

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549  
**SCHEDULE 14A**  
(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

## TEGAL CORPORATION

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
  - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
    - (1) Title of each class of securities to which transaction applies:
    - (2) Aggregate number of securities to which transaction applies:
    - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
    - (4) Proposed maximum aggregate value of transaction:
    - (5) Total fee paid:
  - Fee paid previously with preliminary materials.
  - Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
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140 2<sup>nd</sup> St., Ste. 318  
Petaluma, California 94952

Dear Fellow Stockholders:

We can now say that the transition of Tegal is complete. With our acquisition of CollabRx, Inc., which closed on July 12, 2012, we have embraced a new mission and purpose for the Company in a technology that promises to inform next generation health care. CollabRx uses information technology to aggregate and contextualize the world's knowledge on genomics-based medicine with specific insights from the nation's top cancer experts starting with the area of greatest need: advanced cancers in patients who have effectively exhausted the standard of care.

Since its founding in 2008, CollabRx has developed clinical advisory networks, expert systems, proprietary tools and processes, and a pipeline of commercial data products and applications ("apps") for advanced cancers. CollabRx Therapy Finders™, the Company's first commercial product, provides sophisticated, credible, personalized, and actionable information to physicians and patients for rapidly determining which medical tests, therapies, and clinical trials may be considered in cancer treatment planning with a specific emphasis on the tumor genetic profile. CollabRx efforts in this arena have been supported by a network of over 50 of the top clinical practitioners in the United States and through its partnerships with highly regarded professional associations: the American Society of Clinical Oncologists (ASCO) and the College of American Pathologists (CAP).

There are several constituencies for whom this type of regularly updated and clinically vetted information is both crucial and extremely valuable. Not the least of these is the patient, to whom we have committed to make available at all times a version of the Therapy Finders free of charge on the CollabRx website. We plan to make the Therapy Finders and other products that synthesize, elaborate and enhance information from our unique and proprietary knowledgebase available through several commercial channels. These include websites directed at physician users, reports for use by clinical testing laboratories and academic centers, and collaborations with prominent industry participants to provide insights into our knowledge base and theirs.

We also want to take this opportunity to introduce you to James M. Karis, Tegal's new Co-CEO. James is a well-known and highly regarded executive in the medical industry, which has been his focus for his entire career. Mr. Karis, who became CollabRx CEO in 2011, served for nine years as President and CEO of Entelos, Inc., President and Chief Operating Officer of PAREXEL International Corporation, Chief Operating Officer of Pharmaco International, and Vice President of International Operations of Baxter International. Together we will be pursuing the wealth of opportunities that are available to CollabRx and leading the Company to what we believe will be a rapid and sustained period of growth and profitability.

We and the entire Board of Directors of Tegal want to thank our customers, partners and shareholders for their continued support as we ask you, in your upcoming vote, to support our new mission by allowing us to change our Corporate Charter so that Tegal may now be named CollabRx.

Sincerely,

THOMAS R. MIKA  
Co-CEO and Chairman of the Board

JAMES M. KARIS  
Co-CEO

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**TEGAL CORPORATION**  
**140 2nd Street, Suite 318**  
**Petaluma, CA 94952**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD September 25, 2012**

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The Annual Meeting of Stockholders of Tegal Corporation (the "Company") will be held at the offices of Goodwin Procter located at 135 Commonwealth Dr, Menlo Park, California 94025 on September 25, 2012, at 10:00 a.m. (Pacific Time) for the following purposes:

1. To elect each of Gilbert Bellini, James Karis, Jeffrey M. Krauss, Thomas R. Mika and Carl Muscari as a member of the Board of Directors of the Company to hold office for a one-year term and until their successors are duly elected and qualified;
2. To approve an amendment to our Certificate of Incorporation to change the Company's name to CollabRx, Inc.;
3. To ratify the appointment of Burr, Pilger & Mayer LLP as our Independent Registered Public Accounting Firm for the fiscal year ending March 31, 2013; and
4. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice. We know of no other matters to be presented at the Annual Meeting. If any other matters come before the Annual Meeting, it is the intention of the proxy holders to vote on such matters in accordance with their best judgment. Only stockholders of record at the close of business on July 19, 2012 will be entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof. Each of these stockholders is cordially invited to be present and vote at the Annual Meeting in person. For ten days prior to the Annual Meeting, a complete list of stockholders of record entitled to vote at the Annual Meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at the Company's Petaluma office.

By Order of the Board of Directors

TEGAL CORPORATION

/s/ CHRISTINE T. HERGENROTHER

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Name: Christine T. Hergenrother

Title: *Vice President, Chief Financial Officer,*  
*Secretary and Treasurer*

Petaluma, California

August 15, 2012

**YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. HOWEVER, WHETHER OR NOT YOU PLAN TO ATTEND IN PERSON, PLEASE SUBMIT YOUR PROXY VIA THE INTERNET OR TELEPHONE, OR COMPLETE, DATE AND SIGN THE ACCOMPANYING PROXY AND MAIL IT PROMPTLY IN THE RETURN ENVELOPE TO ASSURE THAT YOUR SHARES ARE REPRESENTED AT THE ANNUAL MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS EXERCISED. THE GIVING OF A PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN THE EVENT YOU ATTEND THE ANNUAL MEETING IN PERSON. THANK YOU FOR VOTING PROMPTLY.**

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**TEGAL CORPORATION**  

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**PROXY STATEMENT**  
**FOR ANNUAL MEETING OF STOCKHOLDERS**  
**September 25, 2012**

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**INTRODUCTION**

**General**

Tegal Corporation is soliciting the enclosed proxy for use at the Annual Meeting of Stockholders to be held at 10:00 a.m. (Pacific Time) on Tuesday, September 25, 2012, and at any adjournment or postponement of the Annual Meeting. We will hold the meeting at the offices of Goodwin Procter located at 135 Commonwealth Dr. Menlo Park, California 94025. We are soliciting proxies for the purposes of: (1) electing each of Gilbert Bellini, James Karis, Jeffrey M. Krauss, Thomas R. Mika and Carl Muscari as a member of the Board of Directors of the Company to hold office for a one-year term and until their successors are duly elected and qualified; (2) amending the Company's Certificate of Incorporation to change the Company's name to CollabRx, Inc.; (3) ratifying the appointment of Burr, Pilger & Mayer LLP as our Independent Registered Public Accounting Firm for the fiscal year ending March 31, 2013; and (4) transacting such other business as may properly come before the Annual Meeting and any adjournment or postponement of the Annual Meeting. The approximate date when this proxy statement and accompanying form of proxy are first being sent to stockholders is August 15, 2012.

**Solicitation**

This solicitation is made on behalf of our Board of Directors. Costs of the solicitation will be borne by us. Our directors, officers and employees and our subsidiaries may also solicit proxies by telephone, fax or personal interview. No additional compensation will be paid to such directors, officers or employees or subsidiaries for such services. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to stockholders. The costs of printing, mailing, contacting banks, brokers and proxy intermediaries, soliciting votes and other activities related to the solicitation are estimated to be approximately \$30,000.

**Voting**

Holders of record of our common stock as of the close of business on July 19, 2012 are entitled to receive notice of, and to vote at, the Annual Meeting. The outstanding common stock constitutes the only class of our securities entitled to vote at the Annual Meeting, and each share of common stock entitles the holder to one vote. At the close of business on July 19, 2012, there were 1,688,807 shares of common stock issued and outstanding. Two or more stockholders representing a majority of the outstanding shares must be present in person or by proxy to constitute a quorum for the transaction of business at the Annual Meeting.

The Company will appoint an election inspector for the meeting to determine whether or not a quorum is present and to tabulate votes cast by proxy or in person at the Annual Meeting.

Unless contrary instructions are indicated on the proxy, all shares represented by valid proxies received pursuant to this solicitation (and not revoked before they are voted) will be voted FOR:

- the election of each of the directors nominated below;
- the amendment of the Company's Certificate of Incorporation to change the Company's name to CollabRx, Inc.; and
- the ratification of the appointment of Burr, Pilger & Mayer LLP as our Independent Registered Public Accounting Firm for the fiscal year ending March 31, 2013.

With respect to any other business that may properly come before the Annual Meeting and be submitted to a vote of stockholders, proxies received by the Board of Directors will be voted in accordance with the best judgment of the designated proxy holders.

Shares represented by proxies that reflect abstentions or "broker non-votes" (*i.e.*, shares held by a broker or nominee which are represented at the Annual Meeting, but with respect to which such broker or nominee is not empowered to vote on a particular proposal or proposals) will be counted as shares that are present for purposes of determining the presence of a quorum.

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In voting for the election of directors, each share has one vote for each position to be filled, and there is no cumulative voting. Directors shall be elected by a plurality of the votes cast. Abstentions, withheld votes and broker non-votes will have no effect on the outcome of the election of directors.

The proposal to amend the Company's Certificate of Incorporation to change the Company's name to CollabRx, Inc. requires the favorable vote of a majority of the outstanding shares of the Company's common stock. Abstentions and broker non-votes will have the same effect as if you voted against the proposal.

The proposal to ratify the appointment of Burr, Pilger & Mayer LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ending March 31, 2013 requires the favorable vote of a majority of the votes present and entitled to vote on the proposal. Abstentions will have the same effect as votes against this proposal. Broker non-votes will not be counted as votes for or against this proposal and will not be included in counting the number of votes necessary for approval of this proposal.

### **Voting Electronically Over the Internet or By Telephone**

Stockholders whose shares are registered in their own names may vote by mail or electronically over the Internet or by telephone. Instructions for voting over the Internet or by telephone are set forth in the enclosed proxy card. The Internet and telephone voting facilities will close at 3:00 a.m. (Eastern Time) on September 25, 2012, the Annual Meeting day. If your shares are held in street name, the voting instruction form should indicate whether the institution has a process for beneficial holders to provide voting instructions over the Internet or by telephone. A large number of banks and brokerage firms are participating in the Broadridge Financial Solutions online program. This program allows eligible stockholders who receive a paper copy of the proxy statement the opportunity to vote over the Internet or by telephone. If your voting instruction form does not reference Internet or telephone information, please complete and return the paper voting instruction form in the self-addressed, postage-paid envelope provided. Stockholders who vote over the Internet or by telephone need not return a proxy card or voting instruction form by mail but may incur costs, such as usage charges, from telephone companies or Internet service providers.

### **Revocability of Proxies**

Any proxy may be revoked at any time before it is exercised by filing with the Secretary of the Company an instrument revoking it or by submitting prior to the time of the Annual Meeting a duly executed proxy bearing a later date. Stockholders who have executed and returned a proxy and who then attend the Annual Meeting and desire to vote in person are requested to so notify the Secretary of the Company prior to the time of the Annual Meeting. We request that all such written notices of revocation to the Company be addressed to Christine Hergenrother, c/o Tegal Corporation, at the address of our principal executive offices located at 140 2nd Street, Suite 318, Petaluma, California 94952.

## **GENERAL INFORMATION**

Since its founding in 1972, Tegal Corporation has been dedicated to the development and application of emerging technologies. In over 35 years of process development and equipment design, Tegal's legacy is evident in the most advanced consumer and industrial products that incorporate microprocessors, magnetic memories, radio frequency ID chips, acoustic wave devices, sensors, LEDs, and an array of other semiconductor and MEMS devices fabricated by some of the world's leading companies, including Tegal's one-time parent, Motorola. Beginning in 2009, in response to a challenging industry and financial environment, Tegal began a process of transitioning out of semiconductor capital equipment and into areas with more opportunity for growth and profitability consistent with the company's size and resources. Drawing on its historic technology leadership in manufacturing process technology that incorporated electro-magnetics, plasma physics, radio frequency control, and materials science, Tegal is currently engaged in the sponsorship of other related emerging technology areas, including photovoltaic (PV)-based solar power and medical devices. On July 12, 2012, Tegal completed its acquisition CollabRx, Inc., a privately held technology company in the rapidly growing market of interpretive content and data analytics for genomics-based medicine. CollabRx offers cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer and other diseases to inform health care decision making. We intend that CollabRx, Inc. will form the core of our operations going forward. Although we will continue to have an active role in the management of Sequel Power, we do not anticipate making any additional investments in that or any other solar-related businesses. Our principal executive offices are located at 140 2<sup>nd</sup> Street, Suite 318, Petaluma, California 94952. Our telephone number is (707) 763-5600.

**PROPOSAL NO. 1**  
**ELECTION OF DIRECTORS**

Our bylaws require that there be a minimum of two and maximum of eight members of the Board of Directors. Our Board of Directors is currently comprised of five members. Directors are elected at each Annual Meeting and hold office until their successors are duly elected and qualified at the next Annual Meeting. Pursuant to a resolution adopted by the Board of Directors, the authorized number of members of the Board of Directors has been set at six. Accordingly, there is currently one vacancy on our Board of Directors.

In the absence of instructions to the contrary, the persons named as proxy holders in the accompanying proxy intend to vote in favor of the election of the five nominees designated below to serve until the Annual Meeting of Stockholders for the fiscal year ending March 31, 2013 and until their respective successors shall have been duly elected and qualified. Each of Messrs. Bellini, Karis Krauss, Mika, and Muscari is a current director. The Board of Directors expects that each of the nominees will be available to serve as a director, but if any such nominee should become unavailable or unwilling to stand for election, it is intended that the shares represented by the proxy will be voted for such substitute nominee as may be designated by the Board of Directors. Because the Board of Directors remains in the process of seeking candidates for the vacant position on the Board of Directors, we have fewer nominees named than the number fixed by a resolution adopted by the Board of Directors. Stockholders may not vote for a greater number of persons than the number of nominees named.

**Nominees for Election as Director**

<b>Name</b>	<b>Age</b>	<b>Director Since</b>
Gilbert Bellini, Director	55	2011
James M. Karis, Co-CEO and Director	64	2012
Jeffrey M. Krauss, Director	54	1992
Thomas R. Mika, President, Co-CEO and Chairman of the Board	61	2002
Carl Muscari, Director	60	2007

*Gilbert A. Bellini* originally joined the Board of Directors of Tegal in September 2008 as a representative for Alcatel Micro Machining. He resigned his board membership in December 2010 after the transfer of the Tegal shares from Alcatel Micro Machining and was reappointed to Tegal's Board of Directors as an independent director in January 2011. Mr. Bellini has held the position of Director of the Global Logistics of Adixen Vacuum Products since December 2010. During the time period March 2006 to March 2010, he held the position of President of Alcatel Micro Machining Systems. Mr. Bellini holds a Bachelor of Science degree in Electronics from the University of Grenoble in France, and completed several internal International Business Education Trainings in Alcatel.

The Board of Directors has determined that Mr. Bellini's substantial work experience in companies in the engineering and equipment industry and his education give him the appropriate set of skills to serve as a member of our Board of Directors.

*Jeffrey M. Krauss* has served as a director of Tegal since June 1992. Since February 2012, Mr. Krauss has been a managing member of PPC enterprises LLC ("PPC"), a New York based private equity firm. PPC is pursuing investment opportunities in small and middle market companies across a broad spectrum of industries. From April 2000 until February 2012, Mr. Krauss was a Managing Member of Psilos Group Managers, LLC, a New York based venture capital firm, and a Managing Member of the general partner of Psilos Group Partners I, LP, Psilos Group Partners II, LP, Psilos Group Partners II-S, LP and Psilos III, each a venture capital partnership. From 1990 until April 2000, Mr. Krauss was a general partner of the general partner of Nazem & Company III, L.P. and Nazem & Company IV, L.P., both venture capital funds. He was also a general partner of the general partner of The Transatlantic Fund, a joint venture capital fund between Nazem & Company and Banque Nationale de Paris of France. Prior to joining Nazem & Company, Mr. Krauss was a corporate attorney with the law firm of Simpson Thacher & Bartlett, where he specialized in leveraged buyout transactions. He currently serves as a director of several private companies.

We believe that Mr. Krauss' public accounting experience, CPA certification, business management experience and his service as a director for several other companies make Mr. Krauss a highly-valued member of the Board of Directors.

*James Karis* joined Tegal's Board of Directors in July 2012 in connection with the Company's acquisition of CollabRx, where he served as Chief Executive Officer from September 2011. He currently serves as Co-Chief Executive Officer of Tegal. Prior to CollabRx, Mr. Karis was an independent consultant from May 2009 to September 2011. Prior to that, he served as President and Chief Executive Officer of Entelos, Inc., a U.S. based life sciences technology company, from January 2000 until May 2009. Prior to Entelos, he held senior positions in the contract research industry, serving as Chief Operating Officer and President of PAREXEL International Corporation, and earlier, as Chief Operating Officer of Pharmaco International. He was the Vice President of International Operations for Baxter International and a founder of KMR Group, a leading pharmaceutical R&D benchmarking consulting firm. Mr. Karis serves on the Board of Directors of Marina Biotech and Datatrak, Inc. and also for one private company. Mr. Karis has a B.S. degree in Management and Economics from Purdue University and a Masters in Applied Economics from The American University.

The Board of Directors has determined that Mr. Karis' substantial work experience in the management of companies within the healthcare industry, including CollabRx, and his educational background give him the appropriate set of skills to serve as a member of our Board of Directors.

*Thomas R. Mika* is Chairman and Co-Chief Executive Officer of Tegal Corporation, having been appointed President and Chief Executive Officer in 2005 and Chairman of the Board the following year. Mr. Mika's previous service with Tegal was as Chief Financial Officer and as a member of the Board of Directors from 1992 to 2002, during which he managed activities resulting in the company's 1995 Initial Public Offering and served as Chairman of the Compensation and Governance Committees and a member of the Audit Committee. Mr. Mika began his association with Tegal in 1990, when he served as consultant to Nazem & Company, a venture firm that acquired the company from Motorola in 1990. Previously, Mr. Mika founded IMTEC, a boutique investment firm whose areas of focus included health care, pharmaceuticals, media and information technology. Earlier in his career, Mr. Mika was a managing consultant with Cresap, McCormick & Paget and a policy analyst for the National Science Foundation, where he was a member of the initial three-person team that developed and published the landmark Science Indicators, the biennial report of the National Science Board to the President of the United States. Mr. Mika holds a Bachelor of Science degree in Microbiology from the University of Illinois at Urbana-Champaign and a Master of Business Administration degree from the Harvard Graduate School of Business, where he was awarded a Harvard University Fellowship.

The Board of Directors has concluded that Mr. Mika should serve on Tegal's Board of Directors based on his deep knowledge of Tegal gained from his positions as President and Co-Chief Executive Officer, as well as his substantial senior management, finance and consulting experience.

*Carl Muscari* has served as a director of Tegal since November 2007. Mr. Muscari is currently the Chief Executive Officer of MSRC Co., a leading independent distributor of computer and electronics components based in Brentwood, New Hampshire. During his four-year tenure at MSRC, Mr. Muscari has been credited with the turn-around and modernization of this privately held company. From 1999 until 2003, Mr. Muscari served as Chairman and CEO of Video Network Communications, Inc., based in Portsmouth, New Hampshire. Prior to VNCI, Mr. Muscari was President of Acuity Imaging, Inc., a machine vision company, and President & CEO of Exos, Inc. a private company with force-feedback controls technology incorporated into home video, arcades and PCs, which was sold to Microsoft in 1996. He was Executive Vice President and Chief Operating Officer of Madison Cable Corp., a high volume manufacturer of electronic cable for the computer industry, and the Vice President and General Manager of the Seals Division of Ferrofluidics Corp., a major supplier to the semiconductor, disk drive and aerospace industries. Mr. Muscari began his career at Westinghouse Corporation, where he was a thermal-hydraulic engineer and a production manager for Sun Chemical Corporation. Mr. Muscari holds a BS Mechanical Engineering degree from Cornell University, an MS Engineering degree from the Massachusetts Institute of Technology and an MBA from the Harvard University Graduate School of Business.

Based on Mr. Muscari's substantial executive experience and education, the Board of Directors believes Mr. Muscari has the appropriate set of skills to serve as a member of Tegal's Board of Directors.

All directors hold office until our next annual meeting of the stockholders and until their successors have been duly elected or qualified. There are no family relationships between any of our directors or executive officers.

#### **Board of Directors and Committees of the Board**

In fiscal 2012, the Board of Directors held six meetings. All directors attended at least 75% of the total number of board meetings and meetings of board committees on which the directors served during the time they served on the board or committees.

The Board of Directors has determined each of the following current directors is an “independent director” as such term is defined in Marketplace Rule 5605(a)(2) of the Nasdaq Stock Market: Gilbert Bellini, Jeffrey M. Krauss and Carl Muscari.

The Board of Directors has established a standing Audit Committee, a standing Compensation Committee and a standing Nominating/Corporate Governance Committee. Each of our Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee is composed entirely of independent directors in accordance with current Nasdaq listing standards. Furthermore, each member of our Audit Committee meets the additional independence and financial requirements standards required by the Nasdaq Stock Market and the Securities and Exchange Commission, or SEC. The Board of Directors has further determined that Jeffrey M. Krauss, Chairman of the Audit Committee, is an “audit committee financial expert,” as such term is defined in Item 407(d)(5)(ii) of Regulation S-K promulgated by the SEC, by virtue of his relevant experience listed in his biographical summary provided above.

#### ***Audit Committee***

The Audit Committee consists of Messrs. Krauss (Chairman), Bellini and Muscari. The Audit Committee reviews the adequacy of internal controls and the results and scope of the audit and other services provided by the Company’s independent auditors. The Audit Committee meets periodically with management and the independent auditors. The Audit Committee held four meetings in fiscal 2012. The Board of Directors has adopted an Audit Committee Charter, a copy of which is posted on our website at [www.tegal.com](http://www.tegal.com).

#### ***Compensation Committee***

The Compensation Committee consists of Messrs. Muscari (Chairman), Bellini and Krauss. The Compensation Committee held one meeting in fiscal 2012. The functions of the Compensation Committee include establishing salaries, incentives and other forms of compensation for our officers and other employees and administering our incentive compensation and benefit plans. The Board of Directors has adopted a compensation committee charter, a copy of which is posted on our website at [www.tegal.com](http://www.tegal.com).

#### ***Compensation Committee Interlocks and Insider Participation***

There are no interlocking relationships between the Board of Directors or the Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

#### ***Nominating/Corporate Governance Committee***

The Nominating/Corporate Governance Committee is comprised of Messrs. Krauss, Bellini and Muscari. The Nominating/Corporate Governance Committee held no meetings in fiscal 2012. The functions of the Nominating/Corporate Governance Committee are to identify qualified candidates for election to the Board of Directors and establish procedures for the director candidate nomination and evaluation. The Nominating/Corporate Governance Committee is also responsible for developing and recommending to our Board of Directors corporate governance guidelines, as well as overseeing the evaluation of our Board of Directors. The Board of Directors has adopted a Nominating/Corporate Governance Committee charter, a copy of which is posted on our website at [www.tegal.com](http://www.tegal.com).

The Nominating/Corporate Governance Committee considers candidates for director nominees proposed by directors, the Co-Chief Executive Officers and stockholders. The Nominating/Corporate Governance Committee may retain recruiting professionals to identify and evaluate candidates for director nominees. No recruiting professionals were retained for this purpose during fiscal 2012.

The Nominating/Corporate Governance Committee strives for a mix of skills and diverse perspectives that are essential for the Board of Directors. In selecting the nominees, the Nominating/Corporate Governance Committee assesses the independence, business judgment, management, accounting and finance, industry and technology knowledge, understanding of manufacturing, leadership, strategic vision, knowledge of international markets and marketing. Further criteria include a candidate’s personal and professional ethics, integrity and values, as well as the willingness to devote sufficient time to attend meetings and participate effectively on the Board of Directors. Although the Nominating/Corporate Governance Committee may consider whether nominees assist in achieving a mix of Board members that represents a diversity of background and experience, which is not only limited to race, gender or national origin, we have no formal policy regarding board diversity.



Stockholders may recommend potential candidates for director. Recommended candidates are screened according to the criteria outlined above and some recommended candidates may be interviewed by the Nominating/Corporate Governance Committee. The same identifying and evaluating procedures apply to all candidates for direct nomination, including candidates nominated by stockholders.

No candidates were recommended by stockholders during fiscal 2012.

If you would like the Nominating/Corporate Governance Committee to consider a prospective candidate, in accordance with our bylaws, please submit the following information to Christine Hergenrother, Secretary, Tegal Corporation, [140 2nd Street, Suite 318, Petaluma, California 94952], not less than 60 nor more than 90 days before the anniversary date of the immediately preceding Annual Meeting. For our 2013 Annual Meeting, the notice must be delivered between December 27, 2012, and January 26, 2013. However, if our 2013 Annual Meeting is not held within 30 days of March 27, 2013, the notice must be delivered no later than the close of business on the 10<sup>th</sup> day following the earlier of the day on which the first public announcement of the date of the 2013 Annual Meeting was made or the day the notice of the 2013 Annual Meeting is mailed. Under the SEC rules, for stockholder proposals to be considered for inclusion in the proxy statement for the 2013 Annual Meeting, they must be submitted in writing to our Corporate Secretary, Tegal Corporation, [140 2nd Street, Suite 318, Petaluma, California 94954] on or before October 30, 2012 if our 2013 Annual Meeting is held within 30 days of March 27, 2013. The stockholder's notice must include the following information for the person proposed to be nominated:

- his or her name, age, nationality, business and residence addresses;
- his or her principal occupation and employment;
- the class and number of shares of stock of Tegal owned beneficially or of record by him or her;
- any other information required by the SEC to be disclosed in a proxy statement; and
- a statement whether he or she, if elected, intends to tender, promptly following his or her election or re-election, an irrevocable resignation that will become effective upon the occurrence of both (i) the failure to receive the required vote for re-election at the next meeting and (ii) acceptance of the resignation by the applicable committee of the Board.

The stockholder's notice must also include the following information for the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made:

- name(s) and address(es);
- a description of any arrangements or understandings between the stockholder giving notice and each proposed nominee and any other persons (including their names) pursuant to which the nominations are to be made;
- a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to nominate the person named in the notice;
- a representation as to whether the stockholder is part of a group that intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of Tegal's outstanding capital stock required to elect the nominee and/or solicit proxies in support of the nomination; and
- any other information that would be required by the SEC to be included in a proxy statement.

The notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The chair of the Annual Meeting will determine if the procedures in the bylaws have been followed, and if not, declare that the nomination be disregarded. If the nomination was made in accordance with the procedures in our bylaws, the Nominating/Corporate Governance Committee of the Board of Directors will apply the same criteria in evaluating the nominee as it would any other Board nominee candidate and will recommend to the Board whether or not the stockholder nominee should be nominated by the Board and included in our proxy statement. These criteria are described above in the description of the Nominating/Corporate Governance Committee. The nominee and nominating stockholder must be willing to provide any information reasonably requested by the Nominating/Corporate Governance Committee in connection with its evaluation.

Stockholders may also communicate directly to members of the Board of Directors or to the chairmen of the standing committees. Communications received in writing will be forwarded to the appropriate member if sent to the following addresses:

- Chairman of the Board, c/o Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952;
- Chairman of the Nominating/Corporate Committee of the Board, c/o Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952;
- Chairman of the Audit Committee of the Board, c/o Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952; or
- Chairman of the Compensation Committee of the Board, c/o Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952.

### **Board Leadership**

Mr. Mika serves as both our Co-Chief Executive Officer and as our Chairman of the Board of Directors. There is no Company policy on whether these roles should be separate or combined. Rather, the decision is based on the best interests of the Company and its stockholders under the circumstances existing at the time. The Board of Directors believes that Mr. Mika is currently best qualified to develop agendas that ensure that the Board of Directors' time and attention are focused on the matters most critical to the Company. The Board of Directors also believes that the composition of the Board, its extensive familiarity with management and the Company, the performance of the Company with respect to governance issues and the existence of three independent directors adequately ensures the independence of the Board of Directors, the satisfactory adherence to applicable governance principles and effective and consistent oversight of management and the Company.

The Company also designates a Lead Independent Director for the purpose, among others, to advise and approve the agenda, schedules for the Board of Directors' and Board Committee meetings and informational needs, as well as acting as a liaison between non-employee directors and the Chairman and Chief Executive Officers. In addition, at executive sessions during the meetings of the Board of Director, the independent directors speak candidly on any matter of interest, without Mr. Mika or other executives present. We believe this structure, along with existence of three fully independent Board committees, also provides consistent, independent and effective oversight of our management and the Company. The Board of Directors has adopted a Lead Independent Director charter, a copy of which is posted on our website at [www.tegal.com](http://www.tegal.com).

### **Board of Directors' Role in Risk Oversight**

The Board of Directors is responsible for the oversight of the major risks facing the Company, its overall risk management process and management's proposals for their mitigation, all with an additional focus and support of the achievement of organizational objectives, including strategic objectives, the improvement of long-term organizational performance and the enhancement of stockholder value. Management is responsible for establishing the Company's business strategy, identifying and assessing the related risks and implementing appropriate risk management practices. The Board of Directors reviews the Company's high-level business strategy and management's assessment of the related risk, and discusses with management the appropriate level of risk for the Company. In addition, the Board of Directors has delegated oversight of certain categories of risk to the Audit, Compensation and Nominating/Corporate Governance Committees. The Audit Committee reviews and discusses with management significant financial and nonfinancial risk exposures, including internal controls and the quality and integrity of financial reports, and the steps management has taken to monitor, control and report such exposures. The Compensation Committee oversees management of risks relating to the Company's compensation plans and programs. The Nominating/Corporate Governance Committee manages risks associated with director governance, director independence and business conduct and ethics. Each of the committees report to the Board of Directors regularly on matters relating to the specific areas of risk such committees oversee.

### **Director Attendance at Annual Meetings**

The Board of Directors encourages, but does not require, director attendance at the Annual Meeting of Stockholders. Messrs. Bellini, Krauss and Muscari attended the annual meeting held on March 27, 2012 via teleconference.

**Required Vote**

Proxies voting for the election of the Company's directors cannot be voted for a greater number of persons than the number of nominees named. The five nominees receiving the highest number of affirmative votes of the outstanding shares of common stock present or represented by proxy and entitled to vote shall be elected as directors to serve until the next annual meeting of stockholders or until their successors have been duly elected and qualified. As a result, abstentions, withheld votes and broker non-votes will have no effect on the outcome of election of directors.

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE.**

**PROPOSAL NO. 2**  
**APPROVAL OF AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION**  
**TO CHANGE THE COMPANY'S NAME TO COLLABRX, INC.**

The Board of Directors has recommended that the Company's stockholders approve an amendment to the Company's Certificate of Incorporation to change the Company's name to CollabRx, Inc. A copy of the proposed Certificate of Amendment to the Company's Certificate of Incorporation is attached to this proxy statement as Appendix A.

**Reason for Name Change**

On July 19, 2012, the Board of Directors, subject to stockholder approval, unanimously adopted an amendment to the Company's Certificate of Incorporation to change our name to CollabRx, Inc. The Board of Directors believes it is in the best interest of the Company to assume the name of CollabRx, Inc. in connection with the Company's acquisition of CollabRx completed on July 12, 2012. CollabRx is a privately held technology company in the rapidly growing market of interpretive content and data analytics for genomics-based medicine that offers cloud-based expert systems that provide clinically relevant interpretive knowledge to institutions, physicians, researchers and patients for genomics-based medicine in cancer and other diseases to inform health care decision making. Our management and Board of Directors believe that the Tegal brand does not represent the vision and strategy for what the Company has become and that the corporate name change will better reflect our corporate identity.

**Effects of Name Change**

If the name change amendment is approved by the stockholders, the name change will become effective when the Certificate of Amendment to our Certificate of Incorporation is filed with the Secretary of State of the State of Delaware. The name change will not have any effect on the rights of our existing stockholders.

In connection with our name change, we expect to change our ticker symbol. Our current ticker symbol on the NASDAQ Capital Market is "TGAL", and we have reserved the ticker symbol "CLRX".

Following the name change, stock certificates representing our common stock will continue to be valid. In the future, new stock certificates will be issued reflecting the name change, but this will not affect the validity of a stockholder's current stock certificate(s).

**Required Vote**

The proposal to amend the Company's Certificate of Incorporation to change the Company's name to CollabRx, Inc. requires the favorable vote of a majority of the outstanding shares of the Company's common stock. As a result, abstentions and broker non-votes will have the same effect as if you voting against the proposal.

**Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE AMENDMENT TO THE COMPANY'S CERTIFICATE OF INCORPORATION TO CHANGE THE COMPANY'S NAME TO COLLABRX, INC.**

**PROPOSAL NO. 3**  
**RATIFICATION OF INDEPENDENT REGISTERED**  
**PUBLIC ACCOUNTING FIRM**

Our Board of Directors appointed the firm of Burr, Pilger & Mayer LLP, Independent Registered Public Accounting Firm, to audit our financial statements for the fiscal year ending March 31, 2013. We expect representatives of Burr, Pilger & Mayer LLP to be present at the Annual Meeting and will have the opportunity to respond to appropriate questions and to make a statement if they desire.

**Audit Fees**

The aggregate fees billed for professional services rendered by Burr, Pilger & Mayer LLP for the audit of our annual financial statements for the fiscal year ended March 31, 2012, the reviews of the financial statements included in our quarterly reports on Form 10-Q for the fiscal year ending March 31, 2012, and services that are normally provided by the Burr, Pilger & Mayer LLP in connection with statutory and regulatory filings and engagements for that fiscal year were approximately \$213,000.

The aggregate fees billed for professional services rendered by Burr, Pilger & Mayer LLP for the audit of our annual financial statements for the fiscal year ended March 31, 2011, the reviews of the financial statements included in our quarterly reports on Form 10-Q for the fiscal year ending March 31, 2011, and services that are normally provided by the Burr, Pilger & Mayer LLP in connection with statutory and regulatory filings and engagements for that fiscal year were approximately \$253,000.

**Audit-Related Fees**

The aggregate fees billed by Burr, Pilger & Mayer LLP for assurance and related services that were reasonably related to the performance of the audit or review of our 401(k) plan and are not reported above under "Audit Fees" were \$12,000 for the fiscal year ended March 31, 2011.

**Tax Fees**

The aggregate fees billed by Burr, Pilger & Mayer, LLP for professional services rendered for tax compliance, tax advice, and tax planning will be approximately \$27,000 for the fiscal year ended March 31, 2012 and were approximately \$47,000 for the fiscal year ended March 31, 2011.

The aggregate fees billed by Dal Pogetto for professional services rendered for tax compliance were approximately \$5,000 for fiscal year ended March 31, 2012 and \$7,500 for the fiscal year ended March 31, 2011.

**Audit Committee Pre-Approval Policies**

The Audit Committee has adopted a policy that requires the Audit Committee to approve all audit and permissible non-audit services to be provided by the independent auditors. The Audit Committee has established a general pre-approval policy for certain audit and non-audit services, up to a specified amount for each identified service that may be provided by the independent auditors. The Chairman of the Audit Committee may specifically approve any service within the pre-approved audit and non-audit service category if the fees for such service exceed the maximum set forth in the policy, as long as the excess fees are not reasonably expected to exceed \$50,000. Any such approval by the Chairman must be reported to the Audit Committee at its next scheduled meeting. The general pre-approval fee levels for all services to be provided by the independent auditors are reviewed annually by the Audit Committee. The annual tax return services provided by Burr, Pilger & Mayer were 21% of the total audit fees for the fiscal year ended March 31, 2012 and 18% of the total audit fees for the fiscal year ended March 31, 2011. 100% of the "audit related fees" were approved by the Audit Committee.

## **Required Vote**

Ratification of the appointment of Burr, Pilger & Mayer as our Independent Registered Public Accounting Firm is not required by our bylaws or other applicable legal requirements. However, our Board of Directors is submitting the selection of Burr, Pilger & Mayer to our stockholders for ratification as a matter of good corporate practice. Ratification requires the approval by holders of a majority of the outstanding shares of the Company's common stock who are present or represented by proxy at the meeting. Broker non-votes will not be counted as votes for or against this proposal and will not be included in counting the number of votes necessary for approval. If our stockholders fail to ratify the selection, the Audit Committee of the Board of Directors will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee, at its discretion, may direct the appointment of a different independent accounting firm at any time during the year if it determines that such a change would be in our best interests and in the best interests of our stockholders.

## **Recommendation of the Board of Directors**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF BURR, PILGER & MAYER LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2013.**

## AUDIT COMMITTEE REPORT

*Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the following Audit Committee Report shall not be incorporated by reference into any such filings and shall not otherwise be deemed to be filed under such Acts.*

The Audit Committee of our Board of Directors is comprised of independent directors as required by the listing standards of the Nasdaq Stock Market. The Audit Committee operates pursuant to a written charter adopted by our Board of Directors, a copy of which has been filed with the SEC.

The role of the Audit Committee is to oversee our financial reporting process on behalf of the Board of Directors. Our management has the primary responsibility for our financial statements as well as our financial reporting process, principles and internal controls. The Independent Registered Public Accounting Firm is responsible for performing an audit of our financial statements and expressing an opinion as to the conformity of such financial statements with generally accepted accounting principles.

In this context, the Audit Committee has reviewed and discussed our audited financial statements as of and for the year ended March 31, 2012 with management and the Independent Registered Public Accounting Firm. The Audit Committee has discussed with the Independent Registered Public Accounting Firm the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees), as currently in effect. In addition, the Audit Committee has received the written disclosures and the letter from the Independent Registered Public Accounting Firm required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as currently in effect, and it has discussed with the Independent Registered Public Accounting Firm their independence from us. The Audit Committee has also considered whether the Independent Registered Public Accounting Firm's provision of information technology services and other non-audit services to us is compatible with maintaining the Independent Registered Public Accounting Firm's independence.

Based on the reports and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for the year ended March 31, 2012, for filing with the Securities and Exchange Commission.

Submitted on June 13, 2012 by the members of the Audit Committee of the Board of Directors.

Jeffrey M. Krauss  
Carl Muscari  
Gilbert Bellini

## EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers as of July 19, 2012:

Name	Age	Position
Thomas R. Mika	61	President and Co-Chief Executive Officer
James M. Karis	64	Co-Chief Executive Officer
Christine T. Hergenrother	47	Vice President, Chief Financial Officer, Secretary and Treasurer

*Thomas R. Mika's* biography is included above under "Proposal No. 1 – Election of Directors."

*James M. Karis'* biography is included above under "Proposal No. 1- Election of Directors."

*Christine Hergenrother* was appointed our Vice President, Chief Financial Officer, Secretary and Treasurer in March 2005. Prior to that, Ms. Hergenrother served as our Director of Corporate Development since June 2004, with principal responsibility for Sarbanes-Oxley and general SEC compliance matters. Between September 2002 and March 2004, Ms. Hergenrother was the Corporate Controller of Amarin Pharmaceuticals, Inc. From February 1997 until September 2002, Ms. Hergenrother held various positions within the finance department of Tegal. Prior to Tegal, she was a senior accountant at Mindscape Inc. and a staff auditor at the firm of Pisenti & Brinker, LLP. Ms. Hergenrother holds a Bachelor of Science degree in Business Management from Illinois State University. Ms. Hergenrother is a member of the American Institute of Certified Public Accountants and the California Society of CPA's.

### Compensation Discussion and Analysis

#### Overview of Compensation Programs and Philosophy

Our philosophy is to provide a total compensation package that is competitive with the prevailing practices for our industry and geographic location. We believe that there should be a strong link between pay and performance, both at the company level and the individual level. Although we believe that exceptional individual performance should be rewarded, we believe that such rewards should not be made unless there has been strong company performance as well.

#### Components of Tegal's Compensation Program

There are four major elements that comprise Tegal's executive officer compensation program: (i) base salary; (ii) annual cash bonus, (iii) long-term incentives, such as stock options and restricted stock unit awards; and (iv) retirement benefits provided under a 401(k) plan and health benefits. Tegal has selected these elements because each is considered useful and/or necessary to meet one or more of the principal objectives of our compensation policy. For instance, base salary and bonus target percentages are set with the goal of attracting and retaining employees, adequately compensating them on a day-to-day basis for the time spent and the services they perform and rewarding them for achievement of specified levels of financial and individual performance. Our equity awards are intended to provide an incentive and reward for the achievement of long-term business objectives, including achievement of our financial goals and growth of our company. Tegal believes that these elements of compensation, when combined, are effective, and will continue to be effective, in achieving the objectives of our compensation programs.

Tegal's compensation program is intended to assure that our compensation and benefits policies attract, motivate and retain the key employees necessary to support our growth and success, both operationally and strategically. We intend to design and implement compensation and benefit programs for our officers and other executives in order to meet these guiding principles. To meet these objectives, Tegal has adopted the following overriding policies:

- Use total cash compensation (salary plus annual cash bonus) to recognize appropriately each individual officer's scope of responsibility, role in the organization, experience and contributions; and
- Reward performance by:



- Providing short-term bonus compensation by establishing a bonus plan to reward corporate and individual achievement; and
- Providing long-term incentives in the form of stock options and restricted stock unit awards in order to retain those individuals with the leadership abilities necessary for increasing long-term stockholder value while aligning the interests of our officers with those of our stockholders.

The above policies were established by the Compensation Committee (the “Committee”) of the Board of Directors in setting executive officer compensation, including the assessment of the appropriate allocation among salaries and short- and long-term incentives. Other considerations include Tegal’s business objectives, competitive practices and trends and regulatory requirements.

### **Oversight of Executive Compensation**

Tegal’s executive compensation program is overseen and administered by the Committee, which is comprised entirely of independent directors as determined in accordance with various Nasdaq Stock Market, Securities and Exchange Commission and Internal Revenue Code rules.

The Committee meets regularly with Tegal’s President and Co-Chief Executive Officer, Mr. Mika, to obtain recommendations with respect to our compensation programs, practices and packages for executives, other employees and directors. Mr. Mika makes recommendations to the Committee on the base salary, bonus targets and equity compensation for the executive team and other employees. The Committee considers, but is not bound to and does not always accept, Mr. Mika’s recommendations with respect to executive compensation. The Committee seriously considers proposals made by Mr. Mika, and executive compensation levels established for fiscal 2012 were generally based upon recommendations made by Mr. Mika. For fiscal 2013 and future years, the Committee expects to also meet regularly with James M. Karis, Tegal’s Co-Chief Executive Officer.

Mr. Mika attends some of the Committee’s meetings, but the Committee also regularly holds executive sessions not attended by any members of management or non-independent directors. The Committee discusses Mr. Mika’s compensation package with him, but makes decisions with respect to Mr. Mika’s compensation without him present. The Committee has the ultimate authority to make decisions with respect to the compensation of our named executive officers. All grants of stock options to newly-hired employees and to existing employees are made by the Committee or the Board of Directors at regularly scheduled quarterly meetings. The Committee also has authorized Mr. Mika to make salary adjustments and bonus decisions for all employees other than executive officers. For fiscal 2013 and future years, the Committee also expects Mr. Karis to attend some of the Committee’s meetings.

The Committee reviews the compensation program on an as-needed basis. In setting compensation levels for a particular executive, the Committee takes into consideration the proposed compensation package as a whole and each element individually, as well as the executive’s past and expected future contributions to our business.

In determining the particular elements of compensation that will be used to implement Tegal’s overall compensation policies, the Committee reviews our financial performance, and the continued improvement expected in the coming fiscal year operating budgets, difficulties still facing us in achieving its operating budget, achievement of targeted revenue, gross profit and operating expense levels, as well as the competitive environment in which we operate.

### **Reliance on Compensation Consultants**

The Committee has the authority to engage its own independent advisors to assist in carrying out its responsibility. In fiscal 2012, the Committee did not retain a compensation consultant.

### **Base Salary**

The base salary for each named executive officer is generally established through negotiation at the time the executive is hired, taking into account the executive’s qualifications, experience, prior salary and competitive salary information. Each year, the Committee determines whether to approve merit increases to our named executive officers’ base salaries based upon their individual performance and the recommendations of Mr. Mika and, in fiscal 2013 and future years, Mr. Karis. As a result of such a review, there were no changes in the base annual compensation from fiscal 2011 to fiscal 2012 for the executive officers.

## **Bonus Plan**

In order to motivate executives and managers in the attainment of our annual goals and to enhance our ability to attract and retain key managerial employees through a competitive compensation package, in past years we have adopted an annual discretionary performance bonus plan for certain executives and managers. Under this plan, each named executive officer or manager typically has an annual bonus incentive target expressed as a percentage of that executive's or manager's base salary. For fiscal 2012, bonuses were paid to Mr. Mika in the amount of \$125,000 and Ms. Hergenrother in the amount of \$75,000.

## **Long-Term Incentive Compensation**

Tegal provides long-term incentive compensation through awards of stock options and restricted stock units that generally vest over multiple years. Tegal's equity compensation program is intended to align the interests of our officers with those of our stockholders by creating an incentive for our officers to maximize stockholder value. The equity compensation program also is designed to encourage our officers to remain employed with Tegal in a very competitive labor market.

Equity-based incentives are granted to our officers under Tegal's stockholder-approved equity incentive plan or through inducement grants with respect to new hires. The Committee has in the past several years only granted equity awards to executive officers at its scheduled meetings. Grants approved during scheduled meetings become effective and are priced as of the date of approval, or a predetermined future date (for example, new hire grants are effective as of the later of the date of approval or the newly hired employee's start date), provided that if a public announcement of material information other than quarterly earnings is anticipated, the grant date may be deferred at the discretion of the Board of Directors or Committee until after release of such information. All grants of stock options or other equity awards to newly-hired employees are made by the Committee or the Board of Directors at regularly scheduled quarterly meetings. The exercise price of all options is at the closing price of our common stock on the grant date, as reported by the Nasdaq Stock Market.

In fiscal 2012, for the award of stock options and restricted stock unit awards for management the Committee took into consideration the achievement of specific strategic and operational goals, including the sale of the Company or its assets, the implementation of a plan of downsizing and reorganization, the achievement of cash break-even or better operating results, the avoidance of delisting, the avoidance of bankruptcy, the achievement of certain strategic partnerships, the improvement in the Company's stock price and the transition of the Company to a new business model that has the potential to reverse the Company's recent historic losses and, in particular, achieving long-term gains in the Company's stock price. The number of options and restricted stock units the Committee grants to each officer and the vesting schedule for each grant is determined based on a variety of factors, including the Committee's goal of increasing the proportion of long-term incentive compensation awarded to executive officers. Restricted Stock Unit grants were made to Mr. Mika in the amount of 100,000 units and to Ms. Hergenrother in the amount of 48,989 units in fiscal 2012.

## **Other Benefits and Perquisites**

Our named executive officers are eligible to participate in the Tegal Corporation Employee Savings and Retirement Plan (the "401(k) Plan"). Under the 401(k) Plan, all Tegal employees are eligible to participate and to receive matching contributions from Tegal that are subject to vesting over time.

Tegal also offers a number of other benefits to the named executive officers pursuant to benefit programs that it maintains for broad-based employee participation. These benefits programs include medical, dental and vision insurance, long-term and short-term disability insurance, life and accidental death and dismemberment insurance, health and dependent care flexible spending accounts, business travel insurance, educational assistance, employee assistance and certain other benefits.

## Accounting and Tax Considerations

In designing its compensation programs, Tegal takes into consideration the accounting and tax effect that each element will or may have on Tegal and the executive officers and other employees as a group. Tegal recognizes a charge to earnings for accounting purposes when either stock options or restricted stock unit awards are granted. In addition, since restricted stock unit awards provide immediate value to employees once vested, while the value of stock options is dependent on future increases in the value of Tegal stock, Tegal may be able to realize the same retention value from a smaller number of shares of restricted stock units as compared to stock options.

In addition, Tegal has not provided any executive officer or director with a gross-up or other reimbursement for tax amounts the executive might pay pursuant to Section 280G or Section 409A of the Internal Revenue Code.

In determining which elements of compensation are to be paid, and how they are weighted, Tegal also takes into account whether a particular form of compensation will be considered “performance-based” compensation for purposes of Section 162(m) of the Internal Revenue Code. Under Section 162(m), Tegal generally receives a federal income tax deduction for compensation paid to certain executive officers only if the compensation is less than \$1 million during any fiscal year or is “performance-based” under Section 162(m). The Committee currently intends to continue seeking a tax deduction for all of Tegal’s executive compensation, to the extent we determine it is in the best interests of Tegal. All of the stock options and restricted stock units granted to our executive officers qualify under Section 162(m) as performance-based compensation.

## Compensation Committee Report

The information contained in this report shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that Tegal specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

We, the Compensation Committee of the Board of Directors of Tegal Corporation, have reviewed and discussed the Compensation Discussion and Analysis contained in this proxy statement with management. Based on such review and discussion, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Tegal’s Annual Report on Form 10-K for the fiscal year ended March 31, 2012.

Submitted on July 19, 2012 by the members of the Compensation Committee of the Board of Directors.

THE COMPENSATION COMMITTEE

Carl Muscari, Chair  
Jeffrey M. Krauss  
Gilbert Bellini

## EXECUTIVE COMPENSATION

The following table shows, for the fiscal year ended March 31, 2012, the cash compensation paid by us and our subsidiaries as well as certain other compensation paid or accrued for those years for services in all capacities to the person serving as the chief executive officer during fiscal 2012 and our only other executive officer whose total annual salary and bonus exceeded \$100,000 in fiscal 2012, which executives are referred to as the “named executive officers”.

**Summary Compensation Table**

<b>Name and Principal Position</b>	<b>Fiscal Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$) (1)</b>	<b>All Other Compensation (\$) (2)</b>	<b>Total (\$)</b>
Thomas Mika Chairman, President & Co-CEO	2012	294,923	125,000	179,000	3,956	602,879
	2011	284,589	125,000	250,584	1,494	661,667
Christine Hergenrother Vice President, CFO, Secretary and Treasurer	2012	181,731	75,000	87,690	2,274	346,695
	2011	174,803	75,000	105,438	901	356,142

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- (1) The amount is calculated by taking the aggregate number of restricted stock units multiplied by the closing sales price of our common stock on the grant date in accordance with FASB ASC 718.
- (2) All other compensation in fiscal year 2012 and 2011 includes for all individuals the value of the Company match under the 401(k) Plan.

## OUTSTANDING EQUITY OPTION AWARDS AT FISCAL YEAR END

The following table sets forth the outstanding stock options held by the named executive officers at March 31, 2012. No plan-based option awards were granted during the fiscal year ended March 31, 2012.

Name	Options Awards				Restricted Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) (1) Unexercisable	Option Exercise Price (\$)	Option Expiration Date (2)	Number of Securities Underlying Vested	Number of Securities Underlying Unvested	Market Price at Grant Date (\$)	RSU Expiration Date (6)
Thomas Mika	3,267	0	23.00	11/15/2016	24,500(3)	45,500	2.45	11/05/2020
	20,730	0	21.00	12/18/2017	15,208(4)	15,209	3.60	1/27/2021
	36,410	7,282	11.70	11/5/2018	0(7)	100,000	1.79	6/30/2021
Christine Hergenrother	3,538	0	23.00	11/15/2016	4,733(5)	38,303	2.45	11/05/2020
	3,832	0	21.00	12/18/2017	0(8)	48,989		6/30/2021
	6,730	1,347	11.70	11/5/2018				

- (1) Options vest at a rate of 25% of the shares on the first anniversary of the date the option is granted, 25% of the shares on the second anniversary of the date the option is granted, and 2.083% of the shares on the last day of each month commencing with the 25th month, with full vesting on the last day of the 48th month following the date the option is granted.
- (2) The expiration date of each option occurs ten year after the date of grant of each option.
- (3) The award (consisting of restricted stock units) vests 7,000 units on November 5, 2010, 17,500 units on each of November 5, 2011, November 5, 2012 and November 5, 2013, and 9,800 units on November 5, 2014. The constructive receipt of the underlying common stock has been deferred until November 5, 2014.
- (4) The award (consisting of restricted stock units) vests 7,604 units on each of January 27, 2011, January 27, 2012 and January 27, 2013, and 7,605 units on January 27, 2014. The constructive receipt of the underlying common stock has been deferred until January 27, 2014.
- (5) The award (consisting of restricted stock units) vests 4,733 units on November 5, 2010, 10,759 units vesting on each of November 5, 2011, November 5, 2012 and November 5, 2013, and 7,460 units on November 5, 2014. The constructive receipt of the underlying common stock has been deferred until November 5, 2014.
- (6) The expiration date of each restricted stock unit occurs ten year after the date of grant.
- (7) The award (consisting of restricted stock units) vests 25,000 units on June 30, 2012, June 30, 2013, June 30, 2014 and June 30, 2015.
- (8) The award (consisting of restricted stock units) vests 12,247 units on June 30, 2012, June 30, 2013, June 30, 2014 and 12,248 on June 30, 2015.

## Employment and Change in Control Agreements

Tegal provides for certain severance benefits in the event that an executive's employment is involuntarily or constructively terminated. Such severance benefits are designed to alleviate the financial impact of an involuntary termination through salary and bonus with the intent of providing for a stable work environment. We believe that reasonable severance benefits for our executive officers are important because it may be difficult for our executive officers to find comparable employment within a short period of time following certain qualifying terminations. Tegal also believes these benefits are a means reinforcing and encouraging the continued attention and dedication of key executives of Tegal to their duties of employment without personal distraction or conflict of interest in circumstances which could arise from the occurrence of a change in control. We believe that the interests of stockholders will be best served if the interests of our senior management are aligned with them, and providing severance and change in control benefits should eliminate, or at least reduce, the reluctance of senior management to pursue potential change in control transactions that may be in the best interests of stockholders.

Tegal extends severance benefits because they are essential to help Tegal fulfill its objectives of attracting and retaining key managerial talent. These agreements are intended to be competitive within our industry and company size and to attract highly qualified individuals and encourage them to be retained by Tegal. While these arrangements form an integral part of the total compensation provided to these individuals and are considered by the Committee when determining executive officer compensation, the decision to offer these benefits did not influence the Committee's determinations concerning other direct compensation or benefit levels. The Committee has determined that such arrangements offer protection that is competitive within our industry and company size and to attract highly qualified individuals and encourage them to be retained by Tegal.

*Employment Agreement with Thomas R. Mika.* Tegal has entered into an at-will employment agreement with Mr. Mika. The employment agreement had an initial term of two years and is subject to annual automatic one year extensions unless either party provides prior notice of its intention not to renew. Under his agreement, Mr. Mika's annual base salary is initially set at \$284,000 per year subject to review and potential increase in accordance with Company policy. The employment agreement also provides for an annual target bonus equal to 50% of Mr. Mika's annual base salary payable upon achievement of targets and other objectives set by the Board and for annual long-term incentive awards with a fair market value on the date of grant equal to 100% of Mr. Mika's annual base salary.

The employment agreement with Mr. Mika provides that in the event that Mr. Mika's employment is terminated by us other than for "cause", if he resigns for "good reason," dies or becomes disabled, or if we give notice of nonrenewal of the term, he will receive continued payments of base salary for a period of twenty-four months following the date of termination, plus an amount equal to two times the average annual incentive bonus paid to Mr. Mika for the three most recently completed fiscal years in which a cash bonus program covering Mr. Mika was in effect or a cash bonus was actually paid, payable in equal installments over a period of twenty-four months following the date of termination. In the event that within twelve months following a "change of control," he is terminated by us other than for "cause" or if he resigns for "good reason", the severance benefits will be payable in a lump sum and any long-term incentive awards outstanding shall become fully vested, and if applicable, exercisable.

For purposes of the employment agreement, "cause" generally means an executive's willful engagement in an act or omission which is in bad faith and to the detriment of Tegal, his engagement in misconduct, gross negligence, or willful malfeasance, in each case that causes material harm to Tegal, his breach of the employment agreement, his habitual neglect of or material failure to perform his duties (other than any failure resulting solely from physical or mental disability or incapacity) after a written demand for performance is delivered to him by Tegal, his conviction of a felony or any crime involving moral turpitude, his use of drugs or alcohol in a way that either interferes with the performance of his duties or compromises the integrity or reputation of Tegal, his engagement in any act of dishonestly involving Tegal, his disclosure of confidential information of Tegal not required by his job duties and his engagement of commercial bribery or the perpetration of fraud. An executive will have 45 days to cure any event which could lead to termination for cause, if such events are curable.

For purposes of the employment agreements, "good reason" generally means the assignment to an executive of principal duties or responsibilities, or the substantial reduction of his duties and responsibilities, either of which is inconsistent with his position, a material reduction in his annual base salary, except to the extent the salaries of other executives of Tegal are similarly reduced, a relocation of his principal place of business by more than 50 miles from either Petaluma or San Jose, California, or any material breach by Tegal of the employment agreement that is not cured within 45 calendar days following written notice of the breach to Tegal.

For purposes of the employment agreements, “change of control” generally means a sale of substantially all of the assets of Tegal, a merger of Tegal with or into another corporation in which the holders of at least 50% of Tegal’s outstanding voting power hold less than 50% of the outstanding voting power immediately after such merger, or during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new directors whose election by the Board or nomination for election by Tegal’s stockholders was approved by a vote of at least two-thirds of the directors then still in office who were either 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.

*Employment Agreement with Mr. Karis.* Tegal has entered into an at-will employment agreement with Mr. Karis. The employment agreement had an initial term of two years and is subject to annual automatic one year extensions unless either party provides prior notice of its intention not to renew. Under his agreement, Mr. Karis’ annual base salary is initially set at \$225,000 per year subject to review and potential increase in accordance with Company policy and Mr. Karis received a \$100,000 signing bonus. The employment agreement also provides for an annual target bonus equal to 50% of Mr. Karis’ annual base salary payable upon achievement of targets and other objectives set by the Board and for annual long-term incentive awards with a fair market value on the date of grant equal to 100% of Mr. Karis’ annual base salary.

The employment agreement with Mr. Karis provides that in the event that Mr. Karis’ employment is terminated by us other than for “cause”, if he resigns for “good reason,” dies or becomes disabled, or if we give notice of nonrenewal of the term, he will receive continued payments of base salary for a period of twelve months following the date of termination, plus an amount equal to one times the average annual incentive bonus paid to Mr. Karis for the three most recently completed fiscal years in which a cash bonus program covering Mr. Maris was in effect or a cash bonus was actually paid, plus twelve months of COBRA premiums, payable in equal installments in two equal lump sum installments on the 60-day and one-year anniversaries of the termination of Mr. Karis’ employment. In the event that within three months before or twelve months following a “change of control,” he is terminated by us other than for “cause” or if he resigns for “good reason”, the severance benefits will be payable in a lump sum within 60 days following the termination of Mr. Karis’ employment and any long-term incentive awards outstanding shall become fully vested, and if applicable, exercisable.

For purposes of the employment agreement, “cause” generally means an executive’s willful engagement in an act or omission which is in bad faith and to the detriment of Tegal, his engagement in misconduct, gross negligence, or willful malfeasance, in each case that causes material harm to Tegal, his breach of the employment agreement in any material respect, his habitual neglect of or material failure to perform his duties (other than any failure resulting solely from physical or mental disability or incapacity) after a written demand for performance is delivered to him by Tegal, his commission or conviction of a felony or any crime involving moral turpitude, his use of drugs or alcohol in a way that either interferes with the performance of his duties or compromises the integrity or reputation of Tegal, his engagement in any act of dishonestly involving Tegal, his disclosure of confidential information of Tegal not required by his job duties and his engagement of commercial bribery or the perpetration of fraud. An executive will have 45 days to cure any event which could lead to termination for cause, if such events are curable.

For purposes of the employment agreement, “good reason” generally means the assignment to an executive of principal duties or responsibilities, or the substantial reduction of his duties and responsibilities, either of which is materially inconsistent with his position, a material reduction in his annual base salary, except to the extent the salaries of other executives of Tegal are similarly reduced, a relocation of his principal place of business by more than 40 miles from the center of San Francisco, or any material breach by Tegal of the employment agreement that is not cured within 30 calendar days following written notice of the breach to Tegal.

For purposes of the employment agreement, “change of control” has the same meaning set forth above in the description of Mr. Mika’s employment agreement.

*Employment Agreement with Christine T. Hergenrother.* Tegal has entered into an at-will employment agreement with Ms. Hergenrother. The employment agreement has an initial term of two years and is subject to annual automatic one year extensions unless either party provides prior notice of its intention not to renew. Under her agreement, Ms. Hergenrother’s annual base salary is initially set at \$175,000 per year subject to review and potential increase in accordance with Company policy. The employment agreement also provides for an annual target bonus equal to a 30% of Ms. Hergenrother’s annual base salary payable upon achievement of targets and other objectives set by the Board and for annual long-term incentive awards with a fair market value on the date of grant equal to 30% of Ms. Hergenrother’s annual base salary.

The employment agreement with Ms. Hergenrother provides that in the event that her employment is terminated by us other than for “cause”, if she resigns for “good reason,” dies or becomes disabled, or if we give notice of nonrenewal of the term, she will receive continued payments of base salary for a period of twelve months following the date of termination, plus an amount equal to the average annual incentive bonus paid to Ms. Hergenrother for the three most recently completed fiscal years in which a cash bonus program covering Ms. Hergenrother was in effect or a cash bonus was actually paid, payable in equal installments over a period of twelve months following the date of termination. In the event that within twelve months following a “change of control,” she is terminated by us other than for “cause” or if she resigns for “good reason”, the severance benefits will be payable in a lump sum and any long-term incentive awards outstanding shall become fully vested, and if applicable, exercisable.

For purposes of the employment agreement, “cause”, “good reason” and “change of control” have the same meanings set forth above in the description of Mr. Mika’s employment agreement.

*Executive Severance Plan.* In addition, the Board has approved a severance program for executive officers which generally provides for severance in an amount equal to six month’s base salary in the event an executive officer’s employment is terminated by Tegal without cause, however, in the event that an executive officer is terminated by Tegal without cause within 12 months following a change of control, the Company will continue to pay such executive officer’s base salary for a period of 12 months. [This program does not apply to any of Tegal’s current executive officers, all of whom have employment agreements as described above.]

For purposes of the executive severance program, the terms “cause” and “change of control” generally have the same meanings given to such terms in the employment agreements.



## POTENTIAL PAYMENTS UPON TERMINATION

The following table summarizes potential change in control and severance payments to each named executive officer. The three right-hand columns describe the payments that would apply in three different potential scenarios — a termination of employment as a result of death, disability or our non-renewal of a written employment agreement; a termination of employment as a result of the named executive officer's termination of employment by us other than for cause (or, with respect to Mr. Mika and Ms. Hergenrother, his or her resignation for good reason); or a termination of employment as a result of the named executive officer's termination of employment by us other than for cause (or, with respect to Mr. Mika and Ms. Hergenrother, his or her resignation for good reason), in each case within 12 months following a change in control. The table assumes that the termination or change in control occurred on March 31, 2012.

Recipient and Benefit	Death, Termination as a Result of Disability or Non-Renewal of Employment Agreement	Termination without Cause or Resignation for Good Reason Prior to a Change in Control or More than 12 Months Following a Change of Control	Termination without Cause or Resignation for Good Reason Within 12 Months Following a Change of Control
<b>Thomas Mika</b>			
Cash Severance	\$ 818,000(1)	\$ 818,000(1)	\$ 818,000(2)
Option Award Acceleration (5)	--	--	--
RSU Acceleration (6)	--	--	\$ 695,447
<b>Total</b>	<b>\$ 818,000</b>	<b>\$ 818,000</b>	<b>\$ 1,513,447</b>
<b>Christine Hergenrother</b>			
Cash Severance	\$ 250,000(3)	\$ 250,000(3)	\$ 250,000(4)
Option Award Acceleration (5)	--	--	--
RSU Acceleration (6)	--	--	\$ 319,011
<b>Total</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>	<b>\$ 569,011</b>

- (1) Amount represents 24 months of base salary plus two times the average annual incentive bonus paid to Mr. Mika for the previous three fiscal years in which a bonus plan was in place, payable in 24 equal monthly installments.
- (2) Amount represents 24 months of base salary plus two times the average annual incentive bonus paid to Mr. Mika for the previous three fiscal years in which a bonus plan was in place, payable in a lump sum.
- (3) Amount represents 12 months of base salary, plus one times the average annual incentive bonus paid to Ms. Hergenrother for the previous three fiscal years in which a bonus plan was in place, payable in 12 equal monthly installments.
- (4) Amount represents 12 months of base salary, plus one times the average annual incentive bonus paid to Ms. Hergenrother for the previous three fiscal years in which a bonus plan was in place, payable in a lump sum.
- (5) Amount represents the fair market value of our common stock on March 31, 2012 less the exercise price of the accelerated stock options, multiplied by the number of shares underlying the options subject to accelerated vesting.
- (6) Amount represents the fair market value of our common stock on March 31, 2012 multiplied by the number of shares underlying RSUs subject to accelerated vesting.

## Director Compensation for fiscal year ended March 31, 2012

Our outside directors currently receive an annual \$15,000 retainer for service on the Board of Directors, meeting fees of \$1,500 per Board meeting and \$1,000 for the first six audit committee meetings and \$750 for the first six nominating and compensation committee meetings not held in conjunction with a full Board of Directors meeting. Furthermore, directors may be reimbursed for certain expenses in connection with attendance at Board of Directors and committee meetings. Additionally, each committee chair receives an annual chair retainer as follows: \$7,500 for the Audit Committee chair, \$5,000 for the Compensation Committee chair and \$4,000 for the Nominating/Corporate Governance Committee chair. In addition, non-employee directors receive 1,666 stock options upon initial election or appointment to the Board of Directors and each director automatically receives 833 stock options annually thereafter.

The following table shows non-employee director compensation during fiscal year 2012.

Name	Fiscal Year Ended March 31, 2012		
	Fees Earned or Paid in	Option Awards	Total (\$)
	Cash (\$)	(\$)(1)	
Gilbert Bellini	29,250	1,884	31,134
Jeffrey M. Krauss	40,000	1,884	41,884
Carl Muscari	41,500	1,884	43,384

- (1) The value of the stock awards has been computed in accordance with FASB ASC 718, excluding the effect of estimated forfeitures.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information as of March 31, 2012 for all of our equity compensation plans, including our Eighth Amended and Restated 1998 Equity Participation Plan, our 2007 Incentive Award Plan, and our Fifth Amended and Restated Stock Option Plan for Outside Directors.

Plan Category	Number of Securities to be Issued upon Exercise of all Outstanding Options and RSUs	Weighted-Average Exercise Price of Outstanding Options and RSUs	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a))
	(a)	(b)	(c)
	Equity compensation plans approved by security holders	364,374	\$ 8.12
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>364,374</b>	<b>\$ 8.12</b>	<b>147,035(1)</b>

- (1) Excludes 3,705 shares remaining available for future issuance under our Employee Qualified Stock Purchase Plan.

**PRINCIPAL STOCKHOLDERS AND  
OWNERSHIP OF STOCK BY MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of shares of our common stock by our directors, the individuals named in the Summary Compensation Table, all directors and executive officers as a group and beneficial owners of more than 5% of our common stock as of July 19, 2012. For purposes of this proxy, beneficial ownership of securities is defined in accordance with the rules of the SEC and means generally the power to vote or dispose of securities, regardless of any economic interest therein. An asterisk denotes beneficial ownership of less than 1%. The address of each director and officer is c/o Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952.

Name of Beneficial Owner	Position	Shares Beneficially Owned  (#) (1)	Percent Of Class  (%) (1)
Thomas R. Mika (2)	President & Co-CEO	115,948	6.02%
James M. Karis (2)	Co-CEO	23,921	1.24%
Christine Hergenrother (2)	Vice President & CFO	23,592	1.23%
Jeffrey M. Krauss (2)	Director	13,855	*
Gilbert Bellini (2)	Director	3,679	*
Carl Muscari(2)	Director	4,162	*
Directors and Named Executive Officers as a group (5 individuals)			9.62%
Alcatel Vacuum Technology France (3)	Investor	208,677	10.84%

- (1) Applicable percentage of ownership is based on 1,925,240 shares of common stock outstanding as of July 19, 2012. The number of shares of common stock beneficially owned and calculation of percent ownership of each person or group of persons named above, in each case, takes into account those shares underlying stock options that are currently exercisable within 60 days of July 19, 2012, but which may or may not be subject to our repurchase rights, and shares of common stock that such person or group of person has the right to acquire within 60 days of July 19, 2012 pursuant to the vesting or distribution of restricted stock units.
- (2) Includes options to purchase shares of common stock that are exercisable within 60 days of July 19, 2012 and shares underlying RSUs that may be acquired within 60 days of July 19, 2012.
- (3) Based on the Form 13D filed with the SEC on July 12, 2012. Includes 208,677 of common stock with sole voting power. The address of the principal business is 3 Avenue Octave Greard 75007, Paris, France.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

During the fiscal year ended March 31, 2012, we entered into no transactions with related persons of the Company, which includes directors, executive officers, holders of more than 5% of the Company's voting securities, or any member of the immediate family of any of the foregoing persons. The Nominating/Corporate Governance Committee is responsible for review, approval or ratification of any such transactions. The Nominating/Corporate Governance Committee has developed a Code of Business Conduct and Ethics that establishes policies and procedures to facilitate the review, approval or ratification of such transactions.

## **CODE OF BUSINESS CONDUCT AND ETHICS**

Our Code of Business Conduct and Ethics is available to stockholders, upon written request, and is posted on the Company's website at [www.tegal.com](http://www.tegal.com). If you would like a copy of our Code of Business Conduct and Ethics, please send your request to: Christine Hergenrother, Secretary, Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94952.

## **SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act, requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership (Forms 3, 4 and 5) with the SEC. Officers, directors and greater-than-ten-percent holders are required to furnish us with copies of all such forms which they file.

To our knowledge, based solely on our review of such reports or written representations from certain reporting persons, we believe that all of the filing requirements applicable to our officers, directors, greater than 10% beneficial owners and other persons subject to Section 16 of the Exchange Act were complied with during the fiscal year ended March 31, 2012.

## **DEADLINE FOR SUBMISSION OF STOCKHOLDER PROPOSALS FOR THE 2013 ANNUAL MEETING**

Under the SEC rules, for stockholder proposals to be considered for inclusion in the proxy statement for the 2013 Annual Meeting, they must be submitted in writing to our Corporate Secretary, Tegal Corporation, 140 2nd Street, Suite 318, Petaluma, California 94954 on or before October 30, 2012 if our 2013 Annual Meeting is held within 30 days of March 27, 2013. In addition, our bylaws provide that for directors to be nominated or other proposals to be properly presented at the 2013 Annual Meeting, an additional notice of any nomination or proposal must be received by us between December 27, 2012 and January 26, 2013. If our 2013 Annual Meeting is not held within 30 days of March 27, 2013, to be timely, the notice by the stockholder must not be later than the close of business on the tenth day following the earlier of the day on which the first public announcement of the date of the 2013 Annual Meeting was made or the notice of the meeting was mailed. The public announcement of an adjournment or postponement of the 2013 Annual Meeting will not trigger a new time period (or extend any time period) for the giving of a stockholder notice as described in this proxy statement. Additional information regarding our bylaws is included in this proxy statement beginning on page [5], including a description of the information that must be included in the stockholder notice in order for any proposal to be eligible for inclusion in such proxy statement.

## **OTHER MATTERS**

We are not aware of any matters that may come before the meeting other than those referred to in the notice of Annual Meeting of Stockholders. If any other matter shall properly come before the Annual Meeting, however, the persons named in the accompanying proxy intend to vote all proxies in accordance with their best judgment.

Our annual report on Form 10-K, as amended, for the fiscal year ended March 31, 2012 has been mailed with this proxy statement.

**STOCKHOLDERS OF RECORD ON JULY 19, 2012 MAY OBTAIN COPIES OF TEGAL'S ANNUAL REPORT ON FORM 10-K, AS AMENDED, (EXCLUDING EXHIBITS), QUARTERLY REPORTS ON FORM 10-Q (EXCLUDING EXHIBITS) AND ALL AMENDMENTS THERETO FILED WITH THE SECURITIES AND EXCHANGE COMMISSION BY WRITING TO INVESTOR RELATIONS, TEGAL CORPORATION, 140 2<sup>nd</sup> STREET, SUITE 318, PETALUMA, CALIFORNIA 94952.**

**CERTIFICATE OF AMENDMENT  
TO  
CERTIFICATE OF INCORPORATION  
OF  
TEGAL CORPORATION**

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It is hereby certified that:

1. The name of the corporation is Tegal Corporation (the "Corporation"), a corporation duly organized and existing under the General Corporation Law of the State of Delaware (the "DGCL").

2. The Certificate of Incorporation of the Corporation, as amended, is hereby amended by deleting Article FIRST thereof and inserting in lieu of said Article the following new Article FIRST:

FIRST: The name of the corporation (hereinafter the "Corporation") is CollabRx, Inc."

3. The amendment of the Certificate of Incorporation herein certified has been duly adopted by the Board of Directors and the stockholders of the Corporation in accordance with the provisions of Section 242 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to Certificate of Incorporation to be executed by its duly authorized officer this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

TEGAL CORPORATION

By: \_\_\_\_\_  
Name: Thomas R. Mika  
Title: President and Chief Executive Officer