
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**SCHEDULE TO
(Amendment No. 2)**

(Rule 14d-100)

Tender Offer Statement Under Section 14(d)(1) or Section 13(e)(1)
of the Securities Exchange Act of 1934

Semitool, Inc.

(Name of Subject Company (Issuer))

**Jupiter Acquisition Sub, Inc. (Offeror)
Applied Materials, Inc. (Parent of Offeror)**

(Names of Filing Persons)

COMMON STOCK, NO PAR VALUE PER SHARE
(Title of Class of Securities)

816909105

(CUSIP Number of Class of Securities)

**Joseph J. Sweeney, Esq.
Senior Vice President, General Counsel
and Corporate Secretary
Applied Materials, Inc.
3050 Bowers Avenue
P.O. Box 58039
Santa Clara, California 95052-8039
(408) 727-5555**

(Name, address and telephone number of person authorized to receive notices
and communications on behalf of filing persons)

With a copy to:

**Keith A. Flaum, Esq.
Lorenzo Borgogni, Esq.
Dewey & LeBoeuf LLP
1950 University Avenue, Suite 500
East Palo Alto, CA 92612
(650) 845-7000**

CALCULATION OF FILING FEE

Transaction Valuation*: \$373,489,952

Amount of Filing Fee: \$20,841**

* Estimated solely for the purpose of calculating the registration fee in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"), based on the product of (i) \$11.00 (i.e. the tender offer price) and (ii) 33,953,632, the estimated maximum number of shares of Semitool common stock to be acquired in the tender offer (which number is composed of 32,751,356 shares of Semitool common stock outstanding as of November 16, 2009, 1,192,226 shares of Semitool common stock issuable upon the exercise of outstanding options having an exercise price of less than \$11.00 and 10,050 shares of Semitool common stock subject to restricted stock units).

** The amount of the filing fee calculated in accordance with the Exchange Act, equals \$55.80 for each \$1,000,000 of value. The filing fee was calculated in accordance with Rule 0-11(d) under the Exchange Act and Fee Rate Advisory #3 for fiscal year 2010, issued October 30, 2009.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount previously paid: \$ 20,841

Form or registration no.: Schedule TO-T

Filing Party: Applied Materials, Inc. and Jupiter Acquisition Sub, Inc.

Date Filed: November 19, 2009

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

INTRODUCTORY STATEMENT

This Amendment No. 2 (this "Amendment") amends and supplements the Tender Offer Statement on Schedule TO (which, together with any amendments and supplements thereto, collectively constitute the "Schedule TO") that was originally filed with the Securities and Exchange Commission on November 19, 2009 by (i) Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), and (ii) Applied. The Schedule TO relates to the purchase of all of the outstanding shares of common stock, no par value per share, of Semitool, Inc. at a purchase price of \$11.00 per share, net to the seller in cash, without interest thereon and less any required withholding tax, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, together with the Offer to Purchase and any amendments or supplements thereto, collectively constitute the "Offer"), copies of which were filed with the Schedule TO as Exhibits (a)(1) and (a)(2) thereto, respectively. This Amendment is being filed on behalf of Acquisition Sub and Applied. The information set forth in the Offer to Purchase and the related Letter of Transmittal, is hereby expressly incorporated by reference in answer to Items 1 through 9 and 11 of this Amendment, and is amended and supplemented by the information specifically provided herein.

Capitalized terms used and not defined in this Amendment have the meanings assigned to such terms in the Offer to Purchase.

ITEM 11. ADDITIONAL INFORMATION.

Item 11 of the Schedule TO is amended and supplemented by amending and supplementing the information set forth in Section 14 (Certain Legal Matters) of the Offer to Purchase as follows:

The following paragraph replaces the second paragraph under the caption "Antitrust" on page 49:

Pursuant to the requirements of the HSR Act, Applied, on behalf of itself and Acquisition Sub, and Semitool filed a Premerger Notification and Report Form with respect to the Offer and the Merger with the Antitrust Division and the FTC on November 17, 2009 and November 18, 2009, respectively. On December 2, 2009, Applied voluntarily withdrew its notification and intends to re-file the notification with the Antitrust Division and the FTC on December 4, 2009, in order to begin a new waiting period under the HSR Act and provide the Antitrust Division and the FTC with additional time to review its acquisition of Semitool. The HSR Act waiting period applicable to the purchase of shares pursuant to the Offer will expire at 11:59 p.m., New York City time, on December 21, 2009 (unless the waiting period is earlier terminated by the FTC and the Antitrust Division). The Offer is currently scheduled to expire prior to the end of the waiting period. If, as of the Expiration Date, the waiting period is not earlier terminated by the FTC and the Antitrust Division, Acquisition Sub expects to extend the Offer so that it expires concurrently with or after the waiting period. However, at any time prior to the end of the waiting period, the Antitrust Division or the FTC may extend the waiting period by requesting additional information or documentary material relevant to the Offer from Applied and Semitool. If such a request is made, the waiting period will be extended until 11:59 p.m., New York City time, on the tenth day after substantial compliance by Applied with such request. Thereafter, such waiting period can be extended only by court order.

The following paragraphs replace the first and second paragraphs under the caption "Litigation" on page 50:

On or about November 19, 2009 and November 30, 2009, two purported class action lawsuits related to the Offer and the Merger, captioned *Stationary Engineers Local 39 Pension Trust Fund vs. Semitool, Inc., et al.* (Cause No. DV-09-1461(B)) and *Stern vs. Thompson, et al.* (Cause No. DV-09-1513(C)), respectively, were filed in the Montana Eleventh Judicial District Court, County of Flathead, against Semitool, each of Semitool's directors, Applied and Acquisition Sub. Plaintiff in each action filed motions for expedited proceedings on November 23, 2009 and December 1, 2009, respectively, requesting, among other things, that the Court schedule a hearing on plaintiffs' anticipated motions for a preliminary injunction no later than December 17, 2009, the currently scheduled Expiration Date of the Offer. Plaintiff in the *Stationary Engineers Local* action filed an amended complaint on or about November 25, 2009.

The actions, each brought by a purported shareholder of Semitool, seek certification of a class of all holders of Semitool common stock (except the defendants and their affiliates) and allege, among other things, that Semitool's directors breached their fiduciary duties by, among other things: (i) failing to maximize shareholder value; (ii) securing benefits for certain defendants at the expense or to the detriment of Semitool's public shareholders; (iii) discouraging and/or inhibiting alternative offers to purchase control of Semitool or its assets; and (iv) failing to disclose material non-public information, and that Applied aided and abetted such alleged breaches. The actions seek, among other things, injunctive relief enjoining the defendants from consummating the Offer and the Merger and damages, as well as recovery of the costs of the action, including reasonable attorneys' and experts' fees. Applied believes the claims alleged against it in the actions to be without merit and intends to defend against them vigorously. In addition, Semitool has informed Applied that it believes the allegations against it in the actions to be without merit, and that it intends to defend against the claims vigorously. The foregoing description of these lawsuits is qualified in its entirety by reference to the complaints related thereto, which are filed as Exhibits (a)(10), (a)(11) and (a)(12) to the Schedule TO and are incorporated herein by reference.

ITEM 12. EXHIBITS.

Item 12 of the Schedule TO is hereby amended and supplemented by adding thereto the following exhibit:

- (a)(11) Amended Complaint captioned *Stationary Engineers Local 39 Pension Trust Fund vs. Semitool, Inc., et al.* (Cause No. DV-09-1461(B)) filed on November 25, 2009, in the Montana Eleventh Judicial District Court, County of Flathead.
- (a)(12) Complaint captioned *Stern vs. Thompson, et al.* (Cause No. DV-09-1513(C)) filed on November 30, 2009, in the Montana Eleventh Judicial District Court, County of Flathead.
- (a)(13) Press Release issued by Applied Materials, Inc. on December 2, 2009.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

JUPITER ACQUISITION SUB, INC.

By: _____ /s/ THOMAS T. EDMAN

Name: **Thomas T. Edman**

Title: **President**

APPLIED MATERIALS, INC.

By: _____ /s/ JOSEPH J. SWEENEY

Name: **Joseph J. Sweeney**

Title: **Senior Vice President, General Counsel
and Corporate Secretary**

Dated: December 2, 2009

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
(a)(1)	Offer to Purchase, dated November 19, 2009.*
(a)(2)	Form of Letter of Transmittal.*
(a)(3)	Form of Notice of Guaranteed Delivery.*
(a)(4)	Form of Letter from the Information Agent to Brokers, Dealers, Banks, Trust Companies and Other Nominees.*
(a)(5)	Form of Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.*
(a)(6)	Instructions for Certification of Taxpayer Identification Number on Substitute Form W-9.*
(a)(7)	Joint Press Release issued by Applied Materials, Inc. and Semitool, Inc. on November 17, 2009 (incorporated by reference to the Form 8-K filed by Applied Materials, Inc. with the Securities and Exchange Commission on November 17, 2009).
(a)(8)	Summary Newspaper Advertisement published in The Wall Street Journal on November 19, 2009.*
(a)(9)	Press Release issued by Applied Materials, Inc. on November 19, 2009.*
(a)(10)	Complaint captioned <i>Stationary Engineers Local 39 Pension Trust Fund vs. Semitool, Inc., et al.</i> (Cause No. DV-09-1461(B)) filed on November 19, 2009, in the Montana Eleventh Judicial District Court, County of Flathead.*
(a)(11)	Amended Complaint captioned <i>Stationary Engineers Local 39 Pension Trust Fund vs. Semitool, Inc., et al.</i> (Cause No. DV-09-1461(B)) filed on November 25, 2009, in the Montana Eleventh Judicial District Court, County of Flathead.
(a)(12)	Complaint captioned <i>Stern vs. Thompson, et al.</i> (Cause No. DV-09-1513(C)) filed on November 30, 2009, in the Montana Eleventh Judicial District Court, County of Flathead.
(a)(13)	Press Release issued by Applied Materials, Inc. on December 2, 2009.
(d)(1)	Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied Materials, Inc., Jupiter Acquisition Sub, Inc. and Semitool, Inc.*
(d)(2)	Noncompetition Agreement, dated as of November 16, 2009, by Larry E. Murphy in favor of and for the benefit of Applied Materials, Inc.*
(d)(3)	Noncompetition Agreement dated as of November 16, 2009, by Raymon F. Thompson in favor of and for the benefit of Applied Materials, Inc.*
(d)(4)	Form of Tender and Support Agreement, dated as of November 16, 2009, by and among Applied Materials, Inc., Jupiter Acquisition Sub, Inc. and each of the following: Raymon F. Thompson and Ladiene A. Thompson (and/or related trusts); Howard A. Bateman; Donald P. Bauman; Timothy C. Dodkin; Daniel J. Eigeman; Charles P. Grenier; Steven C. Stahlberg; Steven R. Thompson; Larry E. Murphy; Larry A. Viano; James L. Right; Paul M. Siblingrud; Klaus Pfeifer and Richard C. Hegger.*
(d)(5)	Consulting Agreement, dated as of November 16, 2009, between Applied Materials, Inc. and Raymon F. Thompson.*
(d)(6)	Offer Letter, dated as of November 16, 2009, between Applied Materials, Inc. and Larry E. Murphy.*
(g)	Not applicable.
(h)	Not applicable.

* Previously filed with the Schedule TO.

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8 *Attorneys for Plaintiff*

9
10 **MONTANA ELEVENTH JUDICIAL DISTRICT COURT**
FLATHEAD COUNTY

11 STATIONARY ENGINEERS LOCAL 39) Cause No. DV-09-1461(B)
12 PENSION TRUST FUND, Individually and on)
behalf of all others similarly situated,)

13 Plaintiff,) **AMENDED CLASS**
14) **ACTION COMPLAINT**

15 vs.)

16 SEMITOOL, INC., RAYMON F. THOMPSON,)
LARRY E. MURPHY, HOWARD E. BATEMAN,)
17 DANIEL J. EIGEMAN, CHARLES P. GRENIER,) Jury Trial Demanded
TIMOTHY C. DODKIN, DONALD P.)
18 BAUMANN, STEVEN C. STAHLBERG,)
STEVEN R. THOMPSON, APPLIED)
19 MATERIALS, INC., and JUPITER ACQUISITION)
SUB, INC.,)

20 Defendants.)

21 Plaintiff Stationary Engineers Local 39 Pension Trust Fund ("Plaintiff") alleges upon
22 information and belief, except as to those allegations pertaining to Plaintiff which are alleged
23 upon personal knowledge, as follows:

24 **NATURE OF THE ACTION**

25 1. This is an amended shareholder class action complaint brought by Plaintiff
26 Stationary Engineers Local 39 Pension Trust Fund ("Plaintiff") on behalf of the holders of the
27 common stock of Semitool, Inc. ("Semitool" or the "Company") against the Company, certain
28 officers and/or directors of Semitool, and the acquiring entities (collectively, the "Defendants")

1 involved in the proposed acquisition of the Company by Applied Materials, Inc. ("AMI") for
2 inadequate consideration (the "Proposed Transaction") and on unfair terms. In connection with
3 the Proposed Transaction, Defendants have breached their fiduciary duties and have failed to
4 disclose material information necessary for shareholders to make an informed decision regarding
5 whether or not to tender their shares in the tender offer.

6 2. This action seeks equitable relief relating to the Proposed Transaction to prevent
7 Defendants from closing the tender offer and consummating the Semitool-AMI merger without
8 ensuring that shareholders receive adequate consideration and full disclosure prior to divesting
9 themselves of the Company's stock.

10 **OVERVIEW OF THE PROPOSED TRANSACTION**

11 3. On November 17, 2009, AMI announced that it would commence a tender offer
12 for the acquisition of Semitool. Under the terms of the Proposed Transaction, AMI will acquire
13 all of the outstanding shares of Semitool common stock for \$11.00 per share. AMI only needs
14 66.67% of the Company's outstanding common stock to tender in the offer in order to
15 consummate the Proposed Transaction.

16 4. However, because certain of Semitool's directors and executives representing
17 approximately 32% of the Company's common stock have contractually agreed to tender their
18 shares, AMI will consummate the Proposed Transaction if only approximately 34% of the
19 Company's outstanding shares are tendered in the offer. Indeed, these Semitool insiders include
20 Defendant R. Thompson, Semitool's Chairman and CEO, as well as several members of the
21 Company's Board of Directors (the "Board") and executive officers. If the Company's directors
22 and officers were to tender all of their shares in the Proposed Transaction, they would receive an
23 aggregate of approximately \$108.3 million in cash.

24 5. Furthermore, Defendants have essentially guaranteed consummation of the
25 Proposed Transaction by agreeing to a break-up fee of approximately \$14.6 million if Semitool's
26 Board accepts a superior proposal or changes its recommendation regarding the Proposed
27 Transaction. This break-up fee impairs Semitool's Board from freely and effectively exercising
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1 their business judgment in the interests of the Company's shareholders, and also discourages
2 other potential bidders from emerging. Additionally, the terms of the Proposed Transaction also
3 call for Semitool to pay AMI \$3.6 million or the total of related fees and expenses, whichever is
4 greater, under other conditions if the deal is not completed. Thus, if Semitool finds and accepts a
5 superior proposal, the Company may be forced to pay approximately \$17.9 million in fees to
6 terminate the Proposed Transaction, which represents approximately 5% of the entire \$364
7 million total value of the deal.

8 6. In addition, the Proposed Transaction provides a non-solicitation provision under
9 which Semitool is prohibited from soliciting, initiating or facilitating the making, submission or
10 announcement of a competing proposal by a third party to acquire the Company. AMI expects to
11 close the tender offer by December 17, 2009, and will acquire any remaining shares of Semitool
12 at the same price paid in the tender offer. After consummation of the Proposed Transaction,
13 Semitool will be operated as a unit of AMI's Silicon Systems Group.

14 7. AMI seeks to acquire the remaining Semitool publicly held shares on unfair terms
15 and without regard to the best interests of the Company's public shareholders or the intrinsic
16 value of Semitool's stock. If the Proposed Transaction is consummated, AMI and Company
17 insiders would enrich themselves by acquiring the public shareholders' interest in the Company
18 without paying a fair and adequate price, thereby irreparably harming Plaintiff and the
19 Company's public shareholders.

20 8. On November 19, 2009, Semitool filed Form SC 14D-9 (the "14D-9") with the
21 Securities and Exchange Commission ("SEC"). In the 14D-9, Semitool's Board recommended
22 that Semitool shareholders accept the offer and tender their shares. That same day, AMI filed its
23 Tender Offer Statement on Form SC TO-T (the "TO-T") with the SEC. These documents failed
24 to disclose material information necessary for Semitool's shareholders to fully consider the
25 merits of AMI's offer and decide whether to tender their shares pursuant to the Proposed
26 Transaction.

27 9. As described below, both the price contemplated in the Proposed Transaction and
28 the process by which AMI proposes to consummate the Proposed Transaction are fundamentally

1 unfair to Plaintiff and the other public shareholders of the Company. The Proposed Transaction
2 and Defendants' acts constitute a breach of Defendants' fiduciary duties owed to Semitool's
3 public shareholders, and a violation of applicable legal standards governing Defendants'
4 conduct.

5 10. For these reasons and as set forth in detail herein, Plaintiff seeks to enjoin
6 Defendants from consummating the Proposed Transaction or, in the event the Proposed
7 Transaction is consummated, recover damages resulting from Defendants' violations of their
8 fiduciary duties of loyalty, good faith, due care, and full and fair disclosure.

9 **THE PARTIES**

10 11. Plaintiff Stationary Engineers Local 39 Pension Trust Fund, is one of the largest
11 locals in the International Union of Operating Engineers. Based in San Francisco, California, and
12 representing members throughout Northern California and Northern Nevada, Plaintiff has
13 additional offices and training facilities in Alameda, CA, Sacramento, CA, Fresno, CA and
14 Reno, NV. Plaintiff's pension and benefit funds contain over \$1.1 billion in equity and bond
15 investments. Plaintiff is a current holder of shares of common stock of Semitool and has held
16 such shares since 2006.

17 12. Semitool, a Montana corporation with its principal place of business at 655 West
18 Reserve Drive, Kalispell, MT 59901, designs, manufactures, installs and services equipment for
19 use in the fabrication of semiconductor devices. Semitool's common stock is traded on the
20 NASDAQ under the symbol "SMTL." As of January 9, 2009, Semitool had over 32 million
21 shares of common stock outstanding.

22 13. Defendant AMI is a Delaware corporation that designs, manufactures, and sells
23 semiconductor fabrication equipment worldwide. AMI primarily serves manufacturers of
24 semiconductor wafers and chips, flat panel liquid crystal displays, and solar photovoltaic cells
25 and modules. AMI was founded in 1967 and is headquartered in Santa Clara, California.

26 14. Defendant Jupiter Acquisition Sub, Inc. ("Jupiter") is a Montana corporation and
27 a wholly-owned subsidiary of Defendant AMI.

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15. AMI and Jupiter are collectively referred to herein as “AMI.”

16. Defendant Raymon F. Thompson (“R. Thompson”) served as a member of Semitool’s Board of Directors at all relevant times. R. Thompson founded Semitool in 1979 and serves as Chairman and Chief Executive Officer. R. Thompson is the father of Defendant Steven R. Thompson.

17. Defendant Larry E. Murphy (“Murphy”) has served as Semitool’s President and Chief Operating Officer since 2004. Murphy was heavily involved in negotiating the Proposed Transaction.

18. Defendant Howard E. Bateman (“Bateman”) served as a member of Semitool’s Board of Directors at all relevant times. Bateman has been a member of the Company’s Board since 1990 and also serves as Chairman of the Company’s Compensation Committee.

19. Defendant Daniel J. Eigeman (“Eigeman”) served as a member of Semitool’s Board of Directors at all relevant times. Eigeman has been a member of the Company’s Board since 1985 and serves as a member of the Company’s Audit Committee.

20. Defendant Charles P. Grenier (“Grenier”) served as a member of Semitool’s Board of Directors at all relevant times. Grenier has been a member of the Company’s Board since 2003 and serves as a member of the Company’s Audit Committee.

21. Defendant Timothy C. Dodkin (“Dodkin”) served as a member of Semitool’s Board of Directors at all relevant times. Dodkin has been employed by the Company since 1983 and has been a member of the Company’s Board since 1998. Dodkin served as Semitool’s European Sales Manager from 1985 to 1986, when he became Senior Vice President, Managing Director of Semitool Europe, Ltd. From September 2001 to June 2003, Dodkin was the Company’s Senior Vice President, Global Sales and Marketing and from June 2003 to the present he has served as Executive Vice President.

22. Defendant Donald P. Baumann (“Baumann”) served as a member of Semitool’s Board of Directors at all relevant times. Baumann has been a member of the Company’s Board since 2003 and serves as a member of the Company’s Compensation Committee.

1 23. Defendant Steven C. Stahlberg (“Stahlberg”) served as a member of Semitool’s
2 Board of Directors at all relevant times. Stahlberg has been a member of the Company’s Board
3 since 2004 and serves as the Chairman of the Company’s Audit Committee.

4 24. Defendant Steven R. Thompson (“S. Thompson”) served as a member of
5 Semitool’s Board of Directors at all relevant times. S. Thompson was employed at the Company
6 from 1982 to 1997, his last position being Vice President and General Manager of the Thermal
7 Products Division. S. Thompson is the son of Defendant R. Thompson.

8 25. Defendants R. Thompson, Murphy, Bateman, Eigeman, Grenier, Dodkin,
9 Baumann, Stahlberg and S. Thompson are sometimes referred to herein as the “Individual
10 Defendants.”

11 **THE FIDUCIARY DUTIES OF THE INDIVIDUAL DEFENDANTS**

12 26. By virtue of their positions as directors and/or officers of the Company, the
13 Individual Defendants owed and owe Plaintiff and the Company’s other public shareholders
14 fiduciary obligations of due care and loyalty and were and are required to: (a) act in furtherance
15 of the best interests of Plaintiff and the Class as shareholders of Semitool; (b) maximize value on
16 a sale of the Company; and (c) refrain from abusing their positions of control.

17 27. In accordance with their duties of loyalty, care and good faith, the Individual
18 Defendants, as directors and/or officers of Semitool, are obligated to refrain from:

- 19 a. participating in any transaction where the directors’ or officers’ loyalties
20 are divided;
- 21 b. participating in any transaction where the directors or officers receive or
22 are entitled to receive a personal financial benefit not equally shared by
23 the public shareholders of the corporation;
- 24 c. unjustly enriching themselves at the expense or to the detriment of the
25 public shareholders; and
- 26 d. taking any action that may adversely affect the value provided to the
27 corporation’s shareholders.

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1 answer session with analyst John Robon of Gagnon Securities regarding the parties' joint
2 venture:

3 <Q>: Hi, guys, I kind of want to follow up on the AMAT relationship. It really
4 sounds like it could be something significant for both parties at hand. *However,*
5 *there have been historical points in times where people have done partnerships*
6 *with applied materials, where they found out that at the end of the day they gave*
7 *up more than what they got from the larger vendor.* So, how can you ensure that
8 your IP and more importantly, secret sauce, for lack of a better word, is protected
9 from that partnership?

10 <A - Raymon Thompson>: Well, I think first of all, we have quite a bit of IP files
11 to date. And that's one thing. I think the other thing is you've got to watch the
12 behavior of the partner and they're been behaving extremely positive and very,
13 very supportive in this process and obviously that's something you've always got
14 to keep an eye on, no matter who your partner is. So we feel good about what we
15 have in place from a contractual agreement, etc. And just the behavior of them
16 and their management team. They're very amenable, very great guys to work
17 with and we expect that going forward. But we do have contracts in place as well.

18 <Q>: And what sort of – will there be a joint sales effort and how will that go
19 relative to economics for Semitool?

20 <A - Raymon Thompson>: It won't be a joint sales effort. They'll sell their
21 products, we'll sell ours. They'll service their products, we'll service ours. Most
22 of the work will really be on the development of the next-generation devices, or
23 low-cost options for the customers out there. That's going to be the focus of the
24 relationship. Obviously, we'll be presenting similar data sets or the same data sets
25 off the integrated tool sets, and so there will be some indirect selling that will go
26 on from our standpoint about their PVD and PNP and about our ECD from their
27 standpoint. There will be some cross-talk there obviously. [Emphasis added.]

28 33. In addition, Semitool held a conference call on November 11, 2008 in which
Larry Murphy, President and COO of the Company, provided the following commentary
regarding Semitool's affiliation with AMI:

Our copper joint development project with Applied Materials is delivering real
benefits to both companies. I am particularly pleased with the level of
cooperation and commitment by both of our management teams. This
relationship has been well received by the industry, and is providing opportunity
for important gains in market share while at the same time the industry continues
to increase its use of copper for new technologies.

Our affiliation with Applied Materials is an important component in our strategy
for driving our leading technology and cost of ownership positions resulting in
greater market share, and as Ray stated, this partnership is going very well.
Along with our collective efforts on copper interconnect, we've also initiated
work with Applied Materials on TSV.

1 34. Accordingly, by virtue of its intimate relationship with and knowledge of
2 Semitool's business and technology, AMI is aware of the inherent value of the Company's assets
3 and is in a perfect position to capitalize on such knowledge by acquiring the outstanding
4 common stock of Semitool during a time when the Company's stock is depressed and at a price
5 that undervalues the true worth of the Company.

6 35. Indeed, in the months leading up to the announcement of the Proposed
7 Transaction, Semitool reported strong financial results and improved guidance for future
8 reporting periods, indicating the improving condition of the Company's business and
9 emphasizing its positive prospects for future growth and success.

10 36. For instance, on October 6, 2009, Semitool issued a press release entitled,
11 "Semitool Records \$71.7 Million in Fourth Quarter Bookings, Orders Up 120% From 2009
12 Third Quarter." The press release emphasized increased guidance for the fourth quarter of 2009,
13 as well as the Company's excellent positioning for increased future financial results:

14 KALISPELL, MT, Oct 06, 2009 (MARKETWIRE via COMTEX) -- Semitool,
15 Inc. (NASDAQ: SMTL) today announced fourth quarter bookings of \$71.7
16 million. *Bookings volume was more than double the company's fiscal third
17 quarter orders of \$32.6 million and nearly three times its second quarter
18 bookings of \$24.6 million. It also represented the largest sequential bookings
19 increase since Semitool went public in 1995.*

20 "The investments we have made in our Asian organizations have led to a
21 substantial expansion of our market share in the region," said Larry Murphy,
22 president and chief operating officer. "Approximately 63% of our fourth quarter
23 bookings came from Asia-based customers. *The success of our Asian market
24 strategy has significantly elevated our potential sales ceiling as we approach the
25 next capital spending cycle.*"

26 *Management now expects fiscal fourth quarter revenue of between \$46 million
27 and \$47 million, up from a previous revenue forecast of between \$40 million
28 and \$42 million.*

29 Semitool intends to report consolidated fourth quarter financial results after the
30 market closes on November 5, 2009. Details related to the company's fourth
31 quarter conference call and webcast will be presented in a subsequent news
32 release. [Emphasis added.]

33 37. Similarly, on November 5, 2009, Semitool issued a press release which reported
34 financial results for the fourth fiscal quarter ended September 30, 2009. The press release

1 emphasized the Company's strong financial performance and its exceptional outlook for
2 continued success:

3 KALISPELL, MT, Nov 05, 2009 (MARKETWIRE via COMTEX) Semitool, Inc.
4 (NASDAQ: SMTL), a leading manufacturer of wafer processing equipment for
5 the semiconductor industry, today reported financial results for its fourth fiscal
6 quarter ended September 30, 2009.

7 Fourth quarter revenue was \$47.1 million versus \$31.8 million in this year's third
8 quarter and \$60.1 million in the fourth quarter last year. Gross margin was 42
9 percent versus 45 percent in the third quarter and 52 percent in the comparable
10 year-ago quarter. *Net income increased to \$2.2 million, or \$0.07 per share,*
11 *compared with a net loss of \$1.6 million, or \$0.05 per share, in the third quarter*
12 *and net income of \$1.2 million, or \$0.04 per share, in last year's fourth quarter.*
13 The net income increase versus the comparable year-ago quarter was primarily
14 the result of the company's expense reduction efforts, which drove down
15 operating costs by 42 percent from fourth quarter fiscal 2008 levels.

16 *Fourth quarter bookings were \$71.7 million, up 120 percent from this year's*
17 *third quarter, and an increase of 102 percent versus the fourth quarter a year*
18 *ago.* Deferred revenue at the end of the quarter was \$4.8 million and shipping
19 backlog was \$69.8 million, combining for a total revenue backlog of \$74.6
20 million. Product shipments during the quarter were \$47.5 million.

21 *"The fourth quarter represented our strongest equipment bookings period in*
22 *more than three years, and was the third best quarter in Semitool history,"* said
23 Larry Murphy, president and chief operating officer. "Approximately 90 percent
24 of fourth quarter tool bookings were follow-on orders, which illustrates the
25 progress we made during the recent downturn at capturing new process-of-record
26 opportunities and expanding our market share in Asia. Fourth quarter demand for
27 copper ECD and advanced packaging tools was particularly strong, and we
28 experienced a marked increase in orders for our legacy batch tools."

29 "We also received our first high-volume production tool order from the solar cell
30 industry," Murphy added. *"The growing strength of our core business combined*
31 *with our early successes in emerging end markets has given us added*
32 *confidence about our future prospects."*

33 Full Year Results

34 For the full fiscal year, revenue was \$139.0 million versus revenue of \$238.6
35 million in fiscal 2008. Net loss was \$11.4 million, or \$0.35 per share, versus net
36 income of \$6.0 million, or \$0.19 per share, last year.

37 At September 30, 2009, Semitool had cash and cash equivalents of \$44.6 million,
38 working capital of \$125.4 million and total shareholders' equity of \$169.4
39 million.

40 Guidance

41 Management expects to report revenue for the first quarter of fiscal 2010 in the
42 range of \$47 million to \$50 million. First quarter net income per share is expected
43 to range from \$0.07 to \$0.09. Shipments for the quarter are expected to range

1 from \$47 million to \$50 million. For fiscal 2010, management expects to report
2 revenue in a range of between \$190 million to \$210 million. [Emphasis added.]

3 38. As Semitool's recent financial results indicate, the Company is currently poised to
4 achieve significant success in the near future. Rather than permitting Semitool's shares to trade
5 freely and allowing its public shareholders to reap the benefits of the Company's prospects, the
6 Individual Defendants acted for their own benefit and the benefit of AMI, and to the detriment of
7 the Company's public shareholders, by entering into the Proposed Transaction. In so doing, the
8 Individual Defendants effectively placed a cap on Semitool's corporate value at a time when the
9 Company's stock price was trading far below its inherent value and when it was poised to
10 capitalize on its positive and encouraging financial outlook.

11 **The Proposed Transaction**

12 39. On November 17, 2009, AMI announced that it would commence a tender offer
13 for a transaction valued at \$364 million that would result in the privatization of Semitool.
14 Pursuant to the terms of the Proposed Transaction, AMI proposes to acquire all of the
15 outstanding shares of Semitool's common stock at a price of \$11.00 per share, which represents
16 a 31% premium over the Company's closing price on November 16, 2009 of \$8.40 per share. If
17 upon expiration of the tender offer AMI owns 66.67% of Semitool's outstanding common stock,
18 the Company would become a wholly-owned subsidiary of AMI.

19 40. Semitool also announced that, "as an inducement" to AMI to enter into the
20 Proposed Transaction, on November 16, 2009, AMI entered into separate Tender and Support
21 Agreements (the "Tender Agreements") with certain of the directors and executive officers of
22 Semitool. Pursuant to the Tender Agreements, these individuals agreed to tender their shares of
23 Semitool common stock pursuant to the Proposed Transaction. Should each of the Company's
24 directors and officers tender all of their shares in the Proposed Transaction, they will receive an
25 aggregate of approximately \$108.3 million in cash. Currently, the Tender Agreements represent
26 32% of Semitool's outstanding common stock. Accordingly, AMI needs only 34.67% of the
27 Company's outstanding common stock to tender in order to consummate the Proposed
28 Transaction.

1 41. If Semitool's Board decides to terminate the Proposed Transaction in order to
2 accept a superior proposal, or if the Board changes its recommendation with respect to the
3 Proposed Transaction, Semitool will be required to pay a break-up fee of approximately \$14.6
4 million to AMI. Semitool will also be required to pay AMI the greater of \$3.6 million, or the
5 total of related fees and expenses, under several other conditions if the Proposed Transaction is
6 not consummated. Therefore, if the Company accepts a superior proposal and terminates the
7 Proposed Transaction, Semitool may be forced to pay AMI \$17.9 million in break-up fees,
8 representing approximately 5% of the total value of the Proposed Transaction.

9 42. The Proposed Transaction also grants AMI a "Top-Up Option" to increase the
10 likelihood of consummation of the deal. The Top-Up Option provides that if AMI fails to own at
11 least 80% of Semitool's outstanding common stock after closing of the tender offer, AMI has the
12 right to purchase such number of authorized and newly issued shares from the Company to
13 achieve the 80% threshold required to effect a "short-form" merger. This would allow AMI to
14 acquire the remaining untendered shares without additional approval of the holders of such
15 untendered shares.

16 43. In addition, the Proposed Transaction includes a non-solicitation or "no-shop"
17 provision that prohibits Semitool from soliciting, initiating or facilitating the making, submission
18 or announcement of a competing proposal to acquire the Company. This no-shop provision also
19 prohibits Semitool from furnishing any information to a potential acquirer or from engaging in
20 any discussions or negotiations with any person with respect to a potential superior proposal.

21 44. In connection with the announcement of the Proposed Transaction, Defendant R.
22 Thompson stated the following:

23 As part of Applied Materials, we can accelerate the global adoption of the
24 technologies Semitool has developed. With this agreement, we are providing our
employees with a strong future and our stockholders with exceptional value.

25 45. Mike Splinter, Chairman and CEO of AMI, stated the following regarding the
26 Proposed Transaction:

27 The semiconductor industry recovery is being fueled by global demand for mobile
28 devices such as smart phones, notebook PCs and portable media players for

1 music, gaming and books. With this acquisition, Applied will help the world's
2 leading chip makers create ever-smaller and more powerful devices.

3 46. Randhir Thakur, Senior Vice President and General Manager of AMI's Silicon
4 Systems Group, stated the following regarding the Proposed Transaction:

5 Applied Materials and Semitool have a strong track record of collaborating to
6 develop equipment solutions for leading chip makers. Together with Semitool's
7 people and products, we can help the industry move to smaller form factors and
8 faster, lower power chips.

9 **The Inadequate Premium Offered in the Proposed Transaction**

10 47. AMI implied in its press release announcing the Proposed Transaction that the
11 \$11.00 price per share tender offer represented a generous premium for Semitool's outstanding
12 shares.

13 48. However, recent price points for Semitool's stock price, as well as analyst price
14 targets for the Company's stock, show that AMI's offer is far from an adequate premium for
15 Semitool's outstanding common shares, and that the intrinsic value of the Company's stock is
16 significantly greater than AMI's \$11.00 tender offer.

17 49. For instance, just a few years ago, Semitool's stock price traded significantly
18 higher than AMI's tender offer price of \$11.00, reaching as high as \$14.40 on March 23, 2007.
19 In addition, in a November 6, 2009 analysis report on Semitool and its future business prospects,
20 Needham & Co. reiterated a "Buy" rating on the Company's stock and provided a price target for
21 Semitool common stock of \$12 per share. The Needham report stated in pertinent part as
22 follows:

23 *We believe the company is well positioned in advanced packaging where we*
24 *expect capital investment to outgrow wafer fab equipment.* Additionally, we
25 believe SMTL will continue to benefit from DRAM conversion to Copper.
26 Finally, we see several longer-term growth drivers, such as TSV, wet-clean and
27 solar. Therefore, *we recommend investors use the recent pull back as a buying*
28 *opportunity.* [Emphasis added.]

50. AMI's tender offer is designed to capitalize on the recent low levels of the
Semitool's stock price by instituting the Proposed Transaction at a price that undervalues the
Company and is fundamentally unfair to the public shareholders of Semitool common stock.

1 The Proposed Transaction is patently opportunistic in that the tender offer was made at a time
2 when market weakness created a small window for AMI's offer to be perceived as desirable
3 before Semitool's strong business fundamentals translate into significant increases in its stock
4 price.

5 **The Inadequate Disclosures in the Tender Offer Documents**

6 51. On November 19, 2009, Semitool and AMI respectively filed Forms 14D-9 and
7 TO-T with the SEC (together, the "Tender Offer Documents"). The Tender Offer Documents
8 are deficient in that they fail to disclose material information needed by the Company's
9 shareholders in order for them to make fully-informed decisions as to whether or not they should
10 tender their shares of Semitool in the Proposed Transaction.

11 52. The Tender Offer Documents failed to disclose certain material details of the
12 negotiation process of the Proposed Transaction, which are necessary for shareholders to have a
13 full and complete understanding of the Proposed Transaction. Material information that
14 Defendants failed to disclose includes:

- 15 a. A full and complete explanation of the strategic aspects and financial
16 capacities of each of the six prospective buyers identified by its financial
17 advisor, Merrill Lynch, Pierce, Fenner & Smith Inc. ("Merrill Lynch");
- 18 b. A full and complete explanation of how the Board determined to make a
19 \$12.50 counteroffer to AMI, and whether the Board believed this price
20 represented the fair value of the Company's stock at the time; and
- 21 c. Whether the Board examined or analyzed the effects of the Company's
22 significant expenditures on research and development, and whether these
23 expenditures might yield considerably increased business and/or profits.

24 53. The Tender Offer Documents failed to disclose the full substance and nature of
25 the financial information Semitool management provided to Merrill Lynch, including any
26 financial projections beyond 2012, projections of capital expenditures or working capital, and
27 projections of cash flow. Without this information, shareholders cannot possibly know the bases
28 for Merrill Lynch's calculations and analyses.

1 54. The Tender Offer Documents failed to disclose material information concerning
2 the publicly-traded companies analysis, including:

- 3 a. The specific criteria Merrill Lynch used to select publicly-traded
4 companies in order to conduct the analysis, including whether any
5 companies were considered and then subsequently rejected from this
6 analysis and the reasons why;
- 7 b. A full and complete explanation of how Merrill Lynch accounted for ASM
8 International NV's financial results, which as a Dutch company are
9 reported in euros;
- 10 c. The calendar year 2010 cash earnings per share figures (EPS), and forward
11 EPS multiples of each comparable company,
- 12 d. Whether Merrill Lynch compared analyst EPS estimates to management's
13 EPS estimates, and if so, the reasons why this analysis was excluded from
14 the 14D-9; if not, then why this pricing indicator was ignored;
- 15 e. The calendar year 2010 earnings before interest, taxes, depreciation and
16 amortization figures (EBITDA), and forward EBITDA multiples of each
17 comparable company;
- 18 f. Whether Merrill Lynch compared analyst EBITDA estimates to
19 management's EBITDA estimates, and if so, the reasons why this analysis
20 was excluded from the 14D-9; if not, then why this pricing indicator was
21 ignored;
- 22 g. A full and complete explanation of why Merrill Lynch used forward
23 multiples as the primary multiples, and whether this method is commonly
24 used to value companies in this industry; and
- 25 h. Whether Merrill Lynch analyzed multiples of trailing revenue, EBITDA,
26 and/or EPS for comparable companies and if so, the reasons why these
27 analyses are excluded from the 14D-9; if not, then why these pricing
28 indications were ignored.

1 55. The Tender Offer Documents also failed to disclose material information
2 regarding Merrill Lynch's precedent transactions analysis, including:

- 3 a. A full and complete explanation of why transactions dating to 2003 were
4 selected for the analysis, and the specific criteria used to select this
5 timeframe;
- 6 b. Whether Merrill Lynch reviewed and analyzed the terms of each deal in
7 the analysis to determine if the terms were comparable to the present
8 transaction;
- 9 c. The forward EBITDA multiples observed in each precedent transaction,
10 and whether those multiples were distributed about the mean, or were
11 skewed higher or lower than the mean;
- 12 d. The source of forward EBITDA for each precedent transaction; and
- 13 e. Whether Merrill Lynch analyzed multiples of trailing revenue, EBITDA,
14 and/or EPS for each precedent transaction and if so, the reasons why these
15 analyses are excluded from the 14D-9; if not, then why these pricing
16 indicators were ignored.

17 56. The Tender Offer Documents failed to disclose material information regarding
18 Merrill Lynch's M&A premium analysis, including:

- 19 a. The number of deals incorporated into the analysis;
- 20 b. The specific criteria used to determine the range of dates used in the
21 analysis; and
- 22 c. The average and median premiums for the periods of 1-day and 3-months,
23 and whether these premiums were normally distributed about the average
24 premium, or skewed above or below the average.

25 57. Finally, the Tender Offer documents failed to disclose material information
26 regarding Merrill Lynch's discounted cash flow analysis, including:

- 27 a. The cash flow amount for each year, 2010 to 2014, in the analysis;

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- b. How many analysts were included in the Wall Street consensus estimates used in the analysis, and the firms they are employed by or associated with;
- c. Whether years 2010 through 2012 in the analysis were based on management projections, consistent with management's earlier disclosure regarding financial projections provided to Merrill Lynch, while 2013 and 2014 were based on Wall Street analyst consensus estimates;
- d. Whether Merrill Lynch made any assumptions in the analysis regarding capital expenditures and working capital, and if so, the assumed levels for each year;
- e. Whether figures regarding capital expenditures and working capital in the analysis were provided by management or based on Wall Street analyst consensus estimates;
- f. The specific criteria Merrill Lynch used to determine whether the application of perpetual growth rates of 3% to 5% were appropriate in the analysis;
- g. How much of the Company's total value was attributable to the terminal value at each growth rate;
- h. Whether Merrill Lynch calculated the implied terminal multiples based on these terminal growth rates and discounted rates, and compared the implied multiple to multiples observed in the comparable company analysis;
- i. The specific criteria Merrill Lynch used to determine the range of discount rates in the analysis, including whether the capital asset pricing model (CAPM) was used and if so, the model's specific inputs;
- j. Whether Merrill Lynch used companies in the comparable companies analysis to calculate a beta for purposes of determining discount rates; and

1 k. The range of prices reviewed by Merrill Lynch in its research into analyst
2 stock price targets, along with the analysts and their firms.

3 58. As set forth above, the Tender Offer Documents contain misleading information
4 and omit material information concerning the Proposed Transaction. Without material and
5 accurate information concerning Semitool and the Tender Offer, the Company's shareholders
6 cannot make a fully-informed judgment regarding whether to tender their shares in Proposed
7 Transaction. Had these things been disclosed, it would have significantly altered the total mix of
8 information available to Semitool shareholders.

9 **The Proposed Transaction Is Unfair and Inadequate**

10 59. The Proposed Transaction comes at a time when the Company's stock price is
11 undervalued but its prospects for growth and increased revenue are substantially increasing.
12 Indeed, Semitool's recent positive financial results and significantly improved guidance for 2010
13 indicates that the Company is poised to continue producing substantial profits.

14 60. Furthermore, while Semitool insiders are well aware of the Company's intrinsic
15 value, they have failed to make adequate disclosures to shareholders so that shareholders can
16 evaluate for themselves the fairness and adequacy of the Proposed Transaction. Given AMI's
17 intimate relationship with and knowledge of Semitool's business prospects, assets and
18 technology, AMI recognized the Company's solid performance and potential for growth and
19 determined to capitalize on their interests and the recent downturn in Semitool's stock price at
20 the expense of the Company's public shareholders.

21 61. The consideration per share to be paid to Class members pursuant to the Proposed
22 Transaction appears to be unfair and inadequate based on the information provided because: (i)
23 the intrinsic value of the Company's stock is materially in excess of the \$11.00 per share tender
24 offer that AMI has proposed, giving due consideration to the Company's prospects for growth
25 and profitability in light of its business, earnings power, financial results and future financial
26 projections; and (ii) the \$11.00 per share price is not the result of an adequate negotiation process
27 but was fixed arbitrarily by AMI to cap the market price of the Company and obtain its assets
28 and businesses at the lowest possible price.

1 any person, firm, trust, corporation or other entity related to, or affiliated with, any of the
2 Defendants.

3 69. This action is properly maintainable as a class action.

4 70. The Class is so numerous that joinder of all members is impracticable. As of
5 January 9, 2009, Semitool had over 32 million shares of common stock outstanding. Members
6 of the Class are scattered throughout the United States and are so numerous that it is
7 impracticable to bring them all before this Court.

8 71. Questions of law and fact exist that are common to the Class, including, among
9 others:

- 10 a. whether the Individual Defendants have fulfilled and are capable of
11 fulfilling their fiduciary duties owed to plaintiff and the Class;
- 12 b. whether the Individual Defendants have engaged and continue to engage
13 in a scheme to benefit AMI at the expense of Semitool shareholders in
14 violation of their fiduciary duties;
- 15 c. whether the Individual Defendants are acting in furtherance of their own
16 self interest and the interest of AMI to the detriment of the Class;
- 17 d. whether Defendants have disclosed and will disclose all material facts in
18 connection with the Proposed Transaction; and
- 19 e. whether Plaintiff and the other members of the Class will be irreparably
20 damaged if Defendants are not enjoined from continuing the conduct
21 described herein.

22 72. Plaintiff is committed to prosecuting this action and has retained competent
23 counsel experienced in litigation of this nature. Plaintiff's claims are typical of the claims of the
24 other members of the Class and Plaintiff has the same interests as the other members of the
25 Class. Accordingly, Plaintiff is an adequate representative of the Class and will fairly and
26 adequately protect the interests of the Class.

27 73. The prosecution of separate actions by individual members of the Class would
28 create the risk of inconsistent or varying adjudications with respect to individual members of the

1 Class, which would establish incompatible standards of conduct for Defendants, or adjudications
2 with respect to individual members of the Class which would, as a practical matter, be
3 dispositive of the interests of the other members not parties to the adjudications or substantially
4 impair or impede their ability to protect their interests.

5 74. Preliminary and final injunctive relief on behalf of the Class as a whole is entirely
6 appropriate because Defendants have acted, or refused to act, on grounds generally applicable
7 and causing injury to the Class.

8 **FIRST CAUSE OF ACTION**

9 **Claim for Breach of Fiduciary Duties Against the Individual Defendants**

10 75. Plaintiff repeats and realleges each allegation set forth herein.

11 76. The Individual Defendants have violated fiduciary duties of care, loyalty, candor
12 and good faith owed to public shareholders of Semitool.

13 77. By the acts, transactions and courses of conduct alleged herein, defendants,
14 individually and acting as a part of a common plan, are attempting to unfairly deprive Plaintiff
15 and other members of the Class of the true value of their investment in Semitool.

16 78. As demonstrated by the allegations above, the Individual Defendants failed to
17 exercise the care required, and breached their duties of loyalty, good faith, candor and
18 independence owed to the shareholders of Semitool because, among other reasons, they failed to
19 take steps to maximize the value of Semitool to its public shareholders, by, among other things,
20 failing to adequately consider potential acquirers.

21 79. By reason of the foregoing acts, practices and course of conduct, Defendants have
22 failed to exercise ordinary care and diligence in the exercise of their fiduciary obligations toward
23 Plaintiff and the other members of the Class.

24 80. As a result of the actions of Defendants, Plaintiff and the Class will suffer
25 irreparable injury in that they have not and will not receive their fair portion of the value of
26 Semitool's assets and businesses and have been and will be prevented from obtaining a fair price
27 for their common stock.

28

1 C. Preliminarily and permanently enjoining Defendants, their agents, counsel,
2 employees and all persons acting in concert with them from consummating the Proposed
3 Transaction;

4 D. To the extent that the Proposed Transaction may be consummated prior to this
5 Court's entry of a final judgment, rescinding the Proposed Transaction and setting the Proposed
6 Transaction aside or granting rescissory damages;

7 E. Directing the Individual Defendants to adopt and implement procedures and
8 processes to obtain the highest available price for Semitool's shares that maximizes stockholder
9 value and which is in the best interests of Semitool's shareholders;

10 F. Directing Defendants to account to Plaintiff and the Class for all damages which
11 they have sustained or will sustain by reason of Defendants' wrongdoing, including awarding
12 compensatory and/or rescissory damages;

13 G. Imposing a constructive trust, in favor of Plaintiff and the Class, upon any
14 benefits improperly received by Defendants as a result of their wrongful conduct;

15 H. Awarding Plaintiff the costs and disbursements of this action, including a
16 reasonable allowance for Plaintiff's attorneys' and experts' fees; and

17 I. Granting such other and further relief as this Court may deem to be just and
18 proper.

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Dated: November 24, 2009

By: _____

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an inadequate and for an unfair price following a grossly unfair process (the "Proposed Merger") pursuant to an Agreement and Plan of Merger by and among Applied Materials, Jupiter and Semitool dated as of November 16, 2009 (the "Merger Agreement"). Plaintiff alleges that the sale of Semitool to Applied Materials contemplated by the Merger Agreement is unfair and inequitable to the Semitool public stockholders and constitutes a breach of the fiduciary duties of the directors in the sale of Semitool.

2. The Merger Agreement contemplates, among other things, a tender offer by Jupiter for all Semitool shares at \$11.00 per share conditioned on obtaining 66 2/3% of the outstanding shares (the "Tender Offer"), a so-called "Top-Up Option" giving Applied Materials the right to buy additional new Semitool shares at \$11.00 to give Applied Materials 80% ownership, and a short-form merger at \$11.00 per share by virtue of the tendered shares plus the additional new shares. The Tender Offer commenced on November 19, 2009 and, under the terms of the Merger Agreement, is scheduled to close, unless extended, at midnight on December 17, 2009. The Semitool Board has unanimously recommended that Semitool stockholders tender, as stated in the both the Company's Schedule 14D-9 (the "14D-9") and Applied Materials' Schedule TO-T (the "TO-T"), each of which were filed with the Securities and Exchange Commission ("SEC") on November 19, 2009 (collectively, the "Offering Materials"). Plaintiff alleges that the Merger Agreement and transactions approved and contemplated thereby, including the Tender Offer, are unfairly and inequitably coercive to the public stockholders in a sale of the Company and that the stockholders are not provided with a fully informed voluntary choice whether to tender their shares.

3. The recent historical averages for Semitool's stock price demonstrate that the consideration being offered by Applied Materials is unfair and inadequate. The \$11.00 per share represents an inadequate premium to the trading price of the Company's common stock and analyst price targets of up to \$12.00 per share.

4. The consideration to be paid to the class members is unconscionable, unfair and grossly inadequate because, among other things: (a) the intrinsic value of the stock of Semitool is materially in excess of \$11.00 per share, giving due consideration to the possibilities of growth and profitability of Semitool in light of its business, earnings and earnings power, present and future; (b) the \$11.00 per share price is inadequate and offers an inadequate premium to the public stockholders of Semitool; and (c) the \$11.00 per share price is not the result of arm's-length negotiations but was fixed arbitrarily by certain insiders and Applied Materials to "cap" the market price of Semitool stock, as part of a plan for Applied Materials to obtain complete ownership of Semitool assets and business at the lowest possible price.

5. The Proposed Merger serves no legitimate business purpose for Semitool but rather is an attempt by defendants to aggrandize their own financial interests and enable Applied Materials to benefit unfairly from the transaction at the expense of Semitool's public shareholders. The proposed cash-out transaction will forever divest Semitool public shareholders of their ownership interest in the Company for grossly inadequate consideration. As such, the Proposed Merger will deny Plaintiff and the other members of the class their right to share proportionately in the future success of Semitool and its valuable assets, while permitting certain Semitool insiders and Applied Materials to reap huge financial benefits from the transaction. Accordingly, judicial scrutiny of the Proposed Merger is necessary to ensure that the

best interest of all Semitool shareholders, and not the interests of the defendants, was the basis for the Semitool Board decision to enter into the Proposed Merger.

6. In entering into the Merger Agreement, without full and fair disclosure of all material information, each of the Defendants violated and continues to violate applicable law by directly breaching and/or aiding and abetting the Defendants' breaches of their fiduciary duties of loyalty, due care, independence, candor, good faith and fair dealing.

7. As alleged herein, the Proposed Merger is the product of a hopelessly flawed process that was designed to sell Semitool to Applied Materials on terms detrimental to Plaintiff and the other public stockholders of Semitool.

PARTIES

8. Plaintiff Robert Stern is and has been at all relevant times a shareholder of Semitool.

9. Defendant Semitool is a Montana corporation with its principal place of business located at 655 West Reserve Drive, Kalispell, Montana. Semitool designs, manufactures, installs and services equipment for use in the fabrication of semiconductor devices. The Company's products are focused on the wet chemical process steps in integrated circuit ("IC") manufacturing and include systems for wafer surface preparation and electrochemical deposition ("ECD") applications. Its surface preparation systems are designed for Front End of Line ("FEOL"), Back End of Line ("BEOL") and wafer level packaging of ICs processes. Semitool's single wafer FEOL surface preparation systems are used for photoresist stripping, post etch and pre-diffusion cleans. Its BEOL surface preparation systems are used for polymer removal and packaging applications. Its ECD systems are used to plate copper and other metals, which are

used for the IC's internal wiring, or interconnect; to plate solder and lead free solder bumps for wafer level packaging applications, and to plate other metals for various semiconductor and related applications. As of July 31, 2009, Semitool has 32,737,426 shares of common stock outstanding. The Company's stock trades under the symbol "SMTL" on the NASDAQ.

10. Defendant Raymon F. Thompson ("Thompson") is and has been Chairman of the Board of Directors and Chief Executive Officer of Semitool at all relevant times hereto.

11. Defendant Timothy C. Dodkin ("Dodkin") is and has served as a director and Executive Vice President of the Company at all relevant times hereto. Dodkin has been employed by Semitool since 1985 and has served on the Board of Directors since 1998. Dodkin served as the Company's European Sales Manager from 1985 to 1986, when he became Senior Vice President, Managing Director of Semitool Europe, Ltd. From September 2001 to June 2003 he was the Company's Senior Vice President, Global Sales and Marketing and from June 2003 to present he has served as Executive Vice President.

12. Defendant Howard E. Bateman ("Bateman") is and has served as a director of the Company at all relevant times hereto. Bateman has served on the Board of Semitool since 1990. Bateman formerly owned and operated Entech, a Pennsylvania company that was an independent sales representative for the Company's products from 1979 to 1996. Bateman is Chairman of the Company's Compensation Committee.

13. Defendant Daniel J. Eigman ("Eigman") is and has served as a director of the Company at all relevant times hereto. Eigman is a member of the Company's Audit Committee.

14. Defendant Donald P. Baumann (“Baumann”) is and has served as a director of the Company at all relevant times hereto. Defendant Baumann currently is a consultant to the semiconductor equipment industry.

15. Defendant Charles P. Grenier (“Greiner”) is and has served as director of the Company at all relevant times hereto. He is a member of the Company’s Audit Committee.

16. Defendant Steven C. Stahlberg (“Stahlberg”) is and has been a director of the Company at all relevant times hereto. Stahlberg has served on the Board of Directors of Semitool Inc since 2004. Stahlberg, a Certified Public Accountant, is a founder of Stahlberg & Sutherland, CPAs, which specializes in management advisory services, cash flow analysis and forecasting, and employee relations. Stahlberg is the Chairman of the Company’s Audit Committee.

17. The Defendants named in ¶¶ 10-16 are sometimes collectively referred to herein as the “Individual Defendants.”

18. Defendant Applied Materials, incorporated in Delaware, designs, manufactures, and sells semiconductor fabrication equipment worldwide. Its principal offices are located at 3050 Bowers Avenue, PO Box 58039, Santa Clara, California. The Company’s stock trades under the symbol “AMAT” on the NASDAQ

19. Defendant Jupiter Acquisition Sub, Inc. (“Jupiter”), a Montana corporation, was organized as a wholly-owned subsidiary of Applied Materials for the sole purpose of making a tender offer for the outstanding shares of common stock of Semitool and completing the Merger.

20. Defendants Applied Materials, and Jupiter are collectively referred to herein as “Applied Materials”, and are named herein as aiders and abettors to the Individual Defendants’ breaches of fiduciary duty.

CLASS REPRESENTATION ALLEGATIONS

21. Plaintiff brings this action individually and as a class action pursuant to the rules of this Court, on behalf of all stockholders of Semitool, except Defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with any of the Defendants, who are threatened with injury arising from Defendants’ actions as is described more fully below (the “Class”).

22. This action is properly maintainable as a class action.

23. The Class is so numerous that joinder of all members is impracticable.

24. There are more than 32 million shares of Semitool common stock outstanding held by thousands of shareholders geographically dispersed across the country.

25. There are questions of law and fact which are common to the Class including, inter alia, the following:

(a) whether Defendants have breached and are continuing to breach their fiduciary duties of undivided loyalty, independence or due care with respect to Plaintiff and the other members of the Class in connection with the Proposed Merger;

(b) whether the Defendants have adequately disclosed all material information concerning the Proposed Merger to Semitool’s shareholders; and

(c) whether Plaintiff and the other members of the Class would suffer irreparable injury were the transaction complained of herein consummated.

26. Plaintiffs claims are typical of the claims of the other members of the Class and Plaintiff does not have any interests adverse to the Class.

27. Plaintiff is an adequate representative of the Class, has retained competent counsel experienced in litigation of this nature and will fairly and adequately protect the interests of the Class.

28. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications with respect to individual members of the Class which would establish incompatible standards of conduct for the party opposing the Class.

29. Plaintiff anticipates that there will be no difficulty in the management of this litigation as a class action.

30. Defendants have acted on grounds generally applicable to the Class with respect to the matters complained of herein, thereby making appropriate the relief sought herein with respect to the Class as a whole.

SUBSTANTIVE ALLEGATIONS

Background

31. On July 28, 2009, the Company reported its fiscal third quarter financial results for the quarter ended June 30, 2009. Specifically, the Company reported that:

Third quarter revenue was \$31.8 million versus \$27.2 million in this year's second quarter and \$67.0 million in the third quarter a year ago. Gross margin was 45 percent as compared with 39 percent in the second quarter and 48 percent in the comparable year-ago quarter. Net loss was \$1.6 million, or \$0.05 per share, versus a net loss of \$4.6 million, or \$0.14 per share, in the second quarter and net income of \$3.4 million, or \$0.11 per share, in last year's third quarter.

Third quarter bookings were \$32.6 million, up 33 percent versus this year's second quarter. The bookings improvement resulted in a book-to-bill ratio

that exceeded one. Deferred revenue at the end of the quarter was \$4.4 million and shipping backlog was \$45.5 million, combining for a total revenue backlog of \$49.9 million. Product shipments during the quarter were \$33.7 million.

“Increased demand from the packaging and copper ECD sectors fueled the strong improvement in our third quarter bookings,” said Larry Murphy, president and chief operating officer. “Two foundries in Taiwan ordered several plating tools for advanced packaging applications, and we booked orders from two Asian customers for copper damascene. During the quarter, we also shipped a development tool for advanced copper applications to an Asia-based DRAM manufacturer.”

“We are maintaining the momentum we carried at the end of the third quarter, as bookings are off to a strong start in Q4,” Murphy added. “Our industry’s continued transition to copper, as well as emerging opportunities in markets such as solar, LED and energy storage, has reinforced our confidence in Semitool’s prospects for top-line growth and profitability.”

Larry Viano, chief financial officer, said, “Our cash position at June 30 stood at \$44.3 million, up \$13 million compared with the end of the second quarter. We also continued to drive down inventories, which were reduced by an additional \$8.1 million during the quarter.”

Nine-month results

Through nine months, revenue was \$92.0 million versus revenue of \$178.5 million in the same period a year ago. Net loss in the nine-month period was \$13.7 million, or \$0.42 per share, versus net income of \$4.8 million, or \$0.15 per share, at the nine-month mark last year.

Guidance

Management expects fourth quarter revenue will improve by approximately 25% over the 2009 third quarter, and will be in a range of \$40 million to \$42 million. Full-year revenue is expected to be in a range of \$132 million to \$134 million. Fourth quarter earnings per share are expected to be between \$0.02 and \$0.05, while full-year loss per share is forecasted to be between \$0.37 and \$0.40. Shipments in the fourth quarter are expected to be in a range of \$41 million to \$44 million.

32. On November 5, 2009, the Company reported its fiscal fourth quarter financial results for the quarter ended September 30, 2009. Specifically, the Company reported that:

Fourth quarter revenue was \$47.1 million versus \$31.8 million in this year's third quarter and \$60.1 million in the fourth quarter last year. Gross margin was 42 percent versus 45 percent in the third quarter and 52 percent in the comparable year-ago quarter. Net income increased to \$2.2 million, or \$0.07 per share, compared with a net loss of \$1.6 million, or \$0.05 per share, in the third quarter and net income of \$1.2 million, or \$0.04 per share, in last year's fourth quarter. The net income increase versus the comparable year-ago quarter was primarily the result of the company's expense reduction efforts, which drove down operating costs by 42 percent from fourth quarter fiscal 2008 levels.

Fourth quarter bookings were \$71.7 million, up 120 percent from this year's third quarter, and an increase of 102 percent versus the fourth quarter a year ago. Deferred revenue at the end of the quarter was \$4.8 million and shipping backlog was \$69.8 million, combining for a total revenue backlog of \$74.6 million. Product shipments during the quarter were \$47.5 million.

"The fourth quarter represented our strongest equipment bookings period in more than three years, and was the third best quarter in Semitool history," said Larry Murphy, president and chief operating officer. "Approximately 90 percent of fourth quarter tool bookings were follow-on orders, which illustrates the progress we made during the recent downturn at capturing new process-of-record opportunities and expanding our market share in Asia. Fourth quarter demand for copper ECD and advanced packaging tools was particularly strong, and we experienced a marked increase in orders for our legacy batch tools."

"We also received our first high-volume production tool order from the solar cell industry," Murphy added. "The growing strength of our core business combined with our early successes in emerging end markets has given us added confidence about our future prospects."

Full Year Results

For the full fiscal year, revenue was \$139.0 million versus revenue of \$238.6 million in fiscal 2008. Net loss was \$11.4 million, or \$0.35 per share, versus net income of \$6.0 million, or \$0.19 per share, last year.

At September 30, 2009, Semitool had cash and cash equivalents of \$44.6 million, working capital of \$125.4 million and total shareholders' equity of \$169.4 million.

Guidance

Management expects to report revenue for the first quarter of fiscal 2010 in the range of \$47 million to \$50 million. First quarter net income per share is expected to range from \$0.07 to \$0.09. Shipments for the quarter are expected to range from \$47 million to \$50 million. For fiscal 2010, management expects to report revenue in a range of between \$190 million to \$210 million.

The Applied Materials/Semitool Relationship

33. The Company and Applied Materials are parties to a joint development agreement, effective as of December 17, 2007, pursuant to which the parties are engaged in a project related to the integration of certain proprietary technologies owned by the parties. Pursuant to this agreement, the parties have cross-licensed certain technology to one another. The Company and Applied Materials also cross-license certain technology resulting from a settlement of an interference action, effective February 12, 2004.

THE PROPOSED MERGER

34. On November 17, 2009, the Company and Applied Materials announced that they had entered into a definitive agreement or the Proposed Merger for Applied to acquire the outstanding shares of Semitool for \$11 per share in an all-cash tender offer. The press release stated in pertinent part:

SANTA CLARA, Calif. & KALISPELL, Mont.—(BUSINESS WIRE)—Applied Materials, Inc. (Nasdaq:AMAT—News) and Semitool, Inc. (Nasdaq:SMTL—News) today announced a definitive agreement for Applied to acquire the outstanding shares of Semitool for \$11 per share in an all-cash tender offer.

The acquisition makes Applied the equipment leader in two fast-growing segments: advanced packaging and the memory industry's conversion to copper. The combination enables Applied to serve its customers with a broader range of products and expands the company's reach to a new set of customers in the semiconductor packaging industry.

“The semiconductor industry recovery is being fueled by global demand for mobile devices such as smart phones, notebook PCs and portable media players for music, gaming and books,” said Mike Splinter, chairman and CEO of Applied Materials. “With this acquisition, Applied will help the world’s leading chip makers create ever-smaller and more powerful devices.”

“Applied Materials and Semitool have a strong track record of collaborating to develop equipment solutions for leading chip makers,” said Randhir Thakur, senior vice president and general manager of Applied’s Silicon Systems Group. “Together with Semitool’s people and products, we can help the industry move to smaller form factors and faster, lower power chips.”

“As part of Applied Materials, we can accelerate the global adoption of the technologies Semitool has developed,” said Ray Thompson, chairman of Semitool. “With this agreement, we are providing our employees with a strong future and our stockholders with exceptional value.”

Headquartered in Kalispell, Mont., Semitool is a leading supplier of electrochemical plating and wafer surface preparation equipment used by chip packaging and chip making companies around the world.

Under terms of an agreement approved by the boards of directors of both companies, Applied Materials will pay an aggregate purchase price of approximately \$364 million based on the fully diluted capitalization of Semitool. The acquisition will be conducted pursuant to a tender offer for all of the outstanding shares of Semitool and is conditioned on the tender of at least 66 2/3 percent of Semitool’s outstanding stock on a fully-diluted basis and other customary closing conditions including regulatory approval. Directors and executive officers of Semitool holding approximately 32 percent of Semitool’s outstanding common stock have entered into agreements to tender their shares. Applied expects to commence the tender offer promptly and expects the offer to close by the end of calendar 2009. Following completion of the tender offer, Applied will acquire any remaining shares of Semitool through a second-step merger at the same price paid in the tender offer. Semitool will be operated as a business unit of Applied’s Silicon Systems Group.

35. Concurrently, with the execution of the Merger Agreement, defendant Thompson and certain other directors, officers and affiliates of Semitool who collectively own 10,393,693

shares or 31.7% of Semitool common stock, have each entered into a Tender and Support Agreement (collectively, the “Shareholder Agreements”) with Applied and Jupiter.

36. Pursuant to the Shareholder Agreements defendant Thompson and certain others have agreed to tender or cause to be tendered to Jupiter in the Tender Offer all of their shares of Semitool common stock. The shareholders in the Shareholder Agreement also have agreed to vote, among other things, in favor of the approval of the Merger Agreement, to the extent any such shares have not been previously accepted for payment pursuant to the Tender Offer, and have given Applied an irrevocable proxy to vote each such shareholder’s shares of Semitool common stock to that effect. In addition, such shareholders have agreed to waive any dissenters’ rights they may have and have agreed not to take certain actions that Semitool is prohibited from taking under the Merger Agreement.

37. Merrill Lynch Pierce Fenner & Smith Incorporated (“Merrill Lynch” or “BOFA”) is acting as the exclusive financial advisor to Semitool in the Proposed Merger.

38. The \$11.00 share price agreed to by the Board does not currently represent fair value for the Company, in that it does not reflect the long-term value of the Company, and the future financial prospects of Semitool. In fact, analysts covering Applied Materials touted the deal while analysts covering Semitool were disappointed.

39. Following the announcement of the Proposed Merger, *MarketWatch* reported the following:

Analysts applauded the move by Santa Clara, Calif.-based Applied Materials (AMAT).

Shares of Semitool (SMTL) soared 31.2% to \$11.02, roughly to the \$11 a share buyout price, which works out to a 31 % premium above Semitool’s

Monday closing price of \$8.40. Shares of Applied Materials traded down about 0.8%.

Applied Materials said the purchase will make it the leader in “advanced packaging and the memory industry’s conversion to copper,” which the company said are two of the faster-growing segments of the semiconductor business.

“It’s a great acquisition for Applied,” Kaufman Brothers analyst Theodore O’Neill said in an interview, noting how the company has struggled with aspects of the chip-equipment business where Semitool has strengths -particularly wafer cleaning and copper plating.

Needham & Co. analyst Edwin Mok also called the planned acquisition “a positive for Applied” and “a good fit.” In a research note, he wrote: “We believe the acquisition ... is strategically important for Applied as it further extends Applied’s position in advanced packaging, one of the remaining few growing subsectors in semi-equipment market.”

Carts & Co. analyst Ben Pang said the acquisition “addresses growing opportunity for wafer-level packaging process equipment.”

Kalispell, Mont.-based Semitool’s electrochemical plating and wafersurface preparation equipment and products are used by companies doing business in chip packaging and chip manufacturing.

“The semiconductor-industry recovery is being fueled by global demand for mobile devices such as smartphones, notebook PCs and portable media players for music, gaming and books,” Mike Splinter, chief executive of Applied Materials, said in a statement. “With this acquisition, Applied will help the world’s leading chipmakers create ever-smaller and more powerful devices.”

* * *

Semitool generated nearly \$240 million in revenue in fiscal 2008, but saw its top line narrow to \$139 million in the year ended Sept. 30.

Applied Materials makes tools used in the chip-manufacturing process. The company generated \$8.12 billion sales in 2008, though it lost money in the first three quarters of the current fiscal year and announced last week it will cutup 1,500 jobs.

Applied and other makers of semiconductor capital equipment have struggled recently as the broader chip industry reeled from one of the most severe downturns in its history.

40. Following the announcement, *The Daily Deal* reported the following:

...Analysts said the price offered by Applied amounts to roughly 2.3 times Semitool's enterprise-value-to-trailing-12-month sales, which is roughly in line with where the company's shares are trading relative to its peers.

"To a certain extent this is disappointing; it's a price below what we thought Semitool was capable of getting," said D.A. Davidson & Co. senior research analyst Matt Petkun. "On Applied's part, this is very smart."

That's because Kalispell, Mont.-based Semitool booked strong business during the most recent quarter but hadn't had the opportunity to see the resulting earnings growth, which would have helped the company outgrow its rivals next year, Petkun said. That said, Semitool was severely affected by the industry downturn because it is one of the few chip equipment makers that is largely vertically integrated, in that it has not outsourced much of the parts and materials that are used to build its products, he added. This forced the company to make more severe cost cuts than its peers, the analyst said.

"Applied was able to get this at a great price," he said.

The deal was also driven by changes in the way semiconductors are assembled, Applied chairman and CEO Mike Splinter said during a conference call with analysts. For one, chipmakers are seeking the ability to streamline the way chips are interconnected or packaged on a wafer. Also, memory chip makers are moving from aluminum interconnects to faster copper connections on their products, and this requires a different fabrication process.

"These technologies enable the small form-factor, low-power, high-performance systems needed for high-volume mobile devices such as cell phones, notebook PCs, MP3 players and digital cameras," Splinter said. Applied and Semitool know each other well, he added, as the companies struck a technology development partnership in 2007.

The wafer-level packaging market, in which Semitool is considered a specialist, is one of the fastest growing in the chip-making equipment market, said Randhir Thakur, senior vice president and general manager of

Applied's silicon systems group, during the call. The market is set to grow from \$500 million next year to \$750 million in 2012, the executive said.

Applied will launch a tender offer for outstanding shares of Semitool and will require a two-thirds acceptance rate to close the deal. Semitool chairman Ray Thompson, who founded the company in 1979, owns about 30% of its shares and agreed to tender his stake into the Applied offer.

The transaction marks a return to dealmaking for Applied, whose last deal was crushed by the credit crunch. The company had teamed up last year with San Francisco's Francisco Partners to buy two units of Bilthoven, Netherlands-based ASM International NV for as much as \$500 million but pulled out of the deal last November due to the financial crisis.

Applied has a history of growing through deals in the \$300 million to \$500 million range. Its \$330 million purchase of Italy's Baccini SpA in 2007 boosted its solar expertise. Last week, it announced it was buying virtually all the assets of Advent Solar Inc. for an undisclosed sum.

Earlier this month, Semitool reported that revenue in its fiscal fourth quarter, which ended Sept. 30, rose 48% to \$47.1 million from \$31.8 million in the third quarter. Its gross margin was 42%. It reported net income of \$2.2 million, or 7 cents per share, compared with a net loss of \$1.6 million, or 5 cents, in the third quarter.

For the fiscal fourth quarter, Applied posted revenue of \$1.53 billion, an increase of 35% from the previous quarter but a 25% drop from the year-earlier period. Orders jumped to \$1.47 billion, compared to \$1.07 billion in its fiscal third quarter.

THE PRECLUSIVE DEAL PROTECTION DEVICES

41. In addition to agreeing to a sale of the Company at an unfair price, the Individual Defendants agreed to onerous deal protection devices in breach of their fiduciary duties to Semitool shareholders, which prevent a superior offer from being made for the Company.

42. The Merger Agreement provides that Semitool, under specified circumstances, is: (1) restricted from furnishing information; (2) conducting negotiations with a third party; and (3) must pay Applied Materials a termination fee of up to \$18,200,000.

43. The Company has agreed to pay \$14,560,000 (the "Break-Up Fee"), if the Company determines to terminate the Merger Agreement to accept a superior offer or if within 18 months after the date of a termination of the Merger Agreement, any alternative acquisition transaction involving a merger or consolidation of Semitool, the sale of at least 15% of the outstanding voting securities of Semitool or the sale of Semitool's assets or businesses representing at least 15% of net income, net revenue or assets of Semitool is consummated or a definitive agreement contemplating any such acquisition transaction is executed, Semitool will be required to pay the Break-Up Fee.

44. Additionally, under certain circumstances, the Merger Agreement also provides that Semitool must pay to Applied the higher of \$3,640,000 or Applied's actual fees and expenses incurred in connection with the negotiation and preparation of the Merger Agreement or otherwise in connection with the Tender Offer and any other transaction contemplated by the Merger Agreement. The foregoing payment will not limit the obligation of the Semitool to pay a Break-Up Fee in the event that the conditions requiring payment of a Break-Up Fee are also triggered, but will be credited against any such Break-Up Fee.

45. The terms of the Merger Agreement considerably restrain the Company's ability to solicit or engage in negotiations with any third party regarding a proposal to acquire all or even a 15% interest in the Company. The circumstances under which Semitool's Board may respond to an unsolicited written bona fide proposal for an alternative acquisition that constitutes or would reasonably be expected to constitute a superior proposal are restrictive and fail to provide an effective fiduciary out under the circumstances of the case.

46. Thus, even if the Board were to receive a bid that appeared to be better than Applied Materials' offer, these provisions unreasonably constrain the Board's exercise of fiduciary responsibility to take measures to secure the best available transaction. Consequently, this provision prevents the Board from exercising their fiduciary duties of "shopping" the Company and precludes an investigation into competing proposals unless, as a prerequisite, the majority of the Board first determines that the proposal is superior.

47. Pursuant to Section 1.4 of the Merger Agreement, Semitool, in an unusual provision, granted Jupiter an option to purchase the number of authorized and unissued Company shares equal to an additional number of Semitool shares such that immediately after the issuance of those additional shares, Applied Materials would own at least 80% of the outstanding shares of the Company (the "Top-Up Option"), in order to allow Applied Materials to effect a short-form merger. In other words, if Applied Materials acquires 66 2/3% of the currently outstanding shares in the Tender Offer, the Top-Up Option irrevocably grants Jupiter the right to purchase enough new Semitool shares from the Company to bring Jupiter's ownership above the necessary 80% threshold for a short form merger under Montana law. Such purchase price may be paid by Applied Materials or Jupiter, at its election, either entirely in cash or by executing and delivering to the Company a promissory note having a principal amount equal to such purchase price, or by any combination of the foregoing. Any such promissory note shall bear interest at the rate of 3% per annum, shall mature on the first anniversary of the date of execution and delivery of such promissory note and may be prepaid without premium or penalty.

48. Under the circumstances created by the actions of Defendants, by entering into the voting agreements with certain holders of the Company's stock owning 31.7% of the

Company's common stock, the public stockholders have no voluntary fully informed choice whether to tender their shares or seek appraisal. The Top-Up Option conveys to Applied Materials a contractual right to avoid the fairness standard if, approximately, an additional 34.9% of the Company's shares are tendered. The Top-Up and other preclusive deal protection devices constitute unfair and illegal abdications of directors authority and unfair and inequitable evasion of stockholder rights.

49. The Semitool Board thus acceded to Applied Materials' desire to structure a sale of the Company that unfairly benefits Applied Materials at the expense of the public stockholders. Further, the transactions leave the public stockholders faced with an unfairly coercive Tender Offer and without a fully informed voluntary choice whether to sell the Company or seek appraisal. If the Tender Offer closes with 66 2/3 shares tendered, Applied Materials' contractual rights under the Top-Up Option are triggered and the Board's ability to maximize value for the stockholders is completely foreclosed. Moreover, the oppressive inequitable restrictions on the Board's ability to maximize value during the period of the Tender Offer unreasonably impair the Board's ability to maximize value.

**THE OFFICERS AND DIRECTORS OF THE COMPANY
HAVE MATERIAL CONFLICTS OF INTEREST**

50. The following table sets forth, as of November 16, 2009, the cash consideration and the estimated benefits value that each of Semitool's named executive officers would receive in accordance with the terms of the Change of Control Agreements (the "Control Agreement") if such individual's employment were terminated without cause or such individual terminated his or her employment for good reason following the consummation of the Offer in accordance with the terms of the Control Agreement, assuming such event occurred on December 31, 2009:

<u>Name</u>	<u>Lump Sum Severance Salary Payment</u>	<u>Continuation of Insurance Benefits</u>	<u>Total</u>
Larry E. Murphy	\$ 840,000 ⁽¹⁾	\$ 13,932	\$853,932
Larry A. Viano	\$ 400,000 ⁽²⁾	\$ 13,888	\$413,888
Timothy C. Dodkin	\$ 795,114 ⁽³⁾	\$ 4,005 ⁽¹⁰⁾	\$ 799,119
Herbert Oetzlinger	\$ 442,444 ⁽⁴⁾	\$ 2,379 ⁽¹¹⁾	\$444,823
Richard C. Hegger	\$ 331,000 ⁽⁵⁾	\$ 13,794	\$344,794
Klaus H. Pfeifer,	\$ 320,000 ⁽⁶⁾	\$ 13,675	\$333,675
Richard P. Schuster	\$ 314,000 ⁽⁷⁾	\$ 13,758	\$327,758
Paul M. Sibley	\$ 284,400 ⁽⁸⁾	\$ 13,644	\$298,044
James L. Wright	\$ 352,000 ⁽⁹⁾	\$ 13,622	\$365,622

51. Under the terms of a consulting agreement defendant Thompson had entered into with defendant Applied Materials, (the “Consulting Agreement”), defendant Applied Materials will pay defendant Thompson \$500,000 per twelve month period.

52. As of November 16, 2009, Semitool’s executive officers and directors beneficially owned in the aggregate 9,842,518 Shares. The executive officers and directors upon tendering their shares in the Proposed Merger would receive an aggregate of approximately \$108,267,698 in cash. Thompson alone owns approximately 9.7 million Semitool shares for which he will receive consideration of more than \$106 million if the Merger closes. In addition, defendant Thompson is also trustee of the Floyd Foundation Trust (the “Trust”), which holds 160,000 Shares over which Thompson has voting and dispositive power. If Thompson were to tender all the Company shares on behalf of the Trust, and such company shares were accepted and acquired by Jupiter, the Trust would receive an aggregate of \$1,760,000 in cash.

53. The table below sets forth information regarding the amount of cash consideration each executive officer and director will receive pursuant to the Tender Offer assuming the Company shares beneficially owned by each of Semitool's executive officers and directors (excluding unvested restricted shares and shares underlying stock options) are tendered pursuant to the Tender Offer and those shares are accepted for purchase and purchased by Applied Materials:

<u>Name</u>	<u>Number of Shares Owned⁽¹⁾</u>	<u>Consideration</u>
Raymon F. Thompson ⁽²⁾	9,685,918	\$106,599,098
Howard E. Bateman	13,000	\$ 143,000
Donald P. Baumann	1,000	\$ 11,000
Daniel J. Eigeman	14,800	\$ 162,800
Charles P. Grenier	3,000	\$ 33,000
Steven C. Stahlberg	1,150	\$ 12,650
Steven R. Thompson ⁽³⁾	7,000	\$ 77,000
Timothy C. Dodkin	16,255	\$ 178,805
Richard Hegger	1,310	\$ 14,410
Larry E. Murphy	48,313	\$ 531,443
Herbert Oetzlinger	10,000	\$ 110,000
Klaus H. Pfeifer	4,863	\$ 53,493
Richard P. Schuster	—	—
Paul M. Sibley	2,418	\$ 26,598
Larry A. Viano	13,650	\$ 150,150
James L. Wright	14,575	\$ 160,325

54. As detailed in the above tables, the Board secured greater benefits on behalf of the Individual Defendants and the officers of the Company at the expense of plaintiff and the Class.

Thus, rather than focus on Semitool's inherent true value, the Board allowed itself to be pressured by defendant Thompson and other officers of the Company (owning more than 31.7% of the Company) and Applied Materials's insistence that any price had to fall within a premium that Applied Materials set, which was entirely ruled by the volatile market.

THE SCHECULE 14D-9 IS FILED

55. On November 19, 2009 Semitool filed the 14D-9 with the Securities and Exchange Commission relating to the Tender Offer by Jupiter.

56. The 14D-9 describes the inadequate sale process and further, fails to disclose material information to Semitool shareholders necessary for them to determine whether to tender in favor of the Proposed Merger, or seek appraisal.

57. The sales process reflects a woefully inadequate market check. According to the 14D-9, in August 2009, the Company retained BOFA with respect to a potential sale of the Company. As made clear in the 14D-9, BOFA contacted a total of 6 prospective buyers including Applied Materials allegedly based on a combination of strategic fit and financial capacity with respect to acquiring the Company. Only three parties executed nondisclosure agreements and proceeded to perform due diligence.

58. In addition, the 14D-9 fails to disclose material information to Semitool stockholders sufficient for them to determine whether to tender or seek appraisal, including the following:

(a) the criteria and sources BOFA used for the selected companies and whether other companies also fit into such criteria that would be comparable to the Company;

and the specific equity values for each company referenced in its *Selected Publicly Traded Companies Analysis*;

(b) the criteria BOFA used for the selected companies, the multiples observed by BOFA for each company and for each transaction in the *Selected Precedent Transactions Analysis* performed by BOFA;

(c) the identity of the selected companies and criteria (if any), for their selection, and premiums paid (including *ie.* mean and medium premiums for various periods) and financial multiples for each company in the respective transaction performed by BOFA in the *2008-2009YTD Technology M&A Premium Analysis*;

(d) the management projections (in full form) relied upon by BOFA pre/post 2012 in performing their respective financial analyses, in particular, the *Discounted Cash Flow Analysis*, the most critical valuation for an established, revenue-generating company such as Semitool, including but not limited to capital expenditures and/or cash flow projections;

(e) the basis for cash flow projections for 2013-2014;

(f) the specific criteria and how BOFA calculated its respective perpetual growth rates of 3% to 5% and discount rates ranging from 12% to 14% in its *Discounted Cash Flow Analysis*;

(g) EPS and forward EPS multiples of each comparable company and the basis thereto for using forward multiples;

(h) any comparisons made between management's and analysts' estimates of EPS and EBITDA and, if so, what were they;

(i) the analysts price targets referred to and the respective firms;

- (j) the past and/or present relationships, if any, BOFA has or had with the Company, the Individual Defendants, and/or Applied Materials;
- (k) the portion of the \$5.9 million fee which was payable in connection with the BOFA fairness opinion and the amount which is contingent upon the completion of the Merger;
- (l) a meaningful description of why Companies A-E were not interested in the Company;
- (m) a meaningful description of what discussions took place concerning the retention of officers and key employees on September 28, 2009 between BOFA and Applied Materials and whether the respective officers and employees were advised of such discussions;
- (n) the Board's basis for the \$12.50 Semitool counteroffer to Applied Materials and the later \$11.50-\$12.00 counteroffer by Murphy, Viano and Haggar;
- (o) a description of the assets that Applied Material or the Semitool Board considered and/or proposed to sell defendant Thompson in connection with the proposed transaction and the respective increase or value to shareholders in the event such divestiture took place;
- (p) a meaningful description of the due diligence that was performed by Companies A, C and Applied Materials;
- (q) Semitool management's financial projections other than Revenue, EBITDA and Net Income;

(r) the criteria and/or process by which BOFA decided to contact or reject third parties to determine their potential interest in an acquisition (and/or strategic alternative) of Semitool;

(s) the details regarding the identity of the companies that were contacted or held negotiations, such as, *e.g.*, the criteria relied upon in choosing these entities, the reasons BOFA and/or the Board deemed those companies as likely to be interested in an acquisition of Semitool and why such parties were not interested;

(t) the effects of the Company's significant expenditures on research and development on future revenues and/or profits.

(u) whether BOFA has a financial interest in Applied Materials securities; and

(v) the status of employment (including any employment agreements) with Applied Materials, other than Murphy, for the directors and senior officers of Semitool once the Proposed Merger is consummated.

DEFENDANTS' FIDUCIARY DUTIES

59. By reason of the Individual Defendants' positions with the Company as officers and/or directors, said individuals are in a fiduciary relationship with Plaintiff and the other public shareholders of Semitool and owe Plaintiff and the other members of the Class a duty of highest good faith, fair dealing, loyalty and full, candid and adequate disclosure.

60. By virtue of their positions as directors and/or officers of Semitool, the Individual Defendants, at all relevant times, had the power to control and influence, and did control and influence and cause Semitool to engage in the practices complained of herein.

61. Each of the Individual Defendants is required to act in good faith, in the best interests of the Company's shareholders and with due care, including reasonable inquiry, as would be expected of an ordinarily prudent person. In a situation where the directors of a publicly-traded company undertake a transaction that may result in a change in corporate control, Montana law imposes the obligation on the directors to take all steps reasonably required to maximize the value that shareholders will receive rather than use a change of control to benefit themselves, and to disclose all material information concerning the proposed change of control to enable the shareholders to make an informed voting decision. To diligently comply with this duty, the directors of a corporation may not take any action that:

- (a) adversely affects the value provided to the corporation's shareholders;
- (b) contractually prohibits them from complying with or carrying out their fiduciary duties;
- (c) discourages or inhibits alternative offers to purchase control of the corporation or its assets; or
- (d) otherwise adversely affects their duty to search and secure the best value reasonably available under the circumstances for the corporation's shareholders.

FIRST CAUSE OF ACTION

Claim for Breach of Fiduciary Duties

62. Plaintiff repeats and realleges each allegation set forth herein.

63. The Individual Defendants have violated their fiduciary duties of care, good faith, loyalty and candor owed under applicable law to the public shareholders of Semitool and have placed the interests of insiders ahead of the interests of Semitool's shareholders.

64. As demonstrated by the allegations above, the Individual Defendants failed to exercise the care required, and breached their duties of loyalty, good faith, care and candor owed to the shareholders of Semitool because, among other reasons:

(a) they failed to properly value Semitool;

(b) they failed to take steps to maximize the value of Semitool to its public shareholders and they took steps to avoid competitive bidding, and to give Applied Materials an unfair advantage, by, among other things, failing to adequately solicit other potential acquirors or alternative transactions;

(c) they failed to properly value Semitool and its various assets and operations;

(d) they failed to provide shareholders with the material information necessary to make an informed decision as to whether or not to vote in favor of the Proposed Merger;

(e) they ignored or did not protect against the numerous conflicts of interest resulting from the directors' own interests in connection with the Proposed Merger, including defendant Thompson's benefits upon closing of the Proposed Merger in excess of \$100 million; and

(f) they erected unreasonable barriers to other third-party bidders.

65. By the acts, transactions and courses of conduct alleged herein, the Individual Defendants, individually and as part of a common plan and scheme and in breach of their fiduciary duties of loyalty, good faith and due care to Plaintiff and the other members of the Class, have failed to adequately inform themselves about the true value of the Company and, by

agreeing to the Proposed Merger with Applied Materials, will unfairly deprive Plaintiff and other members of the Class of the true value of their investment in Semitool.

66. Semitool shareholders will, if the Proposed Merger is consummated, be deprived of the opportunity for substantial gains which the Company may realize.

67. By reason of the foregoing acts, practices and course of conduct, the Individual Defendants have failed to exercise care and diligence in the exercise of their fiduciary obligations toward Plaintiff and the other Semitool public stockholders.

68. As a result of the actions of Defendants, Plaintiff and the other members of the Class have been and will be damaged in that they have not and will not receive their fair proportion of the value of Semitool's assets and businesses and will be prevented from obtaining appropriate consideration for their shares of Semitool common stock.

69. Unless enjoined by this Court, the Defendants will continue to breach their fiduciary duties owed to Plaintiff and the other members of the Class, and may consummate the Proposed Merger which will exclude the Class from its fair proportionate share of Semitool's valuable assets and businesses, all to the irreparable harm of the Class, as aforesaid.

70. Plaintiff and the Class have no adequate remedy at law. Only through the exercise of this Court's equitable powers can Plaintiff and the Class be fully protected from the immediate and irreparable injury which Defendants' actions threaten to inflict.

SECOND CAUSE OF ACTION

**On Behalf of Plaintiff and the Class Against
Applied Materials and Jupiter for Aiding and Abetting the
Individual Defendants' Breaches of Fiduciary Duty**

71. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

72. Applied Materials and Jupiter have knowingly aided and abetted the Individual Defendants' wrongdoing alleged herein. Applied Materials and Jupiter are also active and necessary participants in the Individual Defendants' plan to complete the Proposed Merger on terms that are unfair to Semitool shareholders, as Applied Materials seeks to pay as little as possible to Semitool shareholders.

73. Plaintiff has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands injunctive relief in their favor and in favor of the Class and against Defendants as follows:

A. Declaring that this action is properly maintainable as a Class action;

B. Declaring and decreeing that the Merger Agreement was entered into in breach of the fiduciary duties of Defendants and is therefore unlawful and unenforceable;

C. Enjoining Defendants, their agents, counsel, employees and all persons acting in concert with them from consummating the Proposed Merger, unless and until the Company adopts and implements a procedure or process to obtain a merger agreement providing the best possible terms for shareholders;

D. Directing the Individual Defendants to exercise their fiduciary duties to obtain a transaction which is in the best interests of Semitool's shareholders until the process for the sale or auction of the Company is completed and the best possible consideration is obtained for Semitool;

E. Enjoining Defendants from consummating the Merger Agreement and Proposed Merger unless and until curative disclosures are made to Semitool shareholders;

F. Awarding Plaintiff the costs and disbursements of this action, including reasonable attorneys' and experts' fees; and

G. Granting such other and further relief as this Court may deem just and proper.

DATED this 30th day of November, 2009

KAUFMAN, VIDAL, HILEMAN, P.C.

/s/ Johnathan W. Anderson

Johnathan W. Anderson
Attorneys for Plaintiffs

**APPLIED MATERIALS TO RE-FILE HSR ACT NOTIFICATION IN CONNECTION
WITH SEMITOOL TENDER OFFER**

SANTA CLARA, Calif., December 2, 2009 — Applied Materials, Inc. (Nasdaq: AMAT) today announced that it has voluntarily withdrawn its premerger notification and report form under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (“HSR Act”) filed on November 17, 2009 in connection with its announced \$11.00 per share cash tender offer for all outstanding shares of Semitool, Inc. (Nasdaq: SMTL). Applied intends to re-file its premerger notification and report form with the U.S. Federal Trade Commission and U.S. Department of Justice (“DOJ”) on December 4, 2009, in order to begin a new waiting period under the HSR Act and provide the DOJ with additional time to conclude its review of the proposed acquisition.

Applied remains committed to working cooperatively with the DOJ as the DOJ conducts its review of the proposed acquisition. The new waiting period under the HSR Act will expire at 11:59 p.m., Eastern Standard Time, on December 21, 2009, unless this period is earlier terminated.

The tender offer is expected to close later this month, subject to customary closing conditions. Unless the tender offer is extended, the offer and withdrawal rights will expire at 12:00 midnight, Eastern Standard Time, on December 17, 2009. If, as of December 17, 2009, the waiting period under the HSR Act has not been earlier terminated by the DOJ, Applied expects to extend the tender offer so that it expires concurrently with or after the waiting period under the HSR Act.

The depositary for the tender offer is BNY Mellon Shareowner Services, 480 Washington Boulevard, Jersey City, New Jersey 07310, Attn: Corporate Actions Department. The Information Agent for the tender offer is Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, NY 10022.

Forward-Looking Statements

This press release contains forward-looking statements, including those relating to Applied’s anticipated acquisition of Semitool, and include the assumptions that underlie such statements. These statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those stated or implied, including but not limited to: the risk that the transaction will not be consummated in a timely manner or at all if, among other things, fewer than 66 2/3 percent of the shares of Semitool common stock are tendered, clearances under the HSR Act or the antitrust laws of Germany are not obtained, other closing conditions are not satisfied, and/or due to pending litigation; and other risks described in Applied’s filings with the Securities and Exchange Commission (the “SEC”). All forward-looking statements are based on managements’ estimates, projections and assumptions as of the date hereof, and Applied does not assume any obligation to update any such statement.

About Applied

Applied (Nasdaq:AMAT) is the global leader in Nanomanufacturing Technology™ solutions with a broad portfolio of innovative equipment, services and software products for the fabrication of semiconductor chips, flat panel displays, solar photovoltaic cells, flexible electronics and energy-efficient glass. At Applied, we apply Nanomanufacturing Technology to improve the way people live. Learn more at www.appliedmaterials.com.

Additional Information and Where to Find It

This announcement is for informational purposes only and is neither an offer to purchase, nor a solicitation of an offer to sell, shares of Semitool. Holders of shares of Semitool are urged to read the relevant tender offer documents because they contain important information that holders of Semitool securities should consider before making any decision regarding tendering their securities. Applied and its acquisition subsidiary have filed tender offer materials with the SEC, and Semitool has filed a Solicitation/Recommendation Statement with respect to the offer. The tender offer materials (including an Offer to Purchase, a related Letter of Transmittal and certain other offer documents) and the Solicitation/Recommendation Statement contain important information that should be read carefully before any decision is made with respect to the tender offer. The Offer to Purchase, the related Letter of Transmittal and certain other offer documents, as well as the Solicitation/Recommendation Statement, are available to all holders of shares of Semitool at no expense to them. The tender offer materials and the Solicitation/Recommendation Statement are available for free at the SEC's web site at www.sec.gov. Free copies of these documents may also be obtained by mailing a request to the information agent for the tender offer, Innisfree M&A Incorporated, 501 Madison Avenue, 20th Floor, New York, New York 10022; by calling toll free at (877) 717-3936 (shareholders) or collect at (212) 750-5833 (banks and brokers); and at www.appliedmaterials.com and www.semitool.com.

In addition to the Offer to Purchase, the related Letter of Transmittal and certain other offer documents, as well as the Solicitation/Recommendation Statement, Semitool and Applied file annual and special reports and other information with the SEC. You may read and copy any reports or other information filed by Applied or Semitool at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Applied's and Semitool's filings with the SEC are also available to the public from commercial document-retrieval services and at the website maintained by the SEC at www.sec.gov.

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