

TEGAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share data)

	<u>June 30</u> <u>2009</u>	<u>March 31</u> <u>2009</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$10,453	\$ 12,491
Accounts receivable, net of allowances for sales returns and doubtful accounts of \$183 and \$209 at June 30, 2009 and March 31, 2009, respectively.....	1,803	2,775
Inventories, net.....	14,972	14,480
Prepaid expenses and other current assets	<u>369</u>	<u>372</u>
Total current assets	27,597	30,118
Property and equipment, net	1,194	1,154
Intangible assets, net	2,836	2,998
Other assets	<u>70</u>	<u>67</u>
Total assets.....	<u>\$ 31,697</u>	<u>\$ 34,337</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$ 1,885	\$ 1,487
Accrued product warranty.....	522	702
Common stock warrant liability	389	0
Deferred revenue.....	133	113
Accrued expenses and other current liabilities	<u>1,732</u>	<u>2,004</u>
Total current liabilities.....	<u>4,661</u>	<u>4,306</u>
Total long term liabilities.....	<u>—</u>	<u>—</u>
Total liabilities	<u>4,661</u>	<u>4,306</u>
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock; \$0.01 par value; 5,000,000 shares authorized; none issued and outstanding.....	—	—
Common stock; \$0.01 par value; 50,000,000 shares authorized; 8,415,676 and 8,412,676 shares issued and outstanding at June 30, 2009 and March 31, 2009, respectively	84	84
Additional paid-in capital	127,832	128,484
Accumulated other comprehensive income (loss)	(455)	(372)
Accumulated deficit	<u>(100,425)</u>	<u>(98,165)</u>
Total stockholders' equity.....	<u>27,036</u>	<u>30,031</u>
Total liabilities and stockholders' equity.....	<u>\$ 31,697</u>	<u>\$ 34,337</u>

TEGAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended	
	<u>2009</u>	<u>June 30,</u> <u>2008</u>
Revenue.....	\$ 1,083	\$ 4,729
Cost of revenue	<u>990</u>	<u>2,402</u>
Gross profit	<u>93</u>	<u>2,327</u>
Operating expenses:		
Research and development expenses	1,241	1,136
Sales and marketing expenses.....	704	843
General and administrative expenses.....	<u>1,160</u>	<u>1,330</u>
Total operating expenses	<u>3,105</u>	<u>3,309</u>
Operating loss	(3,012)	(982)
Other income (expense), net	<u>405</u>	<u>190</u>
Net loss	<u>\$ (2,607)</u>	<u>\$ (792)</u>
Net loss per share, basic and diluted.....	\$ (0.31)	\$ (0.11)
Shares used in per share computation:		
Basic and diluted.....	8,413	7,177