

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) September 13, 2000  
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AMTECH SYSTEMS, INC.

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(Exact name of registrant as specified in its charter)

----- Arizona ----- (State or other jurisdiction of incorporation)	000-11412 ----- (Commission File Number)	86-0411215 ----- (IRS Employer Identification No.)
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----- 131 South Clark Drive, Tempe, Arizona ----- (Address of principal executive offices)	85281 ----- (Zip Code)
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Registrant's telephone number, including area code: (480) 967-5146  
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Not Applicable

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(Former name or former address, if changed since last report.)

ITEM 5. OTHER EVENTS.

On September 13, 2000, Amtech Systems, Inc. (the "Company") completed a \$5 million private placement of common stock \$.01 par value per share (the "Common Stock"), of the Company and five-year warrants (the "Warrants"). The proceeds of the private placement will be used to fund the Company's growth initiatives. The financing consisted of 383,000 shares of Common Stock at a purchase price of \$13.75 per share and Warrants to purchase 38,300 shares of Common Stock at an exercise price of \$15.12 per share. In connection with the issuance of the Common Stock and Warrants, the Company has granted the holders thereof certain registration rights pursuant to a Stock and Warrant Purchase Agreement.

This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state in which such offer, solicitation, or sale would be unlawful prior to the registration or qualification under the securities laws of such state.

Copies of the Form of Warrant and the Stock and Warrant Purchase Agreement are attached hereto as Exhibits 10.1 and 10.2, respectively. For additional discussion regarding this transaction, see also the Company's press release attached hereto as Exhibit 99.1.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

Exhibit No. -----	Description -----
10.1	Form of Warrant
10.2	Stock and Warrant Purchase Agreement
99.1	Amtech Systems, Inc. press release announcing the completion of a \$5 million private placement

2  
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized.

AMTECH SYSTEMS, INC.

Date: September 22, 2000

By /s/ Robert T. Hass  
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Robert T. Hass  
Vice President and Chief Financial  
Officer



THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL IN A FORM REASONABLY SATISFACTORY TO THE ISSUER THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

AMTECH SYSTEMS, INC.

WARRANT TO PURCHASE COMMON STOCK

Warrant No.: W8 Number of Shares:3,630  
Date of Issuance: September 8, 2000

Amtech Systems, Inc., an Arizona corporation (the "Company"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Bay Harbor Investments, Inc., the registered holder hereof, or its permitted assigns (a "holder"), is entitled, subject to the terms set forth below, to purchase from the Company upon surrender of this Warrant, at any time or times on or after the date hereof, but, as to any specific Warrant Shares (as defined below), not after 11:59 P.M. Eastern Time on the applicable Expiration Date (as defined herein), up to 3,630 fully paid and nonassessable shares of Common Stock (as defined herein) of the Company (the "Warrant Shares") at the purchase price per share provided below.

1. DEFINITIONS.

(a) DEFINED TERMS. The following words and terms as used in this Warrant shall have the following meanings:

(i) "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

(ii) "Closing Bid Price" means, for any security as of any date, the last closing bid price for such security on the principal securities exchange or trading market where such security is listed or traded (the "Principal Market") as reported by Bloomberg Financial Markets ("Bloomberg"), or if the foregoing does not apply, the last closing bid price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price is reported for such security by Bloomberg, the last

1

closing trade price for such security as reported by Bloomberg, or, if no last closing trade price is reported for such security by Bloomberg, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Bid Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Bid Price of such security on such date shall be the fair market value as mutually determined by the Company and the holder of this Warrant. All such determinations are to be appropriately adjusted for any stock dividend, stock split or other similar transaction during such period.

(iii) "Closing Sale Price" means, for any security as of any date, the last closing trade price for such security on the Principal Market as reported by Bloomberg, or if the foregoing does not apply, the last closing trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last closing trade price is reported for such security by Bloomberg, the last closing ask price of such security as reported by Bloomberg, or, if no last closing ask price is reported for such security by Bloomberg, the average of the lowest ask price and lowest bid price of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Sale Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the holder of this Warrant. If the Company and the holder of this Warrant are unable to agree upon the fair market value of the Common Stock, then such dispute shall be resolved by the term "Market Price" being substituted for the term "Closing Sale Price." All such determinations are to be appropriately adjusted for any stock dividend, stock split or other similar transaction during such period.

(iv) "Common Stock" means (i) the Company's common stock, par value \$.01 per share, and (ii) any capital stock into which such Common Stock shall have been changed or any capital stock resulting from a reclassification of such Common Stock; provided, however, that, at the Company's option, the Company may substitute for any Warrant Shares to be

issued hereunder a class or series of capital stock which is in all respects the same as the Common Stock, except that shares of such class or series may have no or limited voting rights, in which event the term Common Stock will include such class or series for all purposes hereunder.

(v) "Expiration Date" means the fifth anniversary of the Issuance Date; provided, however, that if any such Expiration Date would otherwise fall on a Saturday, Sunday or other day on which banks are required or authorized to be closed in the City of New York or the State of New York or on which trading does not take place on the Principal Market (a "Holiday"), such Expiration Date shall be the next date that is not a Holiday.

(vi) "Issuance Date" means the date of issuance of this Warrant first referenced above.

(vii) "Market Price" means, with respect to any security for any date of determination, that price which shall be computed as the arithmetic

2

average of the Closing Bid Prices for such security on each of the five (5) consecutive trading days immediately preceding such date of determination (all such determinations to be appropriately adjusted for any stock dividend, stock split or similar transaction during the pricing period).

(viii) "Person" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

(ix) "Securities Act" means the Securities Act of 1933, as amended.

(x) "Warrant" means this Warrant and all warrants issued in exchange, transfer or replacement thereof.

(xi) "Warrant Exercise Price" shall be \$15.12.

(b) OTHER DEFINITIONAL PROVISIONS. Except as otherwise specified herein, all references herein (A) to the Company shall be deemed to include the Company's successors and (B) to any applicable law defined or referred to herein, shall be deemed references to such applicable law as the same may have been or may be amended or supplemented from time to time. When used in this Warrant, the words "herein," "hereof," and "hereunder," and words of similar import, shall refer to this Warrant as a whole and not to any provision of this Warrant, and the words "Section," "Schedule," and "Exhibit" shall refer to Sections of, and Schedules and Exhibits to, this Warrant unless otherwise specified. Whenever the context so requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural, and vice versa.

## 2. EXERCISE OF WARRANT.

(a) Subject to the terms and conditions hereof, this Warrant may be exercised as to any Warrant Shares with respect to which the applicable Expiration Date has not passed by the holder hereof then registered on the books of the Company, in whole or in part, at any time on any Business Day on or after the opening of business on the date hereof and prior to 11:59 P.M. Eastern Time on the applicable Expiration Date by (i) delivery of a written notice, in the form of the subscription notice attached as EXHIBIT A hereto (the "Exercise Notice"), of such holder's election to exercise this Warrant, which notice shall specify the number of Warrant Shares to be purchased; (ii) (A) payment to the Company of an amount equal to the Warrant Exercise Price multiplied by the number of Warrant Shares as to which this Warrant is being exercised (the "Aggregate Exercise Price") in cash, certified or bank funds or wire transfer of immediately available funds or (B) notifying the Company that this Warrant is being exercised pursuant to a Cashless Exercise (as defined in Section 2(d)); and (iii) the surrender of this Warrant (or a Lost Warrant Affidavit in substantially the form annexed hereto as EXHIBIT B with respect to this Warrant in the case of its loss, theft or destruction) to the Company; provided, that if such Warrant Shares are to be issued in any name other than that of the registered holder of this Warrant, such issuance shall be deemed a transfer and the provisions of Section 8 shall be applicable. In the event of any exercise of

3

the rights represented by this Warrant in compliance with this Section 2(a), the Company shall not later than the seventh Business Day following the date of receipt of the Exercise Notice, the Aggregate Exercise Price (or notice of a Cashless Exercise) and this Warrant (or a Lost Warrant Affidavit in substantially the form annexed hereto as EXHIBIT B with respect to this Warrant in the case of its loss, theft or destruction) (the "Exercise Delivery Documents"), deliver to the address specified in the Exercise Notice, a certificate, registered in the name of the holder (or its designee), for the number of Warrant Shares to which the holder (or its designee) shall be entitled. Upon delivery of the Exercise Notice and Aggregate Exercise Price referred to above or notification to the Company of a Cashless Exercise referred to in Section 2(d), the holder of this Warrant (or its designee) shall be deemed for all corporate purposes to have become the holder of record of the Warrant

Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the certificates evidencing such Warrant Shares.

(b) Unless the rights represented by this Warrant shall have expired or shall have been fully exercised, the Company shall, as soon as practicable and in no event later than seven (7) Business Days after delivery of the Exercise Delivery Documents and at its own expense, issue a new Warrant identical in all respects to this Warrant exercised except it shall represent rights to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant exercised, less the number of Warrant Shares with respect to which such Warrant is exercised.

(c) No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock issued upon exercise of this Warrant shall be rounded up to the nearest whole number.

(d) The Holder of this Warrant may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "Cashless Exercise"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

- A = the total number of shares with respect to which this Warrant is then being exercised.
- B = the Market Price as of the date of the Exercise Notice.
- C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

4

3. (a) ADJUSTMENT FOR DIVIDENDS IN OTHER STOCK AND PROPERTY; RECLASSIFICATIONS. In case at any time or from time to time the holders of the Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) shall have received, or, on or after the record date fixed for the determination of eligible shareholders, shall have become entitled to receive, without payment therefor,

(1) other or additional stock or other securities or property (other than cash) by way of dividend,

(2) any cash or other property paid or payable out of any source other than retained earnings (determined in accordance with generally accepted accounting principles), or

(3) other or additional stock or other securities or property (including cash) by way of stock-split, spin-off, reclassification, combination of shares or similar corporate rearrangement,

(other than (x) shares of Common Stock or any other stock or securities into which such Common Stock shall have been exchanged, or (y) any other stock or securities convertible into or exchangeable for such Common Stock or such other stock or securities), then and in each such case a holder, upon the exercise hereof as provided in Section 2, shall be entitled to receive the amount of stock and other securities and property (including cash in the cases referred to in clauses (2) and (3) above) which such holder would hold on the date of such exercise if on the Issuance Date such holder had been the holder of record of the number of shares of Common Stock called for on the face of this Warrant, and had thereafter, during the period from the Issuance Date to and including the date of such exercise, retained such shares and/or all other or additional stock and other securities and property (including cash in the cases referred to in clause (2) and (3) above) receivable by it as aforesaid during such period, giving effect to all adjustments called for during such period by Sections 3(a) and 3(b).

(b) ADJUSTMENT FOR REORGANIZATION, CONSOLIDATION AND MERGER. In case of any reorganization of the Company (or any other corporation the stock or other securities of which are at the time receivable on the exercise of this Warrant) or reclassification of its securities after the Issuance Date, or the Company (or any such other corporation) shall consolidate with or merge into another corporation or entity or convey or exchange all or substantially all its assets to another corporation or entity, then and in each such case the holder of this Warrant, upon the exercise hereof as provided in Section 2 at any time after the consummation of such reorganization, reclassification, consolidation, merger, conveyance or exchange, shall be entitled to receive, in lieu of the stock or other securities and property receivable upon the exercise of this Warrant prior to such consummation, the stock or other securities or property to which such holder would have been entitled upon such consummation if such holder had

exercised this Warrant immediately prior thereto, all subject to further adjustment as provided in Sections 3(a), (b), (c) and (d); in each such case, the terms of this Warrant shall be applicable to the shares of stock or other securities or property receivable upon the exercise of this Warrant after such consummation.

5

(c) ADJUSTMENT FOR CERTAIN DIVIDENDS AND DISTRIBUTIONS. If the Company at any time or from time to time makes, or fixes a record date for the determination of holders of Common Stock (or any shares of stock or other securities at the time receivable upon the exercise of this Warrant) entitled to receive, a dividend or other distribution payable in additional shares of (x) Common Stock or any other stock or securities into which such Common Stock shall have been exchanged, or (y) any other stock or securities convertible into or exchangeable for such Common Stock or such other stock or securities, then and in each such event

(1) the Warrant Exercise Price then in effect shall be decreased as of the time of the issuance of such additional shares or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Warrant Exercise Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (B) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date as the case may be, plus the number of shares of Common Stock issuable in payment of such dividend or distribution; PROVIDED, HOWEVER, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Warrant Exercise Price shall be recomputed accordingly as of the close of business on such record date, and thereafter the Warrant Exercise Price shall be adjusted pursuant to this Section 3(c) as of the time of actual payment of such dividends or distributions; and

(2) the number of shares of Common Stock theretofore receivable upon the exercise of this Warrant shall be increased, as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, in inverse proportion to the decrease in the Warrant Exercise Price.

(d) STOCK SPLIT AND REVERSE STOCK SPLIT. If the Company at any time or from time to time effects a stock split or subdivision of the outstanding Common Stock, the Warrant Exercise Price then in effect immediately before that stock split or subdivision shall be proportionately decreased and the number of shares of Common Stock theretofore receivable upon the exercise of this Warrant shall be proportionately increased. If the Company at any time or from time to time effects a reverse stock split or combines the outstanding shares of Common Stock into a smaller number of shares, the Warrant Exercise Price then in effect immediately before that reverse stock split or combination shall be proportionately increased and the number of shares of Common Stock theretofore receivable upon the exercise of this Warrant shall be proportionately decreased. Each adjustment under this Section 3(d) shall become effective at the close of business on the date the stock split, subdivision, reverse stock split or combination becomes effective.

6

4. COVENANTS AS TO COMMON STOCK. The Company hereby covenants and agrees as follows:

(a) This Warrant is, and any Warrants issued in substitution for or replacement of this Warrant will upon issuance be, duly authorized and validly issued.

(b) All Warrant Shares which may be issued upon the exercise of the rights represented by this Warrant will, upon issuance, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

(c) During the period within which the rights represented by this Warrant may be exercised, the Company will at all times have authorized and reserved at least 100% of the number of shares of Common Stock needed to provide for the exercise of the rights then represented by this Warrant and the par value of said shares will at all times be less than or equal to the applicable Warrant Exercise Price.

(d) The Company shall secure the listing of the shares of Common Stock issuable upon exercise of this Warrant upon each national securities exchange or automated quotation system, if any, upon which shares of Common Stock are then listed within the time required by such exchange or quotation system's rules and regulations and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all shares of Common Stock from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each national securities exchange or automated quotation system within the time required by such exchange or quotation system's rules and regulations, as the case may be, and shall maintain such listing of, any other shares of capital

stock of the Company issuable upon the exercise of this Warrant if and so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system.

(e) The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such action as may reasonably be requested by the holder of this Warrant in order to protect the exercise privilege of the holder of this Warrant against dilution or other impairment, consistent with the tenor and purpose of this Warrant. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Warrant Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

(f) This Warrant will be binding upon any entity succeeding to the Company by merger, consolidation or acquisition of all or substantially all of the Company's assets and any such successive mergers, consolidations or acquisitions.

5. TAXES. The Company shall pay any and all taxes which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant; provided, however, that the Company shall not be required to pay any

7

tax that may be payable in respect of any transfer involved in the issue or delivery of Common Stock or other securities or property in a name other than that of the registered holders of this Warrant to be converted and such holder shall pay such amount, if any, to cover any applicable transfer or similar tax.

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, no holder of this Warrant, solely by virtue of such holding, shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether a reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the holder of this Warrant of the Warrant Shares which he or she is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on such holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company will provide the holder of this Warrant with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REPRESENTATIONS OF HOLDER. The holder of this Warrant, by the acceptance hereof, represents that it is acquiring this Warrant and the Warrant Shares for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution of this Warrant or the Warrant Shares, except pursuant to sales registered or exempted under the Securities Act; provided, however, that by making the representations herein, the holder does not agree to hold this Warrant or any of the Warrant Shares for any minimum or other specific term and reserves the right to dispose of this Warrant and the Warrant Shares at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. The holder of this Warrant further represents, by acceptance hereof, that, as of this date, such holder is an "accredited investor" as such term is defined in Rule 501(a)(1) of Regulation D promulgated by the Securities and Exchange Commission under the Securities Act (an "Accredited Investor").

#### 8. OWNERSHIP AND TRANSFER.

(a) The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the holder hereof), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee. The Company may treat the person in whose name any Warrant is registered on the register as the owner and holder thereof for all purposes, but in all events recognizing any transfers made in accordance with the terms of this Warrant.

8

(b) Subject to compliance with applicable securities laws, this Warrant and the rights granted hereunder shall be assignable by the holder hereof without the consent of the Company.

9. LOST, STOLEN, MUTILATED OR DESTROYED WARRANT. If this Warrant is lost, stolen, mutilated or destroyed, the Company shall, on receipt of an executed Lost Warrant Affidavit in substantially the form annexed hereto as EXHIBIT B (or, in the case of a mutilated Warrant, the Warrant), issue a new Warrant of like denomination and tenor as this Warrant so lost, stolen, mutilated or destroyed.

10. NOTICE. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Warrant must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Amtech Systems, Inc.  
131 South Clark Drive  
Tempe, Arizona 85281  
Telephone: (480) 967-5146  
Facsimile: (480) 968-3763  
E-Mail: rthass@amtechsystems.com  
Attn: Robert T. Hass  
Vice President and Chief Financial Officer

With a copy to:

Squire, Sanders & Dempsey L.L.P.  
Two Renaissance Square  
40 North Central Avenue, Suite 2700  
Phoenix, Arizona 85004  
Telephone: (602) 528-4000  
Facsimile: (602) 253-8129  
Attention: Gregory R. Hall, Esq.

If to a holder of this Warrant, to it at the address and facsimile number set forth on the Company's register, or at such other address and facsimile as shall be delivered to the Company by the holder at any time. Each party shall provide five days' prior written notice to the other party of any change in address or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery

9

service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

11. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the holders of Warrants representing 51% of the shares of Common Stock obtainable upon exercise of the Warrants then outstanding.

12. DESCRIPTIVE HEADINGS; GOVERNING LAW. The descriptive headings of the several Sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The corporate laws of the State of Arizona shall govern all issues concerning the relative rights of the Company and its stockholders. All other questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be governed by the internal laws of the State of Arizona, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Arizona, or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Arizona.

AMTECH SYSTEMS, INC.

By: \_\_\_\_\_

Name: Robert T. Hass  
Title: Vice President & Chief  
Financial Officer



TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT  
AMTECH SYSTEMS, INC.

The undersigned holder hereby exercises the right to purchase \_\_\_\_\_ of the shares of Common Stock ("Warrant Shares") of Amtech Systems, Inc., an Arizona corporation (the "Company"), evidenced by the attached Warrant (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Warrant Exercise Price. The Holder intends that payment of the Warrant Exercise Price shall be made as:

\_\_\_\_\_ a "CASH EXERCISE" with respect to \_\_\_\_\_  
Warrant Shares; and/or

\_\_\_\_\_ a "CASHLESS EXERCISE" with respect to \_\_\_\_\_  
Warrant Shares (to the extent permitted by the terms of the Warrant).

2. Payment of Warrant Exercise Price. In the event that the holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the sum of \$ \_\_\_\_\_ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to the holder \_\_\_\_\_ Warrant Shares in accordance with the terms of the Warrant.

Date: \_\_\_\_\_, \_\_\_\_\_

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Name of Registered Holder

By: \_\_\_\_\_

Name:  
Title:

A-1  
EXHIBIT B TO WARRANT  
FORM OF AFFIDAVIT OF LOSS

STATE OF )  
                  ) ss:  
COUNTY OF )

The undersigned (hereinafter "Deponent"), being duly sworn, deposes and says that:

1. Deponent is an adult whose mailing address is:

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2. Deponent is the recipient of a Warrant (the "Warrant") from Amtech Systems, Inc. (the "Company"), dated \_\_\_\_\_ for the purchase of \_\_\_\_\_ shares of Common Stock, par value \$.01 per share, of the Company, at an exercise price of \$ \_\_\_\_\_ per share.

3. The Warrant has been lost, stolen, destroyed or misplaced, under the following circumstances:

4. The Warrant was not endorsed.

5. Deponent has made a diligent search for the Warrant, and has been unable to find or recover same, and Deponent was the unconditional owner of the Warrant at the time of loss, and is entitled to the full and exclusive possession thereof; that neither the Warrant nor the rights of Deponent therein have, in whole or in part, been assigned, transferred, hypothecated, pledged or otherwise disposed of, in any manner whatsoever, and that no person, firm or corporation other than the Deponent has any right, title, claim, equity or interest in, to, or respecting the Warrant.

6. Deponent makes this Affidavit for the purpose of requesting and inducing the Company and its agents to issue a new warrant in substitution for the Warrant.

7. If the Warrant should ever come into the hands, custody or power of the Deponent or the Deponent's representatives, agents or assigns, the Deponent will immediately and without consideration surrender the Warrant to the Company, its representatives, agents or assigns, its transfer agents or subscription agents for cancellation.

8. The Deponent hereby indemnifies and holds harmless the Company from any claim or demand for payment or reimbursement of any party arising in connection with the subject matter of this Affidavit.

Signed, sealed and dated: \_\_\_\_\_

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Deponent

Sworn to and subscribed before me this  
\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

- - - - -  
Notary Public

STOCK AND WARRANT PURCHASE AGREEMENT

STOCK AND WARRANT PURCHASE AGREEMENT ("Agreement"), dated as of September 8, 2000, by and among Amtech Systems, Inc., an Arizona corporation (the "Company"), and each person or entity who executes a counterpart signature page to this Agreement and is listed as an investor on SCHEDULE I attached to this Agreement (each individually an "Investor" and collectively the "Investors").

WITNESSETH:

WHEREAS, the Company desires to sell and issue to the Investors listed on SCHEDULE I, and the Investors listed on SCHEDULE I desire to purchase from the Company, up to an aggregate of 383,000 shares of Common Stock, \$.01 par value per share (the "Common Stock"), of the Company on the terms and conditions set forth herein;

WHEREAS, each Investor listed on SCHEDULE I will also receive five year warrants (the "Warrants"), in the identical form and substance of EXHIBIT A attached hereto, to purchase that number of additional shares of Common Stock equal to the product of ten percent (10%) multiplied by the number of shares of Common Stock purchased by such Investor at a per share exercise price equal to the product of 110% multiplied by the Common Stock Purchase Price (as defined below);

WHEREAS, the Company has granted the Investors registration rights with respect to the shares of Common Stock purchased hereunder and the shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares") pursuant to the terms hereof; and

NOW, THEREFORE, in consideration of the foregoing premises and the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

CERTAIN DEFINITIONS. As used in this Agreement, the following terms shall have the following respective meanings:

"Closing" and "Closing Date" shall have the meanings ascribed to such terms in Section 1.3 herein.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Holder" and "Holders" shall include an Investor or Investors, respectively, and any transferee of the shares of Common Stock, the Warrants or the Warrant Shares or Registrable Securities which have not been sold to the public to whom the registration rights conferred by this Agreement have been transferred in compliance with this Agreement.

"Registrable Securities" shall mean: (i) the shares of Common Stock and the Warrant Shares issued or issuable to each Holder or the respective permitted transferee or designee; (ii) any securities issued to each Holder as a result of any stock split, stock dividend, recapitalization or similar event or upon the exchange of the shares of Common Stock, the Warrants or the Warrant Shares; or (iii) any other security of the Company issued as a dividend or other distribution with respect to, in exchange of or in replacement of Registrable Securities.

The terms "register", "registered" and "registration" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, including without limitation, Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous or delayed basis, and the declaration or ordering of the effectiveness of such registration statement by the Commission.

"Registration Expenses" shall mean all expenses to be incurred by the Company in connection with each Holder's registration rights under this Agreement, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, reasonable fees and disbursements of counsel for Holders (using a single counsel selected by a majority in the interest of the Holders) for a "due diligence" examination of the Company and review of the Registration Statement and related documents, and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company, which shall be paid in any event by the Company).

"Registration Statement" shall have the meaning set forth in Section 4.1(a) herein.

"Regulation D" shall mean Regulation D as promulgated pursuant to the

Securities Act, and as subsequently amended.

"Securities" shall mean the shares of Common Stock, the Warrants and the Warrant Shares, collectively.

"Securities Act" or "Act" shall mean the Securities Act of 1933, as amended.

"Selling Expenses" shall mean all underwriting discounts and selling commissions applicable to the sale of Registrable Securities, if any, and all fees and disbursements of counsel for Holders not included within "Registration Expenses".

#### ARTICLE I

##### PURCHASE AND SALE OF THE STOCK AND WARRANTS

Section 1.1 PURCHASE AND SALE. Upon the following terms and conditions, the Company shall issue and sell to each Investor listed on SCHEDULE I severally, and each Investor listed on SCHEDULE I severally shall purchase from the Company, the number of shares of Common Stock and the number of Warrants indicated next to such Investor's name on SCHEDULE I attached hereto.

Section 1.2 PURCHASE PRICE. The per share purchase price for the shares of Common Stock shall be equal to \$13.75 per share of Common Stock (the "Common

2

Stock Purchase Price"). Each Investor listed on SCHEDULE I will also receive Warrants to purchase such number of shares of Common Stock equal to the product of 10% multiplied by the number of shares of Common Stock purchased at a per share exercise price equal to 110% of the Common Stock Purchase Price.

Section 1.3 THE CLOSING. (a) The closing of the purchase and sale of the Common Stock and Warrants (the "Closing"), shall take place at the offices of Squire, Sanders & Dempsey L.L.P, at 10:00 a.m., local time following acceptance by the Company of subscriptions representing an aggregate of \$5,266,250.00 of shares of Common Stock, which acceptance shall not occur until the conditions set forth in Article V hereof shall be fulfilled or waived in accordance herewith. The date on which the Closing occurs is referred to herein as the "Closing Date."

(b) On the Closing Date, the Company shall deliver to each Investor certificates (with the number of and denomination of such certificates reasonably requested by such Investor) representing the Common Stock purchased hereunder by such Investor registered in the name of such Investor or its nominee or deposit such Common Stock into accounts designated by such Investor, and such Investor shall deliver to the Company the purchase price for the Common Stock purchased by such Investor hereunder by wire transfer in immediately available funds to an account designated in writing by the Company. In addition, each party shall deliver all documents, instruments and writings required to be delivered by such party pursuant to this Agreement at or prior to the Closing Date. The foregoing notwithstanding, the Company may, in lieu of delivering certificates on the Closing Date, deliver an irrevocable instruction letter addressed to the Company's transfer agent authorizing such transfer agent to issue the applicable share certificates (the "Irrevocable Instruction Letter").

#### ARTICLE II

##### REPRESENTATIONS AND WARRANTIES

Section 2.1 REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company hereby makes the following representations and warranties to each of the Investors from and as of the date hereof through the Closing Date:

(a) ORGANIZATION AND QUALIFICATION; MATERIAL ADVERSE EFFECT. The Company owns 100% of the outstanding capital stock of each of Tempres Systems, Inc., a Texas corporation, and P.R. Hoffman Machine Products, Inc., an Arizona corporation (collectively, the "Subsidiaries"). The Company does not have any other direct or indirect subsidiaries. Each of the Company and its Subsidiaries is a corporation duly incorporated and validly existing and in good standing under the laws of its respective jurisdiction of incorporation and the Company and the Subsidiaries each have the requisite corporate power to own its properties and to carry on its business as now being conducted. Each of the Company and each Subsidiary is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary other than those in which the failure so to qualify would not have a Material Adverse Effect. "Material Adverse Effect" means any adverse effect on the business, operations, properties, or financial condition of the entity with respect to which such term is used and which is material to such entity and

3

other entities controlling or controlled by such entity, taken as a whole, and any material adverse effect on the transactions contemplated under the Agreement or any other agreement or document contemplated hereby.

(b) AUTHORIZATION; ENFORCEMENT. (i) The Company has the requisite corporate power and authority to enter into and perform this Agreement and to issue the Securities in accordance with the terms hereof, (ii) the execution and delivery of this Agreement by the Company and the consummation by it of the transactions contemplated hereby, including the issuance of the Common Stock in accordance with the terms of this Agreement have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors or stockholders is required, (iii) this Agreement has been duly executed and delivered by the Company, and (iv) this Agreement constitutes the valid and binding obligations of the Company enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws affecting the enforcement of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

(c) CAPITALIZATION. The authorized capital stock of the Company consists of 100,000,000 shares of Common Stock and 100,000,000 shares of preferred stock, par value \$.01 per share ("Preferred Stock"); without giving effect to this offering, there are 2,186,558 shares of Common Stock and no shares of Preferred Stock issued and outstanding, respectively. All of the outstanding shares of the Common Stock have been validly issued and are fully paid and non-assessable. No shares of Common Stock or preferred stock are entitled to preemptive rights; without giving effect to this offering, 75,000 shares of Common Stock (including any shares of Common Stock issuable upon the exercise of any outstanding options, warrants or rights or upon the exchange or conversion of any exchangeable or convertible securities of the Company and excluding an indeterminate number of shares potentially issuable pursuant to an earn-out right granted in connection with the Company's acquisition of P.R. Hoffman Machine Products Corporation) are entitled to registration rights (which registration rights do not adversely impact the registration rights granted to the Investors); and without giving effect to this offering, there are outstanding options for 154,267 shares of Common Stock and outstanding warrants for 75,000 shares of Common Stock. Except for warrants issuable to Wharton Capital Partners, Ltd. and the Investors in connection with this offering and except as disclosed in the prior sentence and as contemplated by this Agreement or disclosed in the SEC Documents (as defined below), there are no other scrip, rights to subscribe for, calls or commitments of any character whatsoever relating to, or securities or rights exchangeable or convertible into, any shares of capital stock of the Company, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of capital stock of the Company or options, warrants, scrip, rights to subscribe for, or commitments to purchase or acquire, any shares, or securities or rights convertible into shares, of capital stock of the Company.

(d) NO CONFLICTS. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby do not and will not (i) result in a violation of the charter or By-Laws of the Company or any Subsidiary or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment,

4

acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company or any Subsidiary is a party, or result in a violation of any Federal, state, local or foreign law, rule, regulation, order, judgment or decree (including Federal and state securities laws and regulations) applicable to the Company or any Subsidiary or by which any property or asset of the Company or any Subsidiary is bound or affected (except for such conflicts, defaults, terminations, amendments, accelerations, cancellations and violations as would not, individually or in the aggregate, have a Material Adverse Effect); provided that, for purposes of such representation as to Federal, state, local or foreign law, rule or regulation, no representation is made herein with respect to any of the same applicable solely to the Investors and not to the Company or any Subsidiary. Neither the business of the Company nor of any Subsidiary is being conducted in violation of any law, ordinance or regulation of any governmental entity, except for violations which either singly or in the aggregate do not and will not have a Material Adverse Effect. The Company is not required under Federal, state, local or foreign law, rule or regulation to obtain any consent, authorization or order of, or to make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Agreement or the Warrants or issue and sell the Common Stock or the Warrants in accordance with the terms hereof or issue the Warrant Shares upon exercise of the Warrants, except for the registration provisions provided for herein, provided that, for purposes of the representation made in this sentence, the Company is assuming and relying upon the accuracy of the relevant representations and agreements of the Investors herein.

(e) SEC DOCUMENTS; FINANCIAL STATEMENTS. The Common Stock of the Company is registered pursuant to Section 12(g) of the Exchange Act and the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the Commission pursuant to the

reporting requirements of the Exchange Act, including material filed pursuant to Section 13(a) or 15(d), in addition to one or more registration statements and amendments thereto heretofore filed by the Company with the Commission (all of the foregoing including filings incorporated by reference therein being referred to herein as the "SEC Documents"). The Company has delivered or made available to the Investors true and complete copies of all SEC Documents (including, without limitation, proxy information and solicitation materials and registration statements) filed with the Commission since September 30, 1999. As of their respective dates, the SEC Documents (as amended by any amendments filed prior to the date of this Agreement or any Closing Date and provided to each Investor) complied or will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission promulgated thereunder and other Federal, state and local laws, rules and regulations applicable to such SEC Documents, and none of the SEC Documents contained or will contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Documents comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission or other applicable rules and regulations with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present in all

5

material respects the financial position of the Company as of the dates thereof and the results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments and the lack of footnotes).

(f) PRINCIPAL EXCHANGE/MARKET. The principal market on which the Common Stock is currently traded is the Nasdaq SmallCap Market ("Nasdaq").

(g) NO MATERIAL ADVERSE CHANGE. Since June 30, 2000, the date through which the most recent quarterly report of the Company on Form 10-Q has been prepared and filed with the Commission, a copy of which is included in the SEC Documents, no event which had or is likely to have a Material Adverse Effect has occurred or exists with respect to the Company or any Subsidiary, except as otherwise disclosed or reflected in press releases or other SEC Documents prepared through or as of a date subsequent to June 30, 2000 and provided to the Investors.

(h) NO UNDISCLOSED LIABILITIES. Neither the Company nor any Subsidiary has any liabilities or obligations not disclosed in the SEC Documents, other than those liabilities incurred in the ordinary course of its respective business since June 30, 2000 or liabilities or obligations, individually or in the aggregate, which do not or would not have a Material Adverse Effect on the Company or the Subsidiaries, taken as a whole.

(i) NO UNDISCLOSED EVENTS OR CIRCUMSTANCES. No event or circumstance has occurred or exists with respect to the Company, any Subsidiary or their respective business, properties, operations or financial condition, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.

(j) NO GENERAL SOLICITATION. None of the Company, the Subsidiaries or, to the Company's knowledge, any of their respective affiliates or any person acting on its or their behalf has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities.

(k) NO INTEGRATED OFFERING. None of the Company, the Subsidiaries, or, to the Company's knowledge, any of their respective affiliates, or any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of any of the Securities.

(l) INTELLECTUAL PROPERTY. Each of the Company and the Subsidiaries owns or has licenses to use certain copyrights and trademarks ("intellectual property") associated with its respective business. Each of the Company and the Subsidiaries has all intellectual property rights which are needed to conduct its respective business as it is now being conducted or as proposed to be conducted as disclosed in the SEC Documents. The Company has no reason to believe that the intellectual property rights owned by the Company or any of its Subsidiaries are invalid or unenforceable or that the use of such intellectual property by the Company or the Subsidiaries infringes upon or conflicts with any right of any third party, and neither the Company nor any Subsidiary has received notice of any such infringement or conflict. The Company has no

6

knowledge of any infringement of the Company's or any Subsidiary's intellectual property by any third party.

(m) NO LITIGATION. Except as set forth in the SEC Documents delivered to the Investors or in Schedule 2.1(m) hereto, no litigation or claim against the Company or any Subsidiary is pending or, to the Company's knowledge, threatened, and no other event has occurred, which if determined adversely would have a Material Adverse Effect on the Company or any Subsidiary, taken as a whole, or would materially adversely effect the transactions contemplated hereby.

(n) BROKERS. The Company has taken no action which would give rise to any claim by any person, other than Ferris, Baker Watts, Incorporated and Wharton Capital Partners, Ltd., for brokerage commissions, finder's fees or similar payments by the Company relating to this Agreement or the transactions contemplated hereby. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, finder's fees or similar payments by any Investor relating to this Agreement or the transactions contemplated hereby.

(o) FORMS S-3. The Company is eligible to file a Registration Statement on Form S-3 under the Act and the rules promulgated thereunder, and Form S-3 is permitted to be used for the transactions contemplated hereby under the Act and the rules promulgated thereunder.

Section 2.2 REPRESENTATIONS AND WARRANTIES OF THE INVESTORS. Each of the Investors, severally and not jointly, hereby makes the following representations and warranties to the Company as of the date hereof and on the Closing Date:

(a) AUTHORIZATION; ENFORCEMENT. (i) Such Investor has the requisite power and authority, or the legal capacity, as the case may be, to enter into and perform this Agreement and to purchase the Securities being sold to such Investor hereunder, (ii) the execution and delivery of this Agreement by such Investor and the consummation by it of the transactions contemplated hereby have been duly authorized by all necessary corporate or partnership action, as required, and (iii) this Agreement constitutes the valid and binding obligation of such Investor enforceable against such Investor in accordance its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of creditors' rights and remedies or by other equitable principles of general application.

(b) NO CONFLICTS. The execution, delivery and performance of this Agreement and the consummation by such Investor of the transactions contemplated hereby do not and will not (i) result in a violation of such Investor's organizational documents, or (ii) conflict with any agreement, indenture, or instrument to which such Investor is a party, or (iii) result in a violation of any law, rule, or regulation or any order, judgment or decree of any court or governmental agency applicable to such Investor. Such Investor is not required to obtain any consent or authorization of any governmental agency in order for it to perform its obligations under this Agreement.

7

(c) INVESTMENT REPRESENTATION. Such Investor is purchasing the securities purchased hereunder for its own account and not with a view to distribution in violation of any securities laws. Such Investor has no present intention to sell the securities purchased hereunder and such Investor has no present arrangement (whether or not legally binding) to sell the Securities purchased hereunder to or through any person or entity; provided, however, that by the representations herein, such Investor does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of any of the Securities at any time in accordance with Federal and state securities laws applicable to such disposition.

(d) ACCREDITED INVESTOR. Such Investor is an "accredited investor" as defined in Rule 501 promulgated under the Act. The Investor has such knowledge and experience in financial and business matters in general and investments in particular, so that such Investor is able to evaluate the merits and risks of an investment in the securities purchased hereunder and to protect its own interests in connection with such investment. In addition (but without limiting the effect of the Company's representations and warranties contained herein), such Investor has received such information as it considers necessary or appropriate for deciding whether to purchase the Securities purchased hereunder.

(e) RULE 144. Such Investor understands that there is no public trading market for the Warrants, that none is expected to develop, and that the Warrants must be held indefinitely unless exercised or unless such securities are registered under the Act or an exemption from registration is available. Such Investor understands that the Common Stock and the Warrant Shares must be held indefinitely unless such securities are registered under the Act or an exemption from registration is available. Such Investor has been advised or is aware of the provisions of Rule 144 promulgated under the Act.

(f) BROKERS. Such Investor has taken no action which would give rise to any claim by any person for brokerage commissions, finder's fees or similar payments by the Company relating to this Agreement or the transactions contemplated hereby.

(g) RELIANCE BY THE COMPANY. Such Investor understands that the Common Stock is being offered and sold in reliance on a transactional exemption from the registration requirements of Federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of such Investor set forth herein in order to determine the applicability of such exemptions and the suitability of such Investor to acquire the Securities.

### ARTICLE III

#### COVENANTS

Section 3.1 REGISTRATION AND LISTING. Until the expiration of the Effectiveness Period (as hereinafter defined in Section 4.3), the Company will cause the Common Stock to continue to be registered under Section 12(g) of the Exchange Act, will comply in all respects, with its reporting and filing obligations under the Exchange Act, and will not take any action or file any document (whether or not permitted by the Exchange Act or the rules thereunder) to terminate or suspend such reporting and filing obligations. Until the

8

expiration of the Effectiveness Period, the Company shall use its best efforts to continue the listing or trading of the Common Stock on Nasdaq or a principal exchange (which consists exclusively of the NYSE or AMEX) and comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of Nasdaq or such principal exchange, as the case may be.

Section 3.2 CERTIFICATES ON EXERCISE. Upon the exercise of any Warrants in accordance with the terms of the Warrants, the Company shall issue and deliver to such Investor (or the then holder) within three (3) business days of the exercise date, (x) a Certificate or Certificates for the Warrant Shares issuable upon such exercise and (y) a new certificate or certificates for the Warrants of such Investor (or holder) which have not yet been exercised but which are evidenced in part by the certificate(s) submitted to the Company in connection with such exercise (with the number of and denomination of such new certificate(s) designated by such Investor or holder).

Section 3.3 REPLACEMENT CERTIFICATES. The certificate(s) representing the shares of Common Stock, Warrant Shares or the Warrants held by any Investor (or then holder) may be exchanged by such Investor (or such holder) at any time and from time to time for certificates with different denominations representing an equal number of shares of Common Stock, Warrant Shares or Warrants, as the case may be, as reasonably requested by such Investor (or such holder) upon surrendering the same. No service charge will be made for such registration, transfer or exchange.

Section 3.4 SECURITIES COMPLIANCE. The Company shall notify the Commission and Nasdaq, in accordance with their requirements, of the transactions contemplated by this Agreement and the Warrants and shall take all other necessary action and proceedings as may be required and permitted by applicable law, rule and regulation, for the legal and valid issuance of the Securities.

Section 3.5 RESERVATION OF STOCK ISSUABLE UPON EXERCISE. The Company shall at all times reserve and keep available out of its authorized but unissued Common Stock, solely for the purpose of affecting the exercise of the Warrants, such number of shares of Common Stock as shall from time to time be sufficient to effect the exercise of all outstanding Warrants.

### ARTICLE IV

#### REGISTRATION

Section 4.1 REGISTRATION REQUIREMENTS. The Company shall use its best efforts to effect the registration of the Registrable Securities (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act) as would permit or facilitate the public sale or distribution of all the Registrable Securities in the manner (including manner of sale) and in all states reasonably requested by the Holders. Such best efforts by the Company shall include the following:

(a) The filing by the Company no later than thirty (30) days after the Closing of a registration statement or registration statements (as necessary)

9

with the Commission pursuant to Rule 415 under the Securities Act on Form S-3 (or such other appropriate registration form if the Company is ineligible to use Form S-3) covering the resale of the Registrable Securities acquired (or underlying the Securities so acquired) at the Closing ("Registration Statement(s)"). In the event that such Registration Statement is not filed within thirty (30) days after the Closing, then the Company shall until the Registration Statement is filed, pay in cash to each Holder an amount equal to 1.5% of the respective purchase price paid by such Holder (the "Damages") for



each 30 day period beginning on the 31st day following the Closing Date at which the Registrable Securities were acquired (the "Default Period") that the Registration Statement has not been filed; provided, however, that the Default Period shall terminate and Damages shall cease to accrue on the date upon which such Registrable Securities may be sold under Rule 144(k) in the reasonable opinion of counsel to the Company (provided that the Company's transfer agent has accepted an instruction from the Company to such effect). If any applicable Default Period is less than 30 days such cash payment shall be on a pro rata basis. The amount of such cash payment shall be calculated by the Company on the earlier of (i) the effective date of such Registration Statement or (ii) the last day of each Default Period, and a certified or bank check in lawful money of the United States of America shall be sent within three (3) business days of such calculation to the address of each Holder as listed in the stock transfer ledger maintained by the Company or its transfer agent. Notwithstanding the foregoing, if the Default Period commences from the failure of the Company to cause to be filed the Registration Statement solely by reason of the failure of any Holder to provide such information as (i) the Company may reasonably request from such Holder to be included in the Registration Statement or (ii) the Commission or Nasdaq may request in connection with such Registration Statement (which request was provided to the Holder in writing) (the "Late Holder"), the Company shall not be required to pay such Damages to any of the Holders; provided, that the Company shall file the Registration Statement excluding the Late Holder or take such other action as necessary to cause the Registration Statement to be filed effective, within two (2) business days after the initial day of the original Default Period, provided that a new Default Period will commence three (3) business days after the initial day of the original Default Period if the Registration Statement is not filed. The Company agrees to promptly file an amendment to such Registration Statement including the Late Holder once the requested information has been provided.

(b) Prepare and file with the Commission such amendments (including post-effective amendments) and supplements to such Registration Statement and the prospectus used in connection with such Registration Statement as may be necessary to keep such Registration Statement effective at all times during the Effectiveness Period (as defined below) and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement and notify the Holders of the filing and effectiveness of such Registration Statement and any amendments or supplements. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Exchange Act, the Company shall have incorporated such report by reference into the Registration Statement, if applicable, or shall file such amendments or supplements with the Commission on the same day on which the Exchange Act report is filed which created the requirement for the Company to amend or supplement the Registration Statement.

10

(c) Furnish to each Holder such numbers of copies of a current prospectus conforming with the requirements of the Act, copies of the Registration Statement, any amendment or supplement thereto and any documents incorporated by reference therein and such other documents as such Holder may reasonably require in order to facilitate the disposition of Registrable Securities owned by such Holder.

(d) Use its best efforts to register and qualify the securities covered by such Registration Statement under such other securities or "Blue Sky" laws of such jurisdictions as shall be reasonably requested by each Holder; provided that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business where it would not otherwise be required to qualify, (ii) file a general consent to service of process in any such states or jurisdictions, (iii) make any change in the Company's charter or By-Laws, or (iv) subject itself to general taxation in any such jurisdiction.

(e) Notify each Holder immediately of the happening of any event as a result of which the prospectus (including any supplement thereto or thereof) included in such Registration Statement, as then in effect, includes an untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and use its best efforts to promptly update and/or correct such prospectus.

(f) Notify each Holder immediately of the issuance by the Commission or any state securities commission or agency of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose. The Company shall use its reasonable best efforts to prevent the issuance of any stop order and, if any stop order is issued, to obtain the lifting thereof at the earliest possible time.

(g) Permit a single firm of counsel, designated as Holders' counsel by the Holders of a majority of the Registrable Securities included in the Registration Statement, to review the Registration Statement and all amendments and supplements thereto within a reasonable period of time prior to each filing, and shall not file any document in a form to which such counsel reasonably objects, provided such counsel shall provide such counsel's comments or

objection within three (3) business days after receipt of any document.

(h) As of the date the Registration Statement is declared effective by the Commission, the Company shall have caused the Registrable Securities covered by such Registration Statement to be listed with all securities exchange(s) and/or markets on which the Common Stock is then listed, and prepared and filed any required filings with the National Association of Securities Dealers, Inc. or any exchange or market where the Common Stock is traded.

(i) The Company shall make available for inspection by the Holders, representative(s) of all the Holders together, any underwriter participating in any disposition pursuant to a Registration Statement, and any attorney or accountant retained by any Holder or underwriter, all financial and other records customary for purposes of the Holders' due diligence examination of the Company and all SEC Documents filed subsequent to the Closing Date, pertinent corporate documents and properties of the Company, and cause the Company's

11

officers, directors and employees to supply all information reasonably requested by any such representative, underwriter, attorney or accountant in connection with such Registration Statement, provided that such parties agree to enter into a Confidentiality Agreement in the form and substance mutually agreeable to the Company and the Investors.

(j) The term "best efforts" as used in this Agreement shall include, without limitation, that the Company shall submit to the Commission, within five (5) business days after the Company learns that no review of a particular Registration Statement will be made by the staff of the Commission or that the staff has no further comments on the Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than 72 hours after the submission of such request.

Section 4.2 EXPENSES OF REGISTRATION. All Registration Expenses incurred in connection with any registration, qualification or compliance with registration pursuant to this Section 4 shall be borne by the Company, and all Selling Expenses of a Holder shall be borne by such Holder.

Section 4.3 REGISTRATION PERIOD. In the case of the registration effected by the Company pursuant to this Section 4, the Company will use its best efforts to keep such registration effective (the "Effectiveness Period") until the earlier to occur of (a) one year from the Closing Date, provided, however, that the period of time which such Registration Statement is required to be effective shall be increased by the number of days that the Registration Statement's effectiveness was suspended, if any, during the one year period from the Closing Date, (b) the date on which all the Holders have completed the sales or distributions of the Registrable Securities included in the Registration Statement or, (c) the date on which such Registrable Securities of all Holders may be sold without restriction under Rule 144(k) promulgated under the Securities Act (or any successor thereto) in the reasonable opinion of counsel to the Company (provided that the Company's transfer agent has accepted an instruction from the Company to such effect and will issue certificates representing such Registrable Securities without any legend endorsed thereon).

Section 4.4 OBLIGATION OF HOLDER. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to Registrable Securities of the Holder that:

(a) the Holder by such Holder's acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless the Holder has notified the Company in writing of the Holder's election to exclude all of the Holder's Registrable Securities from such Registration Statement.

(b) the Holder shall furnish to the Company such information regarding the Holder, the Registrable Securities held by the Holder and the intended method of disposition of the Registrable Securities held by the Holder as shall be reasonably required to effect the registration of such Registrable Securities and the Holder shall execute such documents as are customary in connection with such registration as the Company may reasonably request.

12

Section 4.5 INDEMNIFICATION.

(a) COMPANY INDEMNITY. The Company will indemnify each Holder, each of its officers, directors and partners, and each person controlling each Holder, within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder with respect to which registration, qualification or compliance has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls, within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder, any underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or

the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any state securities law or in either case, any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each Holder, each of its officers, directors and partners, and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to a Holder to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission based upon written information furnished to the Company by such Holder or the underwriter (if any) therefor and stated to be specifically for use therein. The indemnity agreement contained in this Section 4.5(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent will not be unreasonably withheld).

(b) HOLDER INDEMNITY. Each Holder will, severally and not jointly, if Registrable Securities held by it are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors, officers, partners, and each underwriter, if any, of the Company's securities covered by such registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act and the rules and regulations thereunder, each other Holder (if any), and each of their directors, officers and partners, and each person controlling such other Holder(s) against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statement therein not misleading, in each case only insofar as such untrue statement or alleged untrue statement or omission relates to such Holder, and will reimburse the Company and such other Holder(s) and their directors, officers and partners, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information

13

furnished to the Company by such Holder and stated to be specifically for use therein, and provided that the maximum amount for which such Holder shall be liable under this indemnity shall not exceed the net proceeds received by such Holder from the sale of the Registrable Securities. The indemnity agreement contained in this Section 4.5(b) shall not apply to amounts paid in settlement of any such claims, losses, damages or liabilities if such settlement is effected without the consent of such Holder (which consent will not be unreasonably withheld).

(c) PROCEDURE. Each party entitled to indemnification under this Article (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim in any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article except to the extent that the Indemnifying Party is materially and adversely affected by such failure to provide notice. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

4.6 CONTRIBUTION. If the indemnification provided for in Section 4 herein is unavailable to the Indemnified Parties in respect of any losses, claims, damages or liabilities referred to herein (other than by reason of the exceptions provided therein), then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities as between the Company on the one hand and any Holder on the other,

in such proportion as is appropriate to reflect the relative fault of the Company and of such Holder in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of any Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by such Holder.

In no event shall the obligation of any Indemnifying Party to contribute under this Section 4.6 exceed the amount that such Indemnifying Party would have been obligated to pay by way of indemnification if the indemnification provided for under Section 4.5(a) or 4.5(b) hereof had been available under the circumstances.

14

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 4.6 were determined by PRO RATA allocation (even if the Holders or the underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraphs. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraphs shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this section, no Holder or underwriter shall be required to contribute any amount in excess of the an amount which equals (i) in the case of any Holder, the net proceeds received by such Holder from the sale of Registrable Securities or (ii) in the case of an underwriter, the underwriting discount applicable to the securities purchased by the underwriter. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

#### ARTICLE V

#### CONDITIONS

Section 5.1 CONDITIONS PRECEDENT TO THE OBLIGATION OF THE COMPANY TO ISSUE AND SELL THE SECURITIES. The obligation hereunder of the Company to issue and sell the Common Stock and Warrants to the Investors is subject to the satisfaction, at or before the Closing Date, of each of the conditions set forth below. These conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion.

(a) ACCURACY OF THE INVESTORS' REPRESENTATIONS AND WARRANTIES. The representations and warranties of each Investor shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a particular date).

(b) PERFORMANCE BY THE INVESTORS. Each Investor shall have performed all agreements and satisfied all conditions required hereby to be performed or satisfied by such Investor at or prior to the Closing Date.

(c) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

(d) EXECUTION OF AGREEMENT. The Company shall have signified its acceptance of the Investors subscription to purchase the Securities by executing this Agreement.

Section 5.2 CONDITIONS PRECEDENT TO THE OBLIGATION OF THE INVESTORS TO PURCHASE THE STOCK AND THE WARRANTS. The obligation hereunder of each Investor to acquire and pay for the Common Stock and Warrants is subject to the satisfaction, at or before the Closing Date, of each of the conditions set forth below. These conditions are for each Investor's sole benefit and may be waived by each Investor at any time in its sole discretion.

15

(a) ACCURACY OF THE COMPANY'S REPRESENTATIONS AND WARRANTIES. The representation and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a particular date).

(b) PERFORMANCE BY THE COMPANY. The Company shall have performed all agreements and satisfied all conditions required to be performed or satisfied by the Company at or prior to the Closing Date.

(c) NASDAQ. From the date hereof to the Closing Date, trading in the

Company's Common Stock shall not have been suspended by the Commission or Nasdaq and trading in securities generally as reported by Nasdaq, shall not have been suspended or limited, and the Common Stock shall not have been delisted from any exchange or market where they are currently listed.

(d) NO INJUNCTION. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority or competent jurisdiction which prohibits the consummation of any of the transactions contemplated by this Agreement.

(e) MINIMUM SUBSCRIPTION. An aggregate of \$5,266,250 of shares of Common Stock shall have been purchased by the Investors pursuant to this Agreement.

(f) SECRETARY'S CERTIFICATE. The Company shall have delivered to the Investors a certificate in form and substance reasonably satisfactory to the Investors, executed by the Secretary of the Company on behalf of the Company, certifying as to the satisfaction of all closing conditions, incumbency of signing officers, charter, By-Laws, good standing and authorizing resolutions of the Company.

## ARTICLE VI

### LEGEND AND STOCK

Section 6.1. LEGEND AND STOCK. Each certificate representing the Common Stock, the Warrants and the Warrant Shares shall be stamped or otherwise imprinted with a legend substantially in the following form:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED, ASSIGNED, TRANSFERRED OR OTHERWISE DISPOSED OF EXCEPT (I) PURSUANT TO A REGISTRATION STATEMENT UNDER THE SECURITIES ACT WHICH HAS BECOME EFFECTIVE AND IS CURRENT WITH RESPECT TO THESE SECURITIES OR (II) PURSUANT TO A SPECIFIC EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, BUT ONLY UPON A HOLDER HEREOF FIRST HAVING OBTAINED THE WRITTEN OPINION OF COUNSEL OF THE ISSUER, OR OTHER COUNSEL REASONABLY ACCEPTABLE TO THE ISSUER, THAT THE PROPOSED DISPOSITION IS CONSISTENT WITH ALL APPLICABLE PROVISIONS OF THE SECURITIES ACT AS WELL AS ANY APPLICABLE "BLUE SKY" OR SIMILAR SECURITIES LAW.

16

## ARTICLE VII

### TERMINATION

Section 7.1 TERMINATION BY MUTUAL CONSENT. This Agreement may be terminated at any time prior to the Closing Date by the mutual written consent of the Company and the Investors.

Section 7.2 OTHER TERMINATION. This Agreement may be terminated by action of the Board of Directors of the Company or by any of the Investors at any time if the Closing Date shall not have been consummated by the third business day following the date of this Agreement.

## ARTICLE VIII

### MISCELLANEOUS

Section 8.1 STAMP TAXES; AGENT FEES. The Company shall pay all stamp and other taxes and duties levied in connection with the issuance of the Common Stock and the Warrants pursuant hereto and the Warrant Shares issued upon exercise of the Warrants.

Section 8.2 SPECIFIC ENFORCEMENT; CONSENT TO JURISDICTION.

(a) The Company and the Investors acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which any of them may be entitled by law or equity.

(b) The Company and each of the Investors (i) hereby irrevocably submits to the exclusive jurisdiction of the United States District Court, the Arizona State courts and other courts of the United States sitting in Maricopa County, Arizona for the purposes of any suit, action or proceeding arising out of or relating to this Agreement and (ii) hereby waives, and agrees not to assert in any such suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of such court, that the suit, action or proceeding is brought in an inconvenient forum or that the venue of the suit, action or proceeding is improper. The Company and each of the Investors consents

to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing in this paragraph shall affect or limit any right to serve process in any other manner permitted by law.

Section 8.3 ENTIRE AGREEMENT; AMENDMENT. This Agreement together with the agreements and documents executed in connection herewith, contains the entire understanding of the parties with respect to the matters covered hereby and, except as specifically set forth herein, neither the Company nor any Investor

17

makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be waived or amended other than by a written instrument signed by the party against whom enforcement of any such amendment or waiver is sought.

Section 8.4 NOTICES. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

to the Company: Amtech Systems, Inc.  
131 South Clark Drive  
Tempe, Arizona 85281  
Telephone: (480) 967-5146  
Facsimile: (480) 968-3763  
E-Mail: rthass@amtechsystems.com  
Attn: Robert T. Hass  
Vice President and Chief Financial Officer

with copies to: Squire, Sanders & Dempsey L.L.P.  
Two Renaissance Square  
40 North Central Avenue, Suite 2700  
Phoenix, Arizona 85004-4498  
Telephone: (602) 528-4134  
Facsimile: (602) 253-8129  
E-Mail: ghall@ssd.com  
Attn: Gregory R. Hall, Esq.

to the Investors: To each Investor and its representative at the addresses set forth on SCHEDULE I of this Agreement.

Any party hereto may from time to time change its address for notices by giving at least 5 days written notice of such changed address to the other parties hereto. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above.

Section 8.5 INDEMNITY. Each party shall indemnify each other party against any loss, cost or damages (including reasonable attorney's fees but excluding consequential damages) incurred as a result of such parties' breach of any representation, warranty, covenant or agreement in this Agreement.

18

Section 8.6 WAIVERS. No waiver by any party of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right accruing to it thereafter.

Section 8.7 HEADINGS. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

Section 8.8 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The parties hereto may amend this Agreement without notice to or the consent of any third party. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of all Investors (which consent may be withheld for any reason in their sole discretion), except that the Company may assign this Agreement in connection with a merger, consolidation, business combination or the sale of all or substantially all of its assets provided that the Company is

not released from any of its obligations hereunder, such successor in interest or assignee assumes all obligations of the Company hereunder, and appropriate adjustment of the provisions contained in this Agreement is made, in form and substance satisfactory to the Investors, to place the Investors in substantially the same position as they would have been but for such assignment. Any Investor may assign this Agreement (in whole or in part) or any rights or obligations hereunder with the consent of the Company in connection with any sale or transfer of all or any portion of the Securities held by such Investor.

Section 8.9 NO THIRD PARTY BENEFICIARIES. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

Section 8.10 GOVERNING LAW. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Arizona without regard to such state's principles of conflict of laws.

Section 8.11 SURVIVAL. The representations and warranties and the agreements and covenants of the Company and each Investor contained herein shall survive the Closing.

Section 8.12 EXECUTION. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement, it being understood that all parties need not sign the same counterpart.

Section 8.13 PUBLICITY. The Company agrees that it will not disclose, and will not include in any public announcement, the name of any Investor without its consent, unless and until such disclosure is required by law or applicable regulation, and then only to the extent of such requirement.

Section 8.14 SEVERABILITY. The parties acknowledge and agree that the Investors are not agents, affiliates or partners of each other, that all representations, warranties, covenants and agreements of the Investors hereunder

18

are several and not joint, that no Investor shall have any responsibility or liability for the representations, warrants, agreements, acts or omissions of any other Investor, and that any rights granted to "Investors" hereunder shall be enforceable by each Investor hereunder.

Section 8.15 LIKE TREATMENT OF HOLDERS. Neither the Company nor any of its affiliates shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee, payment for the redemption or exchange of Securities, or otherwise, to any holder of Securities, for or as an inducement to, or in connection with the solicitation of, any consent, waiver or amendment of any terms or provisions of the Securities or this Agreement, unless such consideration is required to be paid to all holders of Securities bound by such consent, waiver or amendment whether or not such holders so consent, waive or agree to amend and whether or not such holders tender their Securities for redemption or exchange. The Company shall not, directly or indirectly, redeem any Securities unless such offer of redemption is made pro rata to all holders of Securities on identical terms.

Section 8.16 COMPANY ACKNOWLEDGEMENT. Anything in this Agreement or elsewhere herein to the contrary notwithstanding, it is understood and agreed by the Company (1) that the undersigned Investor has not been asked to agree, nor has he agreed, to desist from purchasing or selling, long and/or short, securities issued by the Company, or "derivative" securities based on securities issued by, the Company or to hold the Securities purchased from the Company for any specified term; (2) that past or future open market or other transactions by Investor, including short sales, and specifically including, without limitation, short sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities; (3) that Investor, and counter parties in "derivative" transactions to which Investor is a party, directly or indirectly, presently have a "short" position in the Common Stock, and (4) that Investor shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction."

18

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

AMTECH SYSTEMS, INC.

By:

-----  
Name: Robert T. Hass  
Title: Vice President and Chief  
Financial Officer

INVESTOR:

By: \_\_\_\_\_

Name:

Title:

Exact Name in Which Securities Should  
be registered: \_\_\_\_\_

SCHEDULE I

NAME AND ADDRESS OF INVESTOR -----	PURCHASE PRICE -----	NO. OF SHARES OF COMMON STOCK -----	NO. OF WARRANTS -----
Gryphon Partners, L.P. 500 Crescent Court, Suite 270 Dallas, TX 75201 Tax ID 75-1925465	\$ 343,750.00	25,000	2,500
Scout Mountain LP 153 East 53rd Street New York, NY 10022 Tax ID: 13-4127353	\$ 137,000.00	10,000	1,000
Scout Capital Partners, LP 153 East 53rd Street New York, NY 10022 Tax ID: 13-4069903	\$ 550,000.00	40,000	4,000
Lancaster Investment Partners, LP 1150 First Avenue, Suite 600 King of Prussia, PA 19406 Tax ID: 23-2851646	\$ 550,000.00	40,000	4,000
Robert A. Berlacher 676 Church Road Villanova, PA 19085 SSN: ###-##-####	\$ 247,500.00	18,000	1,800
North Olmsted Partners, LP 535 Madison Avenue, 15th floor New York, NY 10022 Tax ID: 95-4432823	\$ 1,375,000.00	100,000	10,000
Strong River Investments, Inc. c/o Cavallo Capital Corp. 660 Madison Ave, 18th Floor New York, NY 10021	\$ 999,625.00	72,700	7,270
	Sched I-1		
Bay Harbor Investments, Inc. c/o Gonzalez-Ruiz & Aleman (BVI) Ltd. Vanterpool Plaza, Wickams Cay I P.O. Box 873 Road Town, Tortola, BVI Tax ID: N/A	\$ 499,125.00	36,300	3,630
Managed Risk Trading, LP 120 Broadway, Suite 1050 New York, NY 10271 Tax ID: _____	\$ 398,750.00	29,000	2,900
Redwood Partners LLC 111 Broadway, 2nd Floor New York, NY 10006 Tax ID: _____	\$ 99,000.00	7,200	720
VFT Special Ventures, LP 1150 First Avenue, Suite 600 King of Prussia, PA 19406 Tax ID: 23-3007881	\$ 66,000.00	4,800	480
Total	\$ 5,266,250.00	383,000	38,300

Sched I-1  
SCHEDULE 2.1(M)

LITIGATION

On or about August 31, 2000, the Company learned that a company named P.R. Hoffman Machine Products was one of 11 companies named in a legal action being



brought by North Middleton Township in Carlisle, Pennsylvania, the owner of a landfill allegedly found to be contaminated. This information was reported in a local newspaper. To date, the Company's subsidiary, P.R. Hoffman Machine Products, Inc., has not been served with any lawsuit. The Company acquired the assets of P.R. Hoffman Machine Products Corporation in an asset transaction consummated on or about July 1, 1997. Under the terms of the Asset Purchase Agreement governing such transaction, the seller is obligated to indemnify the Company for any breaches of the representations and warranties thereunder, including representations relating to environmental matters.

AMTECH SYSTEMS, INC. ANNOUNCED  
\$5 MILLION FUNDING FOR GROWTH PLAN

Tempe, AZ - September 14, 2000 - AMTECH SYSTEMS, INC. (NASDAQ: ASYS) today announced the completion of a \$5 million private placement of common stock and common stock purchase warrants. The proceeds will be used to fund the Company's growth initiatives. The funds were raised through the private placement of 383,000 shares of the Company's common stock at a price of \$13.75 per share and five-year warrants to purchase 38,300 shares with an exercise price of \$15.12 per share. Gross proceeds in the transaction were \$5,266,000. Net proceeds to the Company, after deducting fees of the placement agents, but before deduction of legal and accounting fees were \$4,690,000. The Company has agreed to register the resale of the shares issued in the transaction, including those issuable upon exercise of the warrants.

The Company stated that its growth plan includes continuing to expand its optical component customer base and other strategies to increase sales of existing products, sales growth from new products within its existing products lines, begin sales of its new technology asher, which was previously announced and continues to be in the research and development stage, and acquisitions of synergistic product(s) or business(es). J.S. Whang, the Company's President and CEO, stated "The first two components of our growth strategy are essentially organic growth, which generally can be financed with existing resources. We intend to use the funds raised today to bring the new technology asher to market and for acquisitions. We plan to begin shipments of the new technology asher in fiscal 2002, barring any complications in development. In addition, we are also negotiating a bank line of credit to further increase funds available for implementing our growth plan."

Amtech Systems, Inc. manufactures capital equipment, including silicon wafer handling automation, semiconductor processing equipment and related consumables used in fabricating semiconductor devices. Semiconductors, or semiconductor chips, are fabricated on silicon wafer substrates, sliced from ingots, and are part of the circuitry, or electronic components, of many products, including computers, telecommunications devices, automotive products, consumer goods and industrial automation and control systems. The Company's semiconductor handling and processing products currently address the polishing of newly sliced silicon wafers and reclaimed test wafers and the oxidation and deposition steps used in the fabrication of semiconductors. The Company has recently found application for its products in the optical component market.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. Certain information included in this press release (as well as information included in oral statements or other written statements made or to be made by Amtech Systems, Inc.) contains statements that are forward-looking. Such forward looking information involves a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those discussed or anticipated by management. Potential risks and uncertainties include, among other factors, industry specific and general business conditions, competitive market conditions, success of Amtech's growth and sales strategies, the possibility of customer changes in delivery schedules, cancellation of orders, potential delays in product shipments, delays in obtaining inventory parts from suppliers and failure to satisfy customer acceptance requirements.

The Company does not undertake any obligation to update any of these forward-looking statements for changing circumstances. For more information, review the Company's filings with the Securities and Exchange Commission, including, but not limited to, Amtech Systems, Inc.'s annual report on Form 10-K and quarterly reports on Form 10-Q.