

TEGAL CORPORATION REPORTS Q2 FISCAL YEAR 2012 FINANCIAL RESULTS

Petaluma, Calif., November 10, 2011 — Tegal Corporation (NASDAQ: TGAL) today announced financial results for the Second Quarter of Fiscal Year 2012, which ended September 30, 2011.

Financial Statement Highlights

- The Company's Net Loss per share in the Second Quarter of Fiscal Year 2012 was (\$0.28), compared with \$0.08 in the Second Quarter of the prior fiscal year, and (\$0.59) in the First Quarter.
- Tegal recorded a Net Loss of (\$476,000) in the Second Quarter of Fiscal Year 2012. The Company recognized its proportionate share of Sequel Power's operating loss of (\$530,000) in the Second Quarter of Fiscal Year 2012.
- Tegal ended the Second Quarter of Fiscal Year 2012 with approximately \$6.7 million in cash (including restricted cash).

Business Highlights

Tegal and Sequel Power, its portfolio company dedicated to the development and operation of large scale photovoltaic (PV)-based solar utility projects, achieved numerous milestones recently, including:

- Tegal extended the bid deadline for the IP portfolio for its Nanolayer Deposition Technology (NLD™) after several IC and semiconductor equipment manufacturers expressed interest. The portfolio includes over 35 US and international patents in the areas of pulsed-CVD, plasma-enhanced ALD, and NLD™.
- Sequel Power established a strategic alliance with Table Rock Capital (TRC), an independent private equity fund manager focusing on investments in infrastructure assets located in the U.S. and other OECD countries. TRC, which has financed, developed and managed more than 200 large-scale energy projects, is focusing initially on Sequel Power's projects in the Americas.
- Sequel Power was a sponsor and a participant at last month's Solar Arabia Summit at King Saud University in Riyadh, Saudi Arabia. The invitation-only event brought together leading policy-makers, government officials, investors and businesses involved in Saudi Arabia's \$100-billion program designed to produce several gigawatts of solar-generated power by 2020.
- Sequel Power recently opened offices in Buenos Aires, Argentina, and Santiago, Chile. The offices serve Sequel Power's customers and partners in South America and are overseen by Prince Alexander von Sachsen, Sequel Power's Chairman of South America and Middle East/Africa.

"Tegal is executing on its plan both to support Sequel Power's efforts and to partner with other businesses and industries which have extraordinary growth potential," said Thomas Mika, President and Chief Executive Officer of Tegal. "We are confident in our ability to establish a growth platform that optimizes the value of Tegal's publicly traded stock, balance sheet and management team."

Safe Harbor Statement

Except for historical information, matters discussed in this news release contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements, which are based on assumptions and describe our future plans, strategies and expectations, are generally identifiable by the use of the words "anticipate," "believe," "estimate," "expect," "intend," "project" or similar expressions. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company including, but not limited to industry conditions, economic conditions, acceptance of new technologies, market acceptance of the Company's products and services, the Company's exploration and execution of strategic alternatives. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph. For a further discussion of these risks and uncertainties, please refer to the Company's periodic filings with the Securities and Exchange Commission.

About Tegal

Since its founding in 1972, Tegal Corporation has been dedicated to the development and application of emerging technologies. Often on the forefront of major inventions, Tegal's process and capital equipment know-how enabled the development and manufacturing of leading-edge devices – from early microprocessors to advanced memory and LEDs, as well as to newest filtering and sensing devices that are present in the most advanced smart phones. Through its recent investment in sequel Power, Tegal is engaged in the promotion of solar power plant development projects worldwide and other renewable energy projects. In addition, Tegal is actively evaluating opportunities for partnerships with other diversified technology-based companies in order to exploit our shared experience and to enhance our value as a public company. Tegal is headquartered in Petaluma, California. Please visit us on the web at www.Tegal.com.

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

	<u>September 30,</u> <u>2011</u>	<u>March 31,</u> <u>2011</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,458	\$ 7,575
Restricted cash	200	200
Prepaid expenses and other current assets	64	139
Other assets of discontinued operations	456	1,129
Total current assets	7,178	9,043
Property and equipment, net	61	112
Investment in unconsolidated affiliate	1,714	2,046
Total assets	\$ 8,953	\$ 11,201
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 25	\$ 262
Common stock warrant liability	12	26
Accrued expenses and other current liabilities	109	94
Liabilities of discontinued operations	758	1,410
Total current liabilities	904	1,792
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; 1,688,943 and 1,687,623 shares issued and outstanding at September 30, 2011 and March 31, 2011, respectively.	17	17
Additional paid-in capital	129,058	128,977
Accumulated other comprehensive loss	(138)	(167)
Accumulated deficit	(120,888)	(119,418)
Total stockholders' equity	8,049	9,409
Total liabilities and stockholders' equity	\$ 8,953	\$ 11,201

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Six Months Ended</u> <u>September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenue - related party	\$ 19	\$ --	\$ 38	\$ -
Cost of revenue	<u>--</u>	<u>--</u>	<u>--</u>	<u>-</u>
Gross profit	<u>19</u>	<u>-</u>	<u>38</u>	<u>-</u>
Operating expenses:				
General and administrative expenses	<u>568</u>	<u>511</u>	<u>1,441</u>	<u>1,187</u>
Total operating expenses	<u>568</u>	<u>511</u>	<u>1,441</u>	<u>1,187</u>
Operating loss	(549)	(511)	(1,403)	(1,187)
Equity in (earnings) loss of unconsolidated affiliate	170	--	320	--
Other income, net	<u>(2)</u>	<u>(141)</u>	<u>(14)</u>	<u>(341)</u>
Loss before income tax benefit	(717)	(370)	(1,709)	(846)
Income tax expense (benefit) expense	<u>--</u>	<u>5</u>	<u>--</u>	<u>7</u>
Net loss from continuing operations	(717)	(375)	(1,709)	(853)
Income (loss) from discontinued operations, net of taxes	<u>241</u>	<u>509</u>	<u>239</u>	<u>(1,481)</u>
Net loss	<u>\$ (476)</u>	<u>\$ 134</u>	<u>\$ (1,470)</u>	<u>\$ (2,334)</u>
Net loss per share from continuing operations:				
Basic and diluted	\$ (0.42)	\$ (0.22)	\$ (1.01)	\$ (0.51)
Net income (loss) per share from discontinued operations and asset disposition:				
Basic and diluted	\$ 0.14	\$ 0.30	\$ 0.14	\$ (0.88)
Net income (loss) per share:				
Basic and diluted	\$ (0.28)	\$ 0.08	\$ (0.87)	\$ (1.39)
Weighted average shares used in per share computation:				
Basic	1,689	1,688	1,688	1,683
Diluted	1,689	1,692	1,688	1,683

The weighted average number of shares and the net (loss) income per share reflect a 1-for-5 reverse split effected by the Company on June 15, 2011

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Tegal Q2 2012 Earnings Release

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