (15,000) Shares.

(c) Option Price. Each Option Document shall state the Option Price which shall be equal to the Fair Market Value of the Shares on the date the option is granted. If the Common

Stock is traded in a public market, then the Fair Market Value per share shall be, if the Common Stock is listed on a national securities exchange or included in the NASDAQ National Market System, the last reported sale price thereof on the relevant date, or, if the Common Stock is not so listed or included, the mean between the last reported "bid" and "asked" prices thereof on the relevant date, as reported on NASDAQ or, if not so reported, as reported by the National Daily Quotation Bureau, Inc. or as reported in a customary financial reporting service, as applicable and as the Committee determines.

(d) Exercise. Each Option shall be exercisable six (6) months after the date on which it was granted. No Option shall be deemed to have been exercised prior to the receipt by the Company of written notice of such exercise and payment in full of the Option Price for the Shares to be purchased. Each such notice shall specify the number of Shares to be purchased and shall (unless the Shares are covered by a then current registration statement or a Notification under Regulation A under the Securities Act of 1933, as amended (the "Act")), contain the Optionee's acknowledgment in form and substance satisfactory to the Company that (a) such Shares are being purchased for investment and not for distribution or resale (other than a distribution or resale which, in the opinion of counsel satisfactory to the Company, may be made without violating the registration provisions of the Act), (b) the Optionee has been advised and understands that (i) the Shares have not been registered under the Act and are "restricted securities" within the meaning of Rule 144 under the Act and are subject to restrictions on transfer and (ii) the Company is under no obligation to register the Shares under the Act or to take any action which would make available to the Optionee any exemption from such registration, (c) such Shares may not be transferred without compliance with all applicable federal and state securities laws, and (d) an appropriate legend referring to the foregoing restrictions on transfer and any other restrictions imposed under the Option Documents may be endorsed on the certificates. Notwithstanding the foregoing, if the Company determines that issuance of Shares should be delayed pending (A) registration under federal or state securities laws, (B) the receipt of an opinion of counsel acceptable to the Company that an appropriate

exemption from such registration is available, (C) the listing or inclusion of the Shares on any securities exchange or an automated quotation system or (D) the consent or approval of any governmental regulatory body whose consent or approval is necessary in connection with the issuance of such Shares, the Company may defer exercise of any Option granted hereunder until any of the events described in this Subsection 8(d) has occurred.

(e) Medium of Payment. An Optionee shall pay for Shares

(i) in cash, (ii) by certified or cashier's check payable to the order of the Company, or (iii) by such other mode of payment as the Committee may approve, including payment through a broker in accordance with procedures permitted by Regulation T of the Federal Reserve Board. Without limiting the foregoing, the Committee may provide an Option Document that payment may be made in whole or in part in shares of the Company's Common Stock. If payment is made in whole or in part in shares of the Company's Common Stock, then the Optionee shall deliver to the Company certificates registered in the name of such Optionee representing the shares owned by such Optionee, free of all liens, claims and encumbrances of every kind and having an aggregate Fair Market Value on the date of delivery that is at least as great as the Option Price of the Shares (or relevant portion thereof) with respect to which such Option is to be exercised by the payment in shares of Common Stock, accompanied by stock powers duly endorsed in blank by the Optionee. In the event that certificates for shares of the Company's Common Stock delivered to the Company represent a number of shares in excess of the number of shares required to make payment for the Option Price of the Shares (or relevant portion thereof) with respect to which such Option is to be exercised by payment in shares of Common Stock, the stock certificate issued to the Optionee shall represent (i) the Shares in respect of which payment is made, and (ii) such excess number of shares. Notwithstanding the foregoing, the Committee may impose from time to time such limitations and prohibitions on the use of shares of the Common Stock to exercise an Option as it deems appropriate.

- (f) Termination of Options. All Options granted pursuant to this Plan shall be exercisable until the first to occur of the following:
- (i) Expiration of ten (10) years from the date of grant;
- (ii) Expiration of three months from the date the Optionee's service as a Non-employee Director terminates for any reason other than Disability or death; or
- (iii) Expiration of one year from the date the Optionee's service with Company as a Non-employee Director terminates due to the Optionee's Disability or death.
- (g) Transfers. No Option granted under the Plan may be transferred, except by will or by the laws of descent and distribution. During the lifetime of the person to whom an Option is granted, such Option may be exercised only by such person. Notwithstanding the foregoing, a Non-qualified Stock Option may be transferred pursuant to the terms of a "qualified domestic relations order," within the meaning of Sections 401(a)(13) and 414(p) of the Code or within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended.
- (h) Other Provisions. Subject to the provisions of the Plan, the Option Documents shall contain such other provisions including, without limitation, additional restrictions upon the exercise of the Option or additional limitations upon the term of the Option, as the Committee shall deem advisable.
- (i) Amendment. Subject to the provisions of the Plan, the Committee shall have the right to amend Option Documents issued to an Optionee, subject to the Optionee's consent if such amendment is not favorable to the Optionee, except that the consent of the Optionee shall not be required for any amendment made under Section 9 of the Plan, as applicable.
9. Change in Control. In the event of a Change in Control, the Committee may take whatever action it deems necessary or desirable with respect to the Options outstanding, including, without limitation, accelerating the expiration or termination date in the respective Option Documents to a date no earlier than thirty (30) days after notice of such acceleration is

given to the Optionees. In addition to the foregoing, in the event of a Change in Control, Options granted pursuant to the Plan shall become immediately exercisable in full.

A "Change of Control" shall be deemed to have occurred upon the earliest to occur of the following events: (i) the date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) approve a plan or other arrangement pursuant to which the Company will be dissolved or liquidated, or (ii) the date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) approve a definitive agreement to sell or otherwise dispose of substantially all of the assets of the Company, or (iii) the date the stockholders of the Company (or the Board of Directors, if stockholder action is not required) and the stockholders of the other constituent corporation (or its board of directors if stockholder action is not required) have approved a definitive agreement to merge or consolidate the Company with or into such other corporation, other than, in either case, a merger or consolidation of the Company in which holders of shares of the Company's Common Stock immediately prior to the merger or consolidation will hold at least a majority of the ownership of common stock of the surviving corporation (and, if one class of common stock is not the only class of voting securities entitled to vote on the election of directors of the surviving corporation, a majority of the voting power of the surviving corporation's voting securities) immediately after the merger or consolidation, which common stock (and if applicable voting securities) is to be held in the same proportion as such holders' ownership of Common Stock of the Company immediately before the merger or consolidation, or (iv) the date any entity, person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Securities Exchange Act of 1934, as amended) other than (A) the Company or any of its subsidiaries or any employee benefit plan (or related trust) sponsored or maintained by the Company or any of its subsidiaries; or (B) any person who, on the date the Plan is effective, shall have been the beneficial owner of or have voting control over shares of Common Stock of the Company, possessing more than ten percent (10%) of the aggregate voting power of the Company's Common Stock shall have become the beneficial owner of, or shall have obtained voting control over, more than ten percent (10%) of

the outstanding shares of the

Company's Common Stock, or (v) the first day after the date this Plan is effective when directors are elected such that a majority of the Board of Directors shall have been members of the Board of Directors for less than two (2) years, unless the nomination for election of each new director who was not a director at the beginning of such two (2) year period was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period.

Adjustments on Changes in Capitalization. The aggregate number of Shares and class of shares as to which Options may be granted hereunder, the number and class or classes of shares covered by each outstanding Option and the Option Price thereof shall be appropriately adjusted in the event of a stock dividend, stock split, recapitalization or other change in the number or class of issued and outstanding equity securities of the Company resulting from a subdivision or consolidation of the Common Stock and/or, if appropriate, other outstanding equity securities or a recapitalization or other capital adjustment (not including the issuance of Common Stock on the conversion of other securities of the Company which are convertible into Common Stock) affecting the Common Stock which is effected without receipt of consideration by the Company. The Committee shall have authority to determine the adjustments to be made under this Section, and any such determination by the Committee shall be final, binding and conclusive.

10. Amendment of the Plan. The Board of Directors of the Company may amend the Plan from time to time in such manner as it may deem advisable. The provisions of the Plan (i) which directors shall be granted Options pursuant to Section 8; (ii) the amount of Shares subject to Options granted pursuant to

Section 8; (iii) the price at which Shares subject to Options granted pursuant to Section 8 may be purchased and (iv) the timing of grants of Options pursuant to Section 8 shall not be amended more than once every six months, other than to comport with changes in the Code or the Employee Retirement Income Security Act of 1974, as amended. No amendment to the Plan shall adversely affect any outstanding Option, however, without the consent of the Optionee that holds such Option. Notwithstanding the foregoing, no amendment to or modification of the Plan that

(i) materially increases the benefits accruing to eligible

individuals; (ii) except as provided in Section 10 of this Plan, materially increases the number of shares that may be issued under the Plan; or (iii) materially modifies the eligibility requirements for participation under the Plan, shall be effective without shareholder approval.

11. No Commitment to Retain. The grant of an Option pursuant to the Plan shall not be construed to imply or to constitute evidence of any agreement, express or implied, on the part of the Company or any Affiliate to retain the Optionee as a member of the Company's Board of Directors or in any other capacity.

12. Withholding of Taxes. Whenever the Company proposes or is required to deliver or transfer Shares in connection with the exercise of an Option, the Company shall have the right to (a) require the recipient to remit or otherwise make available to the Company an amount sufficient to satisfy any federal, state and/or local withholding tax requirements prior to the delivery or transfer of any certificate or certificates for such Shares or

(b) take whatever other action it deems necessary to protect its interests with respect to tax liabilities. The Company's obligation to make any delivery or transfer of Shares shall be conditioned on the Optionee's compliance, to the Company's satisfaction, with any withholding requirement.

13. Interpretation. The Plan is intended to enable transactions under the Plan with respect to directors and officers (within the meaning of Section 16(a) under the Securities Exchange Act of 1934, as amended) to satisfy the conditions of Rule 16b-3; to the extent that any provision of the Plan, or any provisions of any Option granted pursuant to the Plan, would cause a conflict with such conditions or would cause the administration of the Plan as provided in Section 3 to fail to satisfy the conditions of Rule 16b-3, such provision shall be deemed null and void to the extent permitted by applicable law.

RF POWER PRODUCTS, INC.

1995 STOCK OPTION PLAN

ARTICLE I

PURPOSE

1.1. RF Power Products, Inc. 1995 Stock Option Plan is intended to advance the interests of RF Power Products, Inc. and its stockholders and subsidiaries and to recognize the contributions made to RF Power Products, Inc. by employees (including employees who are members of the Board of Directors), consultants and advisors of RF Power Products, Inc. or any of its affiliates, to provide such persons with additional incentive to devote themselves to the future success of RF Power Products, Inc. or its affiliates, and to improve the ability of RF Power Products, Inc. or its affiliates to attract, retain, and motivate individuals upon whom RF Power Products, Inc.'s sustained growth and financial success depend, by providing such persons with an opportunity to acquire or increase their proprietary interest in RF Power Products, Inc. through receipt of rights to acquire RF Power Products, Inc. stock.

1.2. All shares of Common Stock issuable upon exercise of Options granted hereunder shall have previously been authorized by the Company and its shareholders in connection with the exercise of stock options which have not yet been granted under the 1992 Plan.

ARTICLE 11

DEFINITIONS

2.1. "Board" means the Board of Directors of the Company.

2.2. "Code" means the Internal Revenue Code of 1986, as amended.

2.3. "Common Stock" means the Company's Common Stock, par value \$.01 per share.

2.4. "Committee" means the Stock Option Committee appointed by the Board or any successor committee appointed by the Board to administer the Plan.

2.5. "Company" means RF Power Products, Inc.

2.6. "Date of Grant" means the date on which an Option becomes effective in accordance with Section 6.1 hereof.

2.7. "Eligible Person" means any person who is an officer, employee (including an employee who is a member of the Board), consultant or advisor of the Company or any Subsidiary.

- 2.8. "Fair Market Value" means the last reported sales prices of the Common Stock on the American Stock Exchange on the date as of which fair market value is to be determined or, in the absence of any reported sales of Common Stock on such date, on the first preceding date on which any such sale shall have been reported. If Common Stock is not listed on the American Stock Exchange on the date as of which fair market value is to be determined, the Committee shall determine in good faith the fair market value in whatever manner it considers appropriate.
- 2.9. "Incentive Stock Option" means a stock option granted under the Plan that is intended to meet the requirements of Section 422 of the Code and regulations promulgated thereunder.
- 2.10. "Nonqualified Stock Option" means a stock option granted under the Plan that is not an Incentive Stock Option.
- 2.11. "Option" means an Incentive Stock Option or a Nonqualified Stock Option granted under the Plan.
- 2.12. "Optionee" means a person to whom an Option has been granted, which Option has not expired, under the Plan.
- 2.13. "Option Price" means the price at which each share of Common Stock subject to an Option may be purchased, determined in accordance with Section 6.2 hereof.
- 2.14. "Plan" means the RF Power Products, Inc. 1995 Stock Option Plan.
- 2.15. "Stock Option Agreement" means an agreement between the Company and an Optionee under which the Optionee may purchase Common Stock under the Plan.
- 2.16. "Subsidiary" means a subsidiary corporation of the Company, within the meaning of Section 424(f) of the Code.
- 2.17. "Ten-Percent Owner" means an Optionee who, at the time an Incentive Stock Option is granted, owns stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company, its parent, if any, or any Subsidiary, within the meaning of Sections 422(b)(6) and 424(d) of the Code.
- 2.18. "1992 Plan" means the Company's 1992 Stock Option Plan.

ARTICLE III

ELIGIBILITY

All Eligible Persons are eligible to receive a grant of an Option under the Plan. The Committee shall, in its sole discretion, determine and designate from time to time those Eligible Persons who are to be granted an Option.

ARTICLE IV

ADMINISTRATION

4.1. Committee Members. The Plan shall be administered by a Committee which shall be comprised of no fewer than two members of the Board. Each Committee member shall be ineligible, and shall have been ineligible for the one-year period prior to appointment thereto, for selection as a person to whom stock options or other equity securities of the Company may be granted or awarded pursuant to the Plan or, solely to the extent necessary to be deemed a "disinterested person" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, pursuant to any similar plan of the Company or any affiliate of the Company. Each Committee member shall qualify as an "outside director" under Section 162(m) of the Code.

4.2. Committee Authority. Subject to the express provisions of the Plan, the Committee shall have the authority, in its discretion, to determine the Eligible Persons to whom an Option shall be granted, the time or times at which an Option shall be granted, the number of shares of Common Stock subject to each Option, the Option Price of the shares subject to each Option and the time or times when each Option shall become exercisable and the duration of the exercise period.

Subject to the express provisions of the Plan, the Committee shall also have discretionary authority to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to it, to determine the details and provisions of each Stock Option Agreement, and to make all the determinations necessary or advisable in the administration of the Plan. All such actions and determinations by the Committee shall be conclusively binding for all purposes and upon all persons. No Committee member shall be liable for any action or determination made in good faith with respect to the Plan, any Option or any Stock Option Agreement entered into hereunder.

4.3. Majority Rule. A majority of the members of the Committee (or, if less than three, all of the members) shall constitute a quorum, and any action taken by a majority present at a meeting at which a quorum is present or any action taken without a meeting evidenced by a writing executed by a majority of the whole Committee shall constitute the action of the Committee.

4.4. Company Assistance. The Company shall supply full and timely information to the Committee on all matters relating to Eligible Persons, their employment, death, disability or other termination of employment, and such other pertinent facts as the Committee may require. The Company shall furnish the Committee with such clerical and other assistance as is necessary in the performance of its duties.

ARTICLE V

SHARES OF STOCK SUBJECT TO PLAN; CHANGE IN CONTROL

5.1. Number of Shares. Subject to adjustment pursuant to the provisions of this Article V, the maximum number of shares of Common Stock which may be issued and sold

hereunder shall be

265,635 shares, which constitute all of the shares of Common Stock which had previously been authorized by the Company and its shareholders in connection with the exercise of stock options which have not yet been granted under the 1992 Plan. Shares of Common Stock issued and sold under the Plan may be either authorized but unissued shares or shares held in the Company's treasury. Shares of Common Stock covered by an Option that shall have been exercised shall not again be available for an Option grant. If an Option shall terminate for any reason (including, without limitation, the cancellation of an Option pursuant to Section 6.6 hereof) without being wholly exercised, the number of shares to which such Option termination relates shall again be available for grant hereunder.

5.2. Antidilution. Subject to Section 5.4 hereof, in the event of a reorganization, recapitalization, stock split, stock dividend, combination of shares, merger or consolidation, or the sale, conveyance, or other transfer by the Company of all or substantially all of its property, or any other change in the corporate structure or shares of the Company, pursuant to any of which events the then outstanding shares of Common Stock are split up or combined, or are changed into, become exchangeable at the holder's election for, or entitle the holder thereof to, other shares of stock, or in the case of any other transaction described in Section 424(a) of the Code the Committee may change the number and kind of shares (including by substitution of shares of another corporation) subject to the Options and/or the Option Price of such shares in the manner that it shall deem to be equitable and appropriate. In no event may any such change be made to an Incentive Stock Option which would constitute a "modification" within the meaning of Section 424(h)(3) of the Code.

5.3. Maximum Grant. The number of shares of Common Stock underlying options that may be granted under the Plan to any one person during any one calendar year shall not exceed 200,000 shares. To the extent required for exemption under Section 162 (m) of the Code, (i) such maximum number of Option shares may be adjusted in a manner consistent with Section 5.2 and (ii) any Option shares that are canceled or repriced shall not again be available for grant under the maximum share limit.

5.4. Change in Control. Upon a "change in of control" of the Company (as defined below), each outstanding Option, to the extent that it shall not otherwise have exercisable, shall become fully and immediately vested and exercisable (without regard to any otherwise applicable installment exercise requirement under Section 6.3 hereof) and an Optionee shall surrender his Option and receive with respect to each share of Common Stock issuable under such Option outstanding at such time, a payment in cash equal to the excess of the Fair Market Value of the Common Stock at the time of the change in control over the Option Price of the Common Stock; provided, however, that no such vesting and cash payment shall occur if (i) the change in control has been approved by at least two-thirds of the members of the Board who were serving as such immediately prior to such transaction and (ii) provision has been made in connection with such transaction for (a) the continuation of the Plan and/or the assumption of such Options by a successor corporation (or a parent or subsidiary thereof) or (b) the substitution for such Options of new options covering the stock of a successor corporation (or a parent or subsidiary thereof), with appropriate adjustments as to the Y number and kinds of shares and exercise prices. In the

event of any such continuation, assumption or substitution, the Plan and/or such Options shall continue in the manner and under the terms so provided.

For purposes of this Section 5.4 a "change in control" of the Company shall mean (i) a merger, consolidation, or reorganization of the Company with one or more other corporations in which the Company is not the surviving corporation; (ii) a sale or other transfer of substantially all of the assets of the Company to another corporation; (iii) any transaction or series of transactions (including, without limitation, a transaction in which the Company is the surviving corporation) that results in any person or entity (other than any Subsidiary) becoming owner of more than 50 percent of the combined voting power of all classes of stock of the Company; (iv) a change or series of changes in the composition of the Board such that a majority of its members shall cease to consist of "Continuing Directors" (meaning directors of the Company who either were directors on the date this Plan is approved by the Board or who subsequently became directors and whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least two-thirds of the then existing directors); or (v) a dissolution or liquidation of the Company.

ARTICLE VI

OPTIONS

6.1. Grant of Option. An Option may be granted to any Eligible Person selected by the Committee. The grant of an Option shall first be effective upon the date it is approved by the Committee, except to the extent the Committee shall specify a later date upon which the grant of an Option shall first be effective. Each Option shall be designated, at the discretion of the Committee, as an Incentive Stock Option or a Nonqualified Stock Option. The Company and the Optionee shall execute a Stock Option Agreement which shall set forth such terms and conditions of the Option as may be determined by the Committee to be consistent with the Plan, and which may include additional provisions and restrictions that are not inconsistent with the Plan.

6.2. Option Price. The Option Price shall be determined by the Committee; provided, however, such Option Price shall in no event be less than 85 percent of the Fair Market Value of a share of Common Stock on the Date of Grant; provided, however, in the case of an Incentive Stock Option, such Option Price shall in no event be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant (subject to Section 8.1 hereof in the case of a Ten-Percent Owner).

6.3. Vesting; Term of Option. The Committee, in its sole discretion, may prescribe in the Stock Option Agreement for an Optionee the installment period over which an Option shall vest and become exercisable, and may accelerate the exercisability of any Option at any time. An Option may become 100 percent vested and exercisable upon an Optionee's death or disability to the extent provided in Article VII hereof. The period during which a vested Option may be exercised shall be ten years from the Date of Grant (subject to Section 8.1 hereof in the case of a Ten-Percent Owner), unless a shorter exercise period is specified by the Committee in the Stock Option Agreement for an Optionee.

6.4. Option Exercise. An Option may be exercised in whole or in part at any time, with respect to whole shares only, within the period permitted for the exercise thereof, and shall be exercised by written notice of intent to exercise the Option with respect to a specified number of shares delivered to the Company at its principal office, and payment in full to the Company at said office of the amount of the Option Price for the number of shares of the Common Stock with respect to which the Option is then being exercised. Payment of the Option Price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in Common Stock (not subject to limitations on transfer) valued at the Fair Market Value of such shares on the trading date immediately preceding the date of exercise or (iii) at the discretion of the Committee, by a combination of such cash and such Common Stock. In addition to and at the time of payment of the Option Price, the Optionee shall pay to the Company in cash or, at the discretion of the Committee, in Common Stock the full amount of all federal and state withholding and other employment taxes applicable to the taxable income of such Optionee resulting from such exercise.

6.5. Nontransferability of Option. No Option shall be transferred by an Optionee other than by will or the laws of descent and distribution. No transfer of an Option by the Optionee by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and/or such other evidence as the Committee may deem necessary to establish the validity of the transfer. During the lifetime of an Optionee, the Option shall be exercisable only by him, except that, in the case of an Optionee who is legally incapacitated, the Option shall be exercisable by his guardian or legal representative.

6.6. Cancellation, Substitution and Amendment of Options. The Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected Optionees, (i) the cancellation of any or all outstanding Options and the grant in substitution therefor of new Options covering the same or different numbers of shares of Common Stock and having an Option Price which may be the same as or different than the Option Price of the canceled Options or (ii) the amendment of the terms of any and all outstanding Options.

6.7. Right of First Refusal. At the time of grant, the Committee may provide in connection with any grant made under the Plan that the shares of Common Stock received pursuant to the exercise of an Option shall be subject to a right of first refusal, pursuant to which the Optionee shall be required to offer to the Company any shares that the Optionee wishes to sell, with the price being the then Fair Market Value of the Common Stock, subject to such other terms and conditions as the Committee may specify at the time of grant.

ARTICLE VII

TERMINATION OF EMPLOYMENT OR-SERVICE

7.1. Death. If an Optionee shall die at any time after the Date of Grant and while he is an Eligible Person, the executor or administrator of the estate of the decedent, or the person or persons to whom an Option shall have been validly transferred in accordance with Section 6.5 hereof pursuant to will or the laws of descent and distribution, shall have the right,

during the period ending one year after the date of the Optionee's death (subject to Sections 6.3 and 8.1 hereof concerning the maximum term of an Option), to exercise the Optionee's Option to the extent that it was exercisable at the date of the Optionee's death and shall not have been previously exercised. The Committee may determine at or after grant to make any portion of his Option that is not exercisable at the date of death immediately vested and exercisable.

7.2. Disability. If an Optionee's employment with or service to the Company or any Subsidiary shall be terminated as a result of his permanent and total disability (within the meaning of Section 22(e)(3) of the Code) at any time after the Date of Grant and while he is an Eligible Person, the Optionee (or in the case of an Optionee who is legally incapacitated, his guardian or legal representative) shall have the right, during a period ending one year after the date of his disability (subject to Sections 6.3 and 8.1 hereof concerning the maximum term of an Option), to exercise such Option to the extent that it was exercisable at the date of such termination of employment or service and shall not have been exercised. The Committee may determine at or after grant to make any portion of his Option that is not exercisable at the date of termination of employment or service due to disability immediately vested and exercisable.

7.3. Termination for Cause. If an Optionee's employment with or service to the Company or any Subsidiary shall be terminated for cause, the Optionee's right to exercise any exercised portion of his Option shall immediately terminate and all rights thereunder shall cease. For purposes of this Section 7.3 termination for "cause" shall include, but not be limited to, embezzlement or misappropriation of corporate funds, any acts of dishonesty resulting in conviction for a felony, misconduct resulting in material injury to the Company or any Subsidiary, significant activities harmful to the reputation of the Company or any Subsidiary, a significant violation of Company or Subsidiary policy, willful refusal to perform, or substantial disregard of, the duties properly assigned to the Optionee, or a significant violation of any contractual, statutory or common law duty of loyalty to the Company or any Subsidiary. The Committee shall have the power to determine whether the Optionee has been terminated for cause and the date upon which such termination for cause occurs. Any such determination shall be final, conclusive and binding upon the Optionee.

7.4. Other Termination of Employment or Service. If an Optionee's employment with or service to the Company or any Subsidiary shall be terminated for any reason other than death, permanent and total disability or termination for cause, the Optionee shall have the right, during the period ending 90 days after such termination (subject to Sections 6.3 and 8.1 hereof concerning the maximum term of an Option), to exercise such Option to the extent that it was exercisable at the date of such termination of employment or service and shall not have been exercised. For purposes of this Section 7.4, an Optionee shall not be considered to have terminated employment with or service to the Company or any Subsidiary until the expiration of the period of any military, sick leave or other bona fide leave of absence, up to a maximum period of 90 days (or such greater period during which the Optionee is guaranteed reemployment either by statute or contract).

ARTICLE VIII

INCENTIVE STOCK OPTIONS

8.1. Ten-Percent Owners. Notwithstanding any other provisions of this Plan to the contrary, in the case of an Incentive Stock Option granted to a Ten-Percent Owner, (i) the period during which any such Incentive Stock Option may be exercised shall not be greater than five years from the Date of Grant and (ii) the Option Price of such Incentive Stock Option shall not be less than 110 percent of the Fair Market Value of a share of Common Stock on the Date of Grant.

8.2. Annual Limits. No Incentive Stock Option shall be granted to an Optionee as a result of which the aggregate fair market value (determined as of the date of grant) of the stock with respect to which incentive stock options are exercisable for the first time in any calendar year under the Plan, and any other stock option plans of Company, any Subsidiary or any parent corporation, would exceed \$100,000, determined in accordance with

Section 422(d) of the Code. This limitation shall be applied by taking options into account in the order in which granted.

8.3. Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Optionee upon exercise, the Optionee shall, within 10 days after such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

8.4. Other Terms and Conditions. Any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as are deemed necessary or desirable by the Committee, which terms, together with terms of this Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an "incentive stock option" under Section 422 of the Code.

ARTICLE IX

STOCK CERTIFICATES

9.1. Issuance of Certificates. Subject to Section 9.2 hereof, the Company shall issue a stock certificate in the name of the Optionee (or other person exercising the Option in accordance with the provisions of the Plan) for the shares of Common Stock purchased by exercise of an Option as soon as practicable after due exercise and payment of the aggregate Option Price for such shares. A separate stock certificate or separate stock certificates shall be issued for any shares of Common Stock purchased pursuant to the exercise of an Option that is an Incentive Stock Option, which certificate or certificates shall not include any shares of Common Stock that were purchased pursuant to the exercise of an Option that is a Nonqualified Stock Option.

9.2. Conditions. The Company shall not be required to issue or deliver any certificate for shares of Common Stock purchased upon the exercise of any Option granted hereunder or any portion thereof prior to fulfillment of all of the following conditions:

(a) The completion of any registration or other qualification of such shares, under any federal or state law or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body, that the Committee shall in its sole discretion deem necessary or advisable;

(b) The obtaining of any approval or other clearance from any federal or state governmental agency which the Committee shall in its sole discretion determine to be necessary or advisable;

(c) The lapse of such reasonable period of time following the exercise of the Option as the Committee from time to time may establish for reasons of administrative convenience;

(d) Satisfaction by the Optionee of all applicable withholding taxes or other withholding liabilities; and

(e) If required by the Committee, in its sole discretion, the receipt by the Company from an Optionee of (i) a representation in writing that the shares of Common Stock received upon exercise of an Option are being acquired for investment and not with a view to distribution and (ii) such other representations and warranties as are deemed necessary by counsel to the Company.

9.3. Legends. The Company reserves the right to legend any certificate for shares of Common Stock, conditioning sales of such shares upon compliance with applicable federal and state securities laws and regulations.

ARTICLE X

EFFECTIVE DATE, TERMINATION AND AMENDMENT

10.1. Effective Date. The Plan shall become effective on the date of its adoption by the Board; provided, however, that no Option shall be exercisable by an Optionee unless and until the Plan shall have been approved by the stockholders of the Company, which approval shall be obtained within 12 months before or after the adoption of the Plan by the Board. If the stockholders fail to approve the Plan within one year from the Effective Date, any Options granted hereunder shall be null and void and of no effect.

10. 2. Termination. The Plan shall terminate on the date immediately preceding the tenth anniversary of the earlier of the date the Plan is adopted by the Board or the date the Plan is approved by the Company's stockholders. The Board may, in its sole discretion and at any earlier date, terminate the Plan. Notwithstanding the foregoing, no termination of the Plan shall in any manner affect any Option theretofore granted without the consent of the Optionee or the permitted transferee of the Option.

10.3. Amendment. The Board may at any time and from time to time and in any respect, amend or modify the Plan; provided, however, that, solely to the extent required by Rule 16b-3 under the Securities Exchange Act of 1934, the approval of the Company's stockholders will be required for any amendment that (i) changes the class of persons eligible for the grant of an Option, as specified in Article III hereof, (ii) increases (other than as described in Section 5.2 or 5.4 hereof) the maximum number of shares of Common Stock subject to Options granted under the Plan, as specified in Section 5.1 hereof, or (iii) materially increases the benefits accruing to Optionees under the Plan, within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934. Any such approval shall be by the affirmative votes of the stockholders of the Company present, or represented, and entitled to vote at a meeting duly held in accordance with applicable state law and the Certificate of Incorporation and By-Laws of the Company. Notwithstanding the foregoing, no amendment or modification of the Plan shall in any manner affect any Option theretofore granted without the consent of the Optionee or the permitted transferee of the Option.

ARTICLE XI

MISCELLANEOUS

11.1. Employment. Nothing in the Plan, in the grant of any Option or in any Stock Option Agreement shall confer upon any Eligible Person the right to continue in the capacity in which he is employed or retained by the Company or any Subsidiary. Notwithstanding anything contained in the Plan to the contrary, unless otherwise provided in a Stock Option Agreement, no Option shall be affected by any change of duties or position of the Optionee (including a transfer to or from the Company or any Subsidiary), so long as such Optionee continues to be an Eligible Person.

11.2. Rights as Shareholder. An Optionee or the permitted transferee of an Option shall have no rights as a shareholder with respect to any shares subject to such Option prior to the purchase of such shares by exercise of such Option as provided herein. Nothing contained herein or in the Stock Option Agreement relating to any Option shall create an obligation on the part of the Company to repurchase any shares of Common Stock purchased hereunder.

11.3. Other Compensation and Benefit Plans. The adoption of the Plan shall not affect any other stock option or incentive or other compensation plans in effect for the Company or any Subsidiary, nor shall the Plan preclude the Company from establishing any other forms of incentive or other compensation for employees of the Company or any Subsidiary. The amount of any compensation deemed to be received by an Optionee as a result of the exercise of an Option or the sale of shares received upon such exercise shall not constitute compensation with respect to which any other employee benefits of such Optionee are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically determined by the Board or the Committee or provided by the terms of such plan.

11.4. Plan Binding on Successors. The Plan shall be binding upon the Company, its successors and assigns, and the Optionee, his executor, administrator and permitted transferees.

11.5. Construction and Interpretation. Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Heading of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

11.6. Severability. If any provision of the Plan or any Stock Option Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

11.7. Governing Law. The validity and construction of this Plan and of the Stock Option Agreements shall be governed by the laws of the State of Delaware.

[LETTERHEAD OF THELEN REID & PRIEST LLP]

October 5, 1998

Advanced Energy Industries, Inc.
1625 Sharp Point Drive
Fort Collins, CO 80525

Ladies and Gentlemen:

We have acted as counsel for Advanced Energy Industries, Inc., a Delaware corporation (the "Company"), in connection with the preparation of the Registration Statement on Form S-8 relating to the issuance and sale of common stock, \$0.001 par value, of the Company ("Common Stock"), pursuant to its assumption of the RF Power Products, Inc. 1992 Stock Option Plan, RF Power Products, Inc. 1993 Non-Employee Director Stock Option Plan and RF Power Products, Inc. 1995 Stock Option Plan (collectively, the "Plans"), and the options granted thereunder.

Please be advised that we are of the opinion that the Common Stock to be offered and sold by the Company, when issued and paid for in the manner contemplated by the Plans, will be legally issued, fully paid and non-assessable.

We are members of the bar of the State of California and we express no opinion as to the laws of any state or jurisdiction other than federal laws of the United States, the laws of the State of California and the corporate laws of the State of Delaware.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement on Form S-8.

Very truly yours,

/s/THELEN REID & PRIEST LLP
THELEN REID & PRIEST LLP

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 6, 1998 included in Advanced Energy Industries, Inc.'s Form 10-K for the year ended December 31, 1997.

/s/ ARTHUR ANDERSEN LLP

Denver, Colorado
October 6, 1998

End of Filing

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