

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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**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): December 15, 2008

**TEGAL CORPORATION**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation)

**000-26824**

(Commission File Number)

**2201 South McDowell Boulevard**

**Petaluma, California**

(Address of principal executive offices)

**(707) 763-5600**

(Registrant's telephone number, including area code)

**68-0370244**

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

**94954**

(Zip Code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 5.02          Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 15, 2008, the Compensation Committee of the Board of Directors of Tegal Corporation (“Tegal”) approved the Tegal Corporation Executive Severance Plan (the “Plan”) in which the following executive officers will participate:

Steve Selbrede	Chief Technology Officer, VP Research & Development
Paul Werbaneth	Vice President Marketing & Applications
Scott Brown	Vice President North American Sales

Under the Plan, each participant will be eligible to receive certain severance benefits in the event of his discharge by Tegal without cause (as defined in the Plan). Such severance benefits shall consist of six months base salary (12 months in the event such discharge without cause occurs within 12 months following a change in control (as defined in the Plan) of Tegal), to be paid in equal installments over the applicable severance period in accordance with Tegal’s regular payroll practices. An executive officer’s receipt of the foregoing severance benefits will be conditioned on his execution and non-revocation of a general release of claims in favor of Tegal.

The foregoing description of the Plan is qualified in its entirety by reference to the Plan, a copy of the which is attached to this Form 8-K as Exhibit 10.1 and incorporated herein by reference.

**Item 9.01.          Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.1	Tegal Corporation Executive Severance Plan

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TEGAL CORPORATION

Date : December 18, 2008

By:

Name:

Title:

Christine T. Hergenrother

Chief Financial Officer

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**EXHIBIT INDEX**

Exhibit  
Number

Description of Exhibit

10.1 Tegal Corporation Executive Severance Plan.



## Tegal Corporation

**Executive Severance Plan  
(and Summary Plan Description)**

This Executive Severance Plan (the “*Plan*”) sets forth the terms of severance benefits for certain employees of Tegal Corporation (the “*Company*”) in the event of a termination of employment with the Company under the circumstances described below. For purposes of this Plan, “*Company*” will include any Subsidiary of the Company (as defined below) and any successor to substantially all of the business, shares or assets of the Company.

The Plan is an employee welfare benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended (“*ERISA*”). This Plan document is also the summary plan description of the Plan. References in the Plan to “You” or “Your” are references to an employee of the Company.

**1. Eligibility and Participation.** Subject to the eligibility requirements set forth in this Section 1 and the other terms and conditions of this Plan, the Company shall provide severance benefits under this Plan to the individuals set forth on **Appendix A**. The Plan Administrator (as defined below) may add or delete individuals from **Appendix A** at any time, in its sole discretion. In order to be eligible for benefits under this Plan, you must, immediately prior to your date of termination, be a full-time employee of the Company who is not subject to disciplinary action or on a formal performance improvement plan. You will be considered a full-time employee of the Company if you are on a Company-approved leave of absence immediately prior to your date of termination and you were employed full-time immediately prior to the commencement of such leave. You will not be eligible for benefits under this Plan if you are a party to any individual Employment Agreement approved by the Board or a committee thereof in effect as of the date of your termination.

**2. Severance Benefit.** If you are a participant in the Plan, and you are discharged from employment by the Company without Cause (as defined below), subject to your compliance with Sections 3 and 4, you will receive the benefits set forth below:

(a) **Accrued Obligations.** On the date your employment terminates, you will receive a lump sum payment in cash for (i) your fully earned but unpaid base salary, through the date of termination, at the rate then in effect, and (ii) your accrued but unused vacation through the date of termination.

(b) **Base Salary Severance Benefit.** You will receive a severance benefit (your “*Base Salary Severance Benefit*”) equal to your Base Salary for the Severance Period (as defined below). The Base Salary Severance Benefit shall be paid in equal installments over the Severance Period on the regular payroll dates of the Company and subject to applicable tax withholding, beginning no later than 60 days following the date of your termination of employment. For purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the “*Code*”) (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(iii)), your right to receive the foregoing installment payments shall be treated as a right to receive a series of separate payments and, accordingly, each installment payment shall at all times be considered a separate and distinct payment.

Your “*Base Salary*” will be the rate of your base salary from the Company as in effect on the date of your termination of employment with the Company. For this purpose, your base salary will not include any bonus, incentive compensation, benefits or expense reimbursements or equity awards.

The “*Severance Period*” will be 6 months, unless your discharge by the Company without Cause occurs within 12 months following a Change in Control (as defined below), in which case the Severance Period will be 12 months.

In no event will you receive benefits under this Plan in the event of a termination of your employment as a result of your death or disability.

**3. Release Prior to Payment of Benefits.** Prior to the payment of any benefits under this Plan, and as a condition to such payment, you will be required to execute a waiver and release of claims agreement (the “*Release*”) in form and substance acceptable to the Company. Such Release will specifically relate to all of your rights and claims in existence at the time of such execution and will confirm your obligations under the Company’s Confidential Information Policy (as defined below).

As specified in the applicable Release, you will have a certain number of calendar days to consider whether to execute such Release, and you may revoke such Release within 7 calendar days after execution. You must execute the Release and not revoke the Release in order to be entitled to benefits under this Plan. With respect to each participant in the Plan, his or her “*Release Effective Date*” will be the day upon which the 7 day revocation period applicable to such Release expires without a revocation of such Release by the participant.

Your Release Effective Date must be within 55 days following the date of your termination of employment. If your Release Effective Date does not occur within 55 days of your termination of employment, you will not be entitled to benefits under this Plan.

**4. Restrictive Covenants.**

- (a) You acknowledge that you have executed and are subject to the provisions of all Company policies regarding confidential information and ethics including, but not limited to the Confidential & Proprietary Information and Intellectual Property/Property Rights policy, (the “*Confidential Information Policy*”).
- (b) While you are employed by the Company, and for any period after the date of your termination of employment with the Company during which you are receiving severance benefits pursuant to this Plan, you agree that you will not recruit, encourage or solicit any person who is an employee or contractor of the Company or any entity affiliated with the Company (the “*Affiliated Entity*”) to leave the Company’s or Affiliated Entity’s employ or service for any reason, or interfere in any material manner with employment

or service relationships at the time existing between the Company or Affiliated Entity and the subject employee or contractor (except as may be required in any bona fide termination decision regarding any Company or Affiliated Entity employee) in order to induce such employee or contractor of the Company to accept other employment or a consulting agreement with any other person or entity.

- (c) If you breach or threaten to commit a breach of any of the provisions of this Section 4, the Company shall have the right to cease all payments to you under Section 2, in addition to any other rights and remedies available to the Company under law or in equity.

**5. Effective Date of Plan; Amendment.** This Plan will be effective as of December 15, 2008 (the “*Effective Date*”), and shall continue until the earlier of (a) the date it is terminated by the Compensation Committee of the Board or (b) the date on which all benefits payable under the Plan have been paid. The Compensation Committee of the Board will have the power to amend or terminate this Plan from time to time in its sole and absolute discretion; *provided, however*, that no such termination or amendment shall impair your rights to benefits under the terms and conditions of the Plan, as in effect prior to such termination or amendment, without your written consent.

#### **6. Claims Procedures.**

(a) Normally, you do not need to present a formal claim to receive benefits payable under this Plan.

(b) If any person (the “*Claimant*”) believes that benefits are being denied improperly, that the Plan is not being operated properly, that fiduciaries of the Plan have breached their duties, or that the Claimant’s legal rights are being violated with respect to the Plan, the Claimant must file a formal claim, in writing, with the Plan Administrator (as defined in Section 7(a) below). This requirement applies to all claims that any Claimant has with respect to the Plan, including claims against fiduciaries and former fiduciaries, except to the extent the Plan Administrator determines, in its sole discretion, that it does not have the power to grant all relief reasonably being sought by the Claimant.

(c) A formal claim must be filed within 90 days after the date the Claimant first knew or should have known of the facts on which the claim is based, unless the Plan Administrator in writing consents otherwise. The Plan Administrator will provide a Claimant, on request, with a copy of the claims procedures established under subsection (d).

(d) The Plan Administrator has adopted procedures for considering claims (which are set forth in **Appendix B**), which it may amend from time to time, as it sees fit. These procedures will comply with all applicable legal requirements. These procedures may provide that final and binding arbitration will be the ultimate means of contesting a denied claim (even if the Plan Administrator or its delegates have failed to follow the prescribed procedures with respect to the claim). The right to receive benefits under this Plan is contingent on a Claimant using the prescribed claims procedures to resolve any claim.

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## 7. Plan Administration.

(a) The Plan will be administered by the Compensation Committee of the Board and/or its delegate which will be one or more senior officers of the Company (the "**Plan Administrator**"). The Plan Administrator is responsible for the general administration and management of the Plan and will have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply the Plan and to determine all questions relating to eligibility for benefits. The Plan will be interpreted in accordance with its terms and their intended meanings. All actions taken and all determinations made in good faith by the Plan Administrator or by Plan fiduciaries will be final and binding on all persons claiming any interest in or under the Plan.

(b) If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Plan Administrator in its sole discretion, the provision will be considered ambiguous and will be interpreted by the Plan Administrator and all Plan fiduciaries in a fashion consistent with its intent, as determined in the sole discretion of the Plan Administrator. The Plan Administrator will amend the Plan retroactively to cure any such ambiguity.

(c) No Plan fiduciary will have the authority to answer questions about any pending or final business decision of the Company or any affiliate that has not been officially announced, to make disclosures about such matters, or even to discuss them, and no person will rely on any unauthorized, unofficial disclosure. Thus, before a decision is officially announced, no fiduciary is authorized to tell any person, for example, that he or she will or will not be laid off or that the Company will or will not offer exit incentives in the future. Nothing in this subsection will preclude any fiduciary from fully participating in the consideration, making, or official announcement of any business decision.

(d) This Section may not be invoked by any person to require the Plan to be interpreted in a manner inconsistent with its interpretation by the Plan Administrator or other Plan fiduciaries.

**8. Superseding Plan.** This Plan (a) will be the only plan with respect to which benefits may be provided to you as a result of your discharge by the Company without Cause and (b) will supersede any other plan previously adopted by the Company with respect to severance benefits payable to you. Any of your rights hereunder will be in addition to any rights you may otherwise have under benefit plans or agreements of the Company (other than severance plans or agreements) to which you are a party or in which you are a participant, including, but not limited to, any Company-sponsored employee benefit plans and equity incentive award plans and any awards made thereunder.

**9. Limitation on Employee Rights.** This Plan will not give any employee the right to be retained in the service of the Company, nor will it interfere with or restrict the right of the Company to discharge or otherwise terminate the employee.

**10. No Third-Party Beneficiaries.** This Plan will not give any rights or remedies to any person other than eligible employees and the Company.

**11. Successors.** This Plan shall be binding upon and inure to the benefit of the successors of the Company.

**12. Governing Law and Venue.** This Plan is a welfare plan subject to ERISA and it will be interpreted, administered, and enforced in accordance with that law. To the extent that state law is applicable, the statutes and common law of the State of California, excluding any that mandate the use of another jurisdiction's laws, will apply. Any suit brought hereon shall be brought in the federal courts sitting in the Northern District of California, and you hereby waive any claim or defense that such forum is not convenient or proper.

**13. Miscellaneous.** Where the context so indicates, the singular will include the plural and vice versa. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan. Unless the context clearly indicates to the contrary, a reference to a statute or document will be construed as referring to any subsequently enacted, adopted, or executed counterpart.

**14. Notice.** For purposes of this Plan, notices and all other communications provided for in this Plan will be in writing and will be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the Company at its primary office location and to an employee at such employee's last known address as listed on the Company's records, provided that all notices to the Company will be directed to the attention of its Secretary, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address will be effective only upon receipt.

**15. Withholding.** The Company will be entitled to withhold from any payments or deemed payments to you hereunder any amount of withholding required by law.

**16. Additional Information.** As a participant in the Plan, you are entitled to certain rights and protections under ERISA, as described in **Appendix C**.

**17. Section 409A of the Code.**

(a) Notwithstanding anything herein to the contrary, to the extent any payments to you pursuant to Section 2 are treated as non-qualified deferred compensation subject to Section 409A of the Code, then (a) no amount shall be payable pursuant to such section unless your termination of employment constitutes a "separation from service" with the Company (as such term is defined in Treasury Regulation Section 1.409A-1(h) and any successor provision thereto) (a "**Separation from Service**"), and (b) if you, at the time of your Separation from Service, are determined by the Company to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code and the Company determines that delayed commencement of any portion of the termination



benefits payable to you pursuant to this Plan is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code (any such delayed commencement, a “**Payment Delay**”), then such portion of your termination benefits described in Section 2 shall not be provided to you prior to the earlier of (i) the expiration of the six-month period measured from the date of your Separation from Service, (ii) the date of your death or (iii) such earlier date as is permitted under Section 409A. Upon the expiration of the applicable Code Section 409A(a)(2)(B)(i) deferral period, all payments deferred pursuant to a Payment Delay shall be paid in a lump sum to you within 30 days following such expiration, and any remaining payments due under this Plan shall be paid as otherwise provided herein. The determination of whether you are a “specified employee” for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of your Separation from Service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

(b) Notwithstanding Section 17(a), to the maximum extent permitted by applicable law, amounts payable to you pursuant to Section 2 shall be made in reliance upon Treasury Regulation Section 1.409A-1(b)(9) (with respect to separation pay plans) or Treasury Regulation Section 1.409A-1(b)(4) (with respect to short-term deferrals).

(c) To the extent the payments and benefits under this Plan are subject to Section 409A of the Code, this Plan shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder (and any applicable transition relief under Section 409A of the Code).

**18. Definitions.** For purposes of this Plan, the following terms will have the following meanings:

(a) “**Board**” means the board of directors of Tegal Corporation.

(b) “**Cause**” means that, in the reasonable determination of the Company, you:

(i) have willfully engaged in an act or omission which is in bad faith and to the detriment of the Company, or have engaged in misconduct, gross negligence, or willful malfeasance, in each case that causes material harm to the Company;

(ii) have materially breached any agreement between you and the Company, including Company policies and practices;

(iii) have habitually neglected or materially failed to perform your duties (other than any such failure resulting solely from your physical or mental disability or incapacity) after a written demand for substantial performance is delivered to you which identifies the manner in which the Company believes that you have not performed your duties;

(iv) have been convicted of a felony or any crime involving moral turpitude, have used drugs or alcohol in a way that either interferes with the performance of your duties or compromises the integrity or reputation of the Company, or have engaged in any act of dishonesty involving the Company; or

(v) have disclosed Company confidential information not required by your duties, or have committed commercial bribery, or perpetration of fraud;

*provided, however*, that you shall have at least forty-five (45) calendar days to cure, if curable, any of the events which could lead to your termination for Cause.

(c) “**Change in Control**” means and includes each of the following:

(i) A transaction or series of transactions (other than an offering of the Company’s common stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company’s securities outstanding immediately after such acquisition; or

(ii) During any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in clause (i) above or clause (ii) below whose election by the Board or nomination for election by the Company’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or

(iii) The consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company’s assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction:

(A) Which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “**Successor Entity**”)) directly or indirectly, at least a majority of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(B) After which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however*, that no person or group shall be treated for purposes of this clause (B) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or

(iv) The Company's stockholders approve a liquidation or dissolution of the Company.

The Plan Administrator will have full and final authority, which will be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto.

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Executed at Petaluma, California, effective as of December 18, 2008.

**Tegal Corporation**

By:

Name: Thomas R Mika

Title: President and CEO

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**Appendix A**

**Eligible Employees**

**Steve Selbrede, Chief Technology Officer, VP Research & Development**

**Paul Werbaneth, Vice President Marketing & Applications**

**Scott Brown, Vice President North American Sales**

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## Appendix B

### Detailed Claims Procedures

#### 1. Claims Procedure.

(a) **Initial Claims.** All claims will be presented to the Plan Administrator in writing. Within 90 days after receiving a claim, a claims official appointed by the Plan Administrator will consider the claim and issue his or her determination thereon in writing. The claims official may extend the determination period for up to an additional 90 days by giving the Claimant written notice. The initial claim determination period can be extended further with the consent of the Claimant. Any claims that the Claimant does not pursue in good faith through the initial claims stage will be treated as having been irrevocably waived.

(b) **Claims Decisions.** If the claim is granted, the benefits or relief the Claimant seeks will be provided. If the claim is wholly or partially denied, the claims official will, within 90 days (or a longer period, as described above), provide the Claimant with written notice of the denial, setting forth, in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the denial; (ii) specific references to the provisions on which the denial is based; (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, together with an explanation of why the material or information is necessary; and (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit his or her claim for review, including the time limits applicable to such procedures, and a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse decision upon review. If the Claimant can establish that the claims official has failed to respond to the claim in a timely manner, the Claimant may treat the claim as having been denied by the claims official.

(c) **Appeals of Denied Claims.** Each Claimant will have the opportunity to appeal the claims official's denial of a claim in writing to an appeals official appointed by the Plan Administrator (which may be a person, committee, or other entity). A Claimant must appeal a denied claim within 60 days after receipt of written notice of denial of the claim, or within 60 days after it was due if the Claimant did not receive it by its due date. The Claimant (or his or her duly authorized representative) may review pertinent documents in connection with the appeals proceeding and may present issues, comments and documents in writing relating to the claim. The review will take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit claim determination. Any claims that the Claimant does not pursue in good faith through the appeals stage, such as by failing to file a timely appeal request, will be treated as having been irrevocably waived.

(d) **Appeals Decisions.** The decision by the appeals official will be made not later than 60 days after the written appeal is received by the Plan Administrator, unless special circumstances require an extension of time, in which case a decision will be rendered as soon as possible, but not later than 120 days after the appeal was filed, unless the Claimant agrees to a further extension of time. The appeal decision will be in writing, will be set forth in a manner calculated to be understood by the Claimant, and will include specific reasons for the decision, specific references to the provisions on which the decision is based, if applicable, a statement that the Claimant is entitled to receive upon request and free of charge reasonable access to and copies of all documents, records and other information relevant to the Claimant's claim for benefits, as well as a statement of the Claimant's right to bring an action under Section 502(a) of ERISA. If a Claimant does not receive the appeal decision by the date it is due, the Claimant may deem his or her appeal to have been denied.

(e) **Procedures.** The Plan Administrator will adopt procedures by which initial claims will be considered and appeals will be resolved; different procedures may be established for different claims. All procedures will be designed to afford a Claimant full and fair consideration of his or her claim.

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## Appendix C

### Additional Information

#### Rights under ERISA

As a participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants will be entitled to:

#### **Receive Information About Your Plan and Benefits**

1. Examine, without charge, at the Plan Administrator's office and at certain Company offices, all Plan documents including collective bargaining agreements, if any, and copies of all documents filed by the Plan with the U.S. Department of Labor, and available at the Public Disclosure Room of the Employee Benefits Security Administration, such as annual reports and Plan descriptions.
2. Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including collective bargaining agreements and copies of the latest annual report (Form 5500 Series), if any, and updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
3. Obtain upon written request to the Plan Administrator information as to whether a particular employer or employer organization is a sponsor of the Plan and the address of any employer or employer organization that is a plan sponsor. Your beneficiaries also have a right to obtain this information upon written request to the Plan Administrator.
4. Receive a summary of the Plan's annual financial report, if any. The Plan Administrator is required by law to furnish each participant with a copy of any summary annual report.
5. Receive a written explanation of why a claim for benefits has been denied, in whole or in part, and a review and reconsideration of the claim.
6. Continue health care coverage for yourself, spouse or dependent if there is a loss of coverage as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this Plan and summary plan description on the rules governing your COBRA continuation coverage rights.

#### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including the Company, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your right under ERISA. However, this rule neither guarantees continued employment, nor affects the Company's right to terminate your employment for other reasons.

#### **Enforce Your Rights**

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the Plan and do not receive them within thirty (30) days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

#### **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. If you should have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U. S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquires, Employee Benefits Security Administration, U. S. Department of Labor, 200 Constitution Avenue N. W., Washington, D. C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

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**Administrative Information**

**Name of Plan:** The Tegal Corporation Executive Severance Plan  
**Plan Administrator:** Compensation Committee of the  
Board of Directors of Tegal Corporation  
2201 S. McDowell Boulevard  
Petaluma, CA 94954  
Tel: 707-763-5600

**Type of Administration:** Self-Administered  
**Type of Plan:** Severance Pay Employee Welfare Benefit Plan  
**Employer Identification Number:** 68-0370244  
**Direct Questions Regarding the Plan to:** Chief Financial Officer  
Tegal Corporation  
2201 S. McDowell Boulevard  
Petaluma, CA 94954  
Tel: 707-763-5600

**Agent for Service of Legal Process:** Chief Financial Officer  
Tegal Corporation  
2201 S. McDowell Boulevard  
Petaluma, CA 94954  
Tel: 707-763-5600  
Service of Legal Process may also be made upon the Plan Administrator

**Plan Year:** Calendar Year  
**Plan Number:** 5\_\_