SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(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*:	Amount of Filing Fee**:
$373,489,952	$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: N/A
Form or registration no.: N/A
Filing Party: N/A
Date Filed: N/A

☐ 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 Tender Offer Statement on Schedule TO (this "Schedule TO") relates to the offer by Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), to purchase all of the outstanding shares of common stock, no par value per share, of Semitool, Inc., a Montana corporation ("Semitool"), 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, and in the related Letter of Transmittal, copies of which are filed with this Schedule TO as Exhibits (a)(1) and (a)(2) hereto, respectively. This Schedule TO is being filed on behalf of Acquisition Sub and Applied. The information set forth in the Offer to Purchase, including Schedule I thereto, and the related Letter of Transmittal, is hereby expressly incorporated by reference in answer to Items 1 through 9 and 11 of this Schedule TO, and is supplemented by the information specifically provided herein.

ITEM 1. SUMMARY TERM SHEET.

The information set forth under the heading "Summary Term Sheet" of the Offer to Purchase is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION.

(a) The name of the subject company and the issuer of the securities to which this Schedule TO relates is Semitool, Inc., a Montana corporation. Semitool's principal executive offices are located at 655 West Reserve Drive, Kalispell, Montana 59901. Semitool's telephone number at that address is (406) 752-2107.

(b) The information set forth under the heading "Introduction" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth under Section 6 (Price Range of Shares of Semitool Common Stock; Dividends on Shares of Semitool Common Stock) of the Offer to Purchase is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

This Schedule TO is filed by Acquisition Sub and Applied. The information set forth under Section 9 (Certain Information Concerning Acquisition Sub and Applied) and Schedule I of the Offer to Purchase is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

The information set forth in the Offer to Purchase is incorporated herein by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

The information set forth under Sections 8 (Certain Information Concerning Semitool), 9 (Certain Information Concerning Acquisition Sub and Applied), 11 (Background of the Offer) and 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of the Offer to Purchase is incorporated herein by reference. Except as set forth therein, there have been no negotiations, transactions or material contacts during the past two (2) years which would be required to be disclosed under this Item 5 between any of Acquisition Sub or Applied or any of their respective subsidiaries or, to the best knowledge of Acquisition Sub and Applied, any of those persons listed on Schedule I of the Offer to Purchase, on the one hand, and Semitool or any of its affiliates, on the other, concerning a merger, a consolidation or acquisition, a tender offer for or other acquisition of securities, an election of directors or a sale or transfer of a material amount of assets.

ITEM 6. PURPOSES OF THIS TRANSACTION AND PLANS OR PROPOSALS.

The information set forth under the heading "Introduction" and Sections 6 (Price Range of Shares of Semitool Common Stock; Dividends on Shares of Semitool Common Stock), 7 (Effect of the Offer on the Market for Semitool Common Stock; Nasdaq Listing of Semitool Common Stock; Exchange Act Registration of Semitool Common Stock; Margin Regulations), 11 (Background of the Offer), 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) and 14 (Certain Legal Matters) of the Offer to Purchase is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The information set forth under Section 10 (Source and Amount of Funds) of the Offer to Purchase is incorporated herein by reference.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

The information set forth under the heading "Introduction" and Sections 8 (Certain Information Concerning Semitool), 9 (Certain Information Concerning Acquisition Sub and Applied), 11 (Background of the Offer), 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) and Schedule I of the Offer to Purchase is incorporated herein by reference.

ITEM 9. PERSONS/ASSETS RETAINED, EMPLOYED, COMPENSATED OR USED.

The information set forth under the heading "Introduction" and Section 15 (Fees and Expenses) of the Offer to Purchase is incorporated herein by reference.

ITEM 10. FINANCIAL STATEMENTS.

Not Applicable.

ITEM 11. ADDITIONAL INFORMATION.

(a)(1) The information set forth under Sections 9 (Certain Information Concerning Acquisition Sub and Applied), 11 (Background of the Offer) and 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of the Offer to Purchase is incorporated herein by reference.

(a)(2) The information set forth under Section 14 (Certain Legal Matters) of the Offer to Purchase is incorporated herein by reference.

(a)(3) The information set forth under Section 14 (Certain Legal Matters) of the Offer to Purchase is incorporated herein by reference.

(a)(4) The information set forth under Sections 7 (Effect of the Offer on the Market for Semitool Common Stock) and 14 (Certain Legal Matters) of the Offer to Purchase is incorporated herein by reference.

(a)(5) The information set forth under Section 14 (Certain Legal Matters) of the Offer to Purchase is incorporated herein by reference.

(b) The information set forth in the Offer to Purchase is incorporated herein by reference.

ITEM 12. EXHIBITS.

(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.
(b)	Not applicable.
(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. Siblerud; 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.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3

Not applicable.

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: November 19, 2009

EXHIBIT INDEX

Exhibit No.	Description
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(a)(5)	Form of Letter to Clients for use by Brokers, Dealers, Banks, Trust Companies and Other Nominees.
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(g)	Not applicable.
(h)	Not applicable.

Exhibit (a)(1)

Offer to Purchase for Cash

All Outstanding Shares of Common Stock

of

Semitool, Inc.

by

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

at

$11.00 Net per Share

THE OFFER (AS DEFINED HEREIN) AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THIS OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION TIME OF THE OFFER.

Pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009 (the "Merger Agreement"), by and among Applied Materials, Inc., a Delaware corporation ("Applied"), Jupiter Acquisition Sub, Inc., a Montana corporation and a wholly-owned subsidiary of Applied ("Acquisition Sub"), and Semitool, Inc., a Montana corporation ("Semitool"), Acquisition Sub is offering to purchase all of the outstanding shares of common stock, no par value per share, of Semitool, at a purchase price of $11.00 per share, net to the seller in cash, without interest thereon and less any required withholding tax (the "Offer Price"), upon the terms and subject to the conditions set forth in this Offer to Purchase and the Letter of Transmittal enclosed with this Offer to Purchase, which, together with any amendments or supplements hereto or thereto, collectively constitute the "Offer" described in this Offer to Purchase. Following the satisfaction or waiver of each of the applicable conditions described in Section 13 (Conditions to the Offer) of this Offer to Purchase and the purchase by Acquisition Sub of shares of Semitool common stock in the Offer, Acquisition Sub will be merged with Semitool (the "Merger"), with the surviving corporation in the Merger continuing to exist as a wholly-owned subsidiary of Applied. As a result of the Merger, each outstanding share of Semitool common stock (other than shares owned by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool, or held in Semitool's treasury, or shares owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law) will be converted into the right to receive the Offer Price. **Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for shares of Semitool common stock that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.**

The Offer is conditioned upon, among other things, there being validly tendered in accordance with the terms of the Offer and not withdrawn prior to the Expiration Date (as defined in this Offer to Purchase) of the Offer shares of Semitool common stock (other than shares of Semitool common stock tendered by guaranteed delivery where actual delivery has not occurred) that, together with any shares of Semitool common stock owned by Applied or Acquisition Sub immediately prior to the first time of acceptance by Acquisition Sub of any shares of Semitool common stock for payment pursuant to the Offer (the "Acceptance Time"), represent more than 66 2/3% of the "Adjusted Outstanding Share Number," which is defined in the Merger Agreement as the sum of the aggregate number of shares of Semitool common stock issued and outstanding immediately prior to the Acceptance Time, plus an additional number of shares up to (but not exceeding) the aggregate number of shares of Semitool common stock issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, shares of Semitool

common stock that are outstanding immediately prior to the Acceptance Time and that are vested or that will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option described in this Offer to Purchase). The foregoing condition is referred to as the "Minimum Condition" in this Offer to Purchase. The Minimum Condition may not be waived by Applied or Acquisition Sub without the prior written consent of Semitool. The Offer is also subject to the other conditions described in Section 13 (Conditions to the Offer) of this Offer to Purchase. The Offer is not subject to any financing contingencies.

Raymon F. Thompson, Chairman of the Board and Chief Executive Officer of Semitool, Larry E. Murphy, Chief Operating Officer of Semitool, and certain other directors, officers and shareholders of Semitool identified in this Offer to Purchase, have each entered into a Tender and Support Agreement (collectively, the "Shareholder Agreements") with Applied and Acquisition Sub pursuant to which they have agreed, in their capacity as shareholders of Semitool, to tender or cause to be tendered to Acquisition Sub in the Offer all of the shares of Semitool common stock owned beneficially and/or of record by them, as well as any additional shares of Semitool common stock which they may acquire or own, beneficially or of record (pursuant to Semitool stock options or otherwise). Such shareholders also have agreed to vote, or cause to be voted, all of such shares of Semitool common stock, among other things, in favor of the approval of the Merger Agreement (and against any action, agreement or transaction that would reasonably be expected to impede, interfere with, prevent, delay or adversely effect in any material way the consummation of the transactions contemplated by the Merger Agreement), to the extent any such shares have not been previously accepted for payment pursuant to the 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 under the Montana Business Corporation Act and have agreed not to take any action that Semitool is prohibited from taking under Section 5.3 of the Merger Agreement (which is described in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Non-Solicitation and Related Provisions) of this Offer to Purchase). As of November 16, 2009, such shareholders held collectively 10,393,693 shares of Semitool common stock, including 160,000 shares of Semitool common stock held by a trust of which one of Semitool's officers is the trustee, representing in the aggregate approximately 31.7% of the outstanding shares of Semitool common stock as of such date. In addition, such shareholders beneficially owned an additional 1,116,350 shares of Semitool common stock as of such date, comprised of stock options and other securities. By their terms, the Shareholder Agreements terminate upon the earliest to occur of the effective time of the Merger, the termination of the Shareholder Agreements by Applied, the termination of the Offer by Applied and the termination of the Merger Agreement in accordance with its terms.

The Semitool board of directors has unanimously: (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to and in the best interests of Semitool's shareholders; (ii) approved and adopted the Merger Agreement and approved the transactions contemplated thereby, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act; (iii) declared the advisability of the Merger Agreement; and (iv) resolved to recommend that Semitool's shareholders accept the Offer and tender their shares of Semitool common stock to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement. Accordingly, Semitool's board of directors unanimously recommends that the shareholders of Semitool accept the Offer and tender their shares of Semitool common stock to Acquisition Sub in the Offer and, if required by Montana law, vote their shares of Semitool common stock to approve the Merger Agreement.

A summary of the principal terms of the Offer appears on pages S-i through S-ix. You should read this entire document carefully before deciding whether to tender your shares of Semitool common stock in the Offer.

November 19, 2009

IMPORTANT

Any shareholder of Semitool who desires to tender all or any portion of such shareholder's shares of Semitool common stock to Acquisition Sub in the Offer should either (i) complete and sign the Letter of Transmittal (or a photocopy of it) for the Offer, which is enclosed with this Offer to Purchase, in accordance with the instructions contained in the Letter of Transmittal (having such shareholder's signature on the Letter of Transmittal guaranteed if required by Instruction 1 to the Letter of Transmittal), mail or deliver the Letter of Transmittal (or a photocopy of it) and any other required documents to the depositary for the Offer, BNY Mellon Shareowner Services (the "Depositary"), and either deliver the certificates representing such shares to the Depositary along with the Letter of Transmittal (or a photocopy of it) or tender such shares by book-entry transfer by following the procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase, in each case, prior to the Expiration Date (as defined in this Offer to Purchase) of the Offer or (ii) request such shareholder's broker, dealer, bank, trust company or other nominee to effect the transaction for such shareholder. Any shareholder of Semitool with shares of Semitool common stock registered in the name of a broker, dealer, bank, trust company or other nominee must contact that institution in order to tender such shares to Acquisition Sub in the Offer.

Any shareholder of Semitool who desires to tender shares of Semitool common stock to Acquisition Sub in the Offer and whose certificates representing such shares are not immediately available, or who cannot comply in a timely manner with the procedures for tendering shares by book-entry transfer, or who cannot deliver all required documents to the Depositary prior to the Expiration Date of the Offer, may tender such shares to Acquisition Sub in the Offer by following the procedures for guaranteed delivery described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase.

Questions regarding the Offer, and requests for assistance in connection with the Offer, may be directed to the Information Agent for the Offer at the address and telephone numbers listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other related materials may be obtained free of charge from the Information Agent.

The Information Agent for the Offer is:

501 Madison Avenue, 20th Floor
New York, New York 10022
Shareholders May Call Toll Free: (877) 717-3936
Banks and Brokers May Call Collect: (212) 750-5833

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SUMMARY TERM SHEET

We are Jupiter Acquisition Sub, Inc., a wholly-owned subsidiary of Applied Materials, Inc. and we are making an offer to purchase all of the outstanding shares of common stock of Semitool. The following are some of the questions you, as a shareholder of Semitool, may have about our offer and our answers to those questions. This Summary Term Sheet provides important information about our offer that is described in more detail elsewhere in this Offer to Purchase, but this Summary Term Sheet may not include all of the information about our offer that is important to you. We urge you to carefully read the remainder of this Offer to Purchase and the Letter of Transmittal for our offer because the information in this Summary Term Sheet is not complete. Additional important information about our offer is contained in the remainder of this Offer to Purchase and the Letter of Transmittal for our offer. We have included cross-references in this Summary Term Sheet to other sections of this Offer to Purchase to direct you to the sections of this Offer to Purchase in which a more complete description of the topics covered in this Summary Term Sheet appear.

Unless the context indicates otherwise, in this Offer to Purchase, we use the terms “us,” “we” and “our” to refer to Jupiter Acquisition Sub, Inc. and, where appropriate, Applied. We use the term “Applied” to refer to Applied Materials, Inc. alone, the term “Acquisition Sub” to refer to Jupiter Acquisition Sub, Inc. alone and the term “Semitool” to refer to Semitool, Inc. As used in this Summary Term Sheet, we use the term “merger agreement” to refer to the Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool.

Who is offering to buy my Semitool shares?

Our name is Jupiter Acquisition Sub, Inc. We are a Montana corporation organized as a wholly-owned subsidiary of Applied for the sole purpose of making a tender offer for the outstanding shares of common stock of Semitool and completing the merger described below. Applied provides Nanomanufacturing Technology™ solutions for the global semiconductor, flat panel display, solar and related industries, with a broad portfolio of innovative equipment, service and software products. See Introduction and Section 9 (Certain Information Concerning Acquisition Sub and Applied) of this Offer to Purchase for more information.

How many shares of Semitool common stock are you offering to purchase?

We are making an offer to purchase all of the outstanding shares of Semitool common stock upon the terms and subject to the conditions set forth in this Offer to Purchase. See Introduction and Sections 1 (Terms of the Offer), 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) and 13 (Conditions to the Offer) of this Offer to Purchase for more information.

How much are you offering to pay for my shares of Semitool common stock, what is the form of payment and will I have to pay any fees or commissions if I tender my shares in your offer?

We are offering to pay $11.00 per share, net to you, in cash (without interest thereon and less any required withholding tax) for each of your shares of Semitool common stock. If you are the record owner of your shares and you tender them in our offer, you will not have to pay any brokerage fees or similar expenses to do so. If you own your shares through a broker or other nominee, and your broker or nominee tenders your shares in our offer on your behalf, your broker or nominee may charge you a fee for doing so. You should consult your broker or nominee to determine whether it will charge you a fee for tendering your shares in our offer. See Introduction and Section 1 (Terms of the Offer) of this Offer to Purchase for more information.

Do you have the financial resources to pay for all of the shares of Semitool common stock that you are offering to purchase?

Yes. Our parent company, Applied, will contribute or lend to us sufficient funds to pay for all of the shares of Semitool common stock that are accepted for payment by us in our offer, and to make payments for all shares

of Semitool common stock that are not accepted for payment in our offer and that will be converted into the right to receive $11.00 per share in cash (without interest thereon and less any required withholding tax) in the merger described below following the acceptance of shares of Semitool common stock for payment pursuant to our offer. Applied expects to use its cash on hand and cash equivalents to make this contribution or loan. Our offer is not subject to any financing contingencies. See Section 10 (Source and Amount of Funds) of this Offer to Purchase for more information.

Is your financial condition relevant to my decision whether to tender my shares of Semitool common stock in your offer?

No. We do not believe that our financial condition is material to your decision whether to tender your shares of Semitool common stock in our offer because:

- cash is the only consideration that we are paying to the holders of Semitool common stock in connection with our offer and the merger;
- we are offering to purchase all of the outstanding shares of Semitool common stock in our offer;
- our offer is not subject to any financing contingencies; and
- Applied had cash and cash equivalents of approximately $1.58 billion as of October 25, 2009, and will provide the necessary funding to finance our offer.

See Section 10 (Source and Amount of Funds) of this Offer to Purchase for more information.

How long do I have to tender my shares of Semitool common stock in your offer?

Unless we extend our offer or provide for a "subsequent offering period" following completion of the initial offer as described below, you will have until 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, to tender your shares of Semitool common stock in our offer. If you cannot deliver everything that is required to tender your shares by that time, you may be able to use a guaranteed delivery procedure to tender your shares, as described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase. As used in this summary term sheet, "expiration date" means the latest time and date on which our offer, as it may be extended by us, expires.

We do not currently intend to provide a subsequent offering period, although we reserve the right to do so.

What are the most significant conditions to your offer?

We are not obligated to purchase any shares of Semitool common stock that are tendered in our offer unless, prior to the expiration date of our offer, the number of shares validly tendered in accordance with the terms of our offer and not withdrawn, together with any shares of Semitool common stock then owned by us, represents more than 66 2/3% of the "adjusted outstanding share number," which is defined in the merger agreement as the sum of the aggregate number of shares of Semitool common stock issued and outstanding immediately prior to the first time of acceptance by us of any shares of Semitool common stock for payment pursuant to our offer, plus an additional number of shares up to (but not exceeding) the aggregate number of shares of Semitool common stock issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, shares of Semitool common stock that are outstanding immediately prior to the first time of acceptance by us of any shares of Semitool common stock for payment pursuant to our offer and that are vested or that will be vested immediately after such time (other than potential (but not actual) dilution attributable to the "Top-Up Option" described below). The foregoing condition is referred to as the "minimum condition" in this Summary Term Sheet. The minimum condition may not be waived by us without the prior written consent of Semitool.

Our offer is not subject to any financing contingencies, but it is subject to a number of other conditions, including conditions with respect to the expiration or termination of the waiting period applicable to our acquisition of shares of Semitool common stock in connection with our offer under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any applicable foreign antitrust or competition-related legal requirement, the accuracy of Semitool's representations and warranties set forth in the merger agreement subject to materiality qualifications, Semitool's compliance and performance in all material respects with its covenants and agreements, the absence of certain legal impediments to our offer or the merger, the absence of any "material adverse effect" with respect to Semitool, the absence of certain pending or threatened legal proceedings by any governmental body challenging or seeking to restrain or prohibit our offer or the merger, the absence of any trading suspensions in the United States or of a banking moratorium or war or armed hostilities involving the United States or other jurisdictions in which Semitool has material operations (in each case, subject to certain exceptions), Semitool's continued support of the transactions contemplated by the merger agreement, Semitool's continued compliance with its Securities and Exchange Commission filing and certification obligations and the receipt by Applied of non-competition agreements executed by certain executive officers of Semitool. The Securities and Exchange Commission is referred to as the "SEC" in this Summary Term Sheet. See Section 13 (Conditions to the Offer) of this Offer to Purchase for more information about these and other conditions to our offer.

We can waive any condition to our offer without Semitool's consent, other than the minimum condition, for which we must obtain Semitool's prior written consent to waive.

Under what circumstances can or must you extend your offer?

Under the terms of the merger agreement, we may, in our discretion and without the consent of Semitool or any other person, extend our offer beyond the expiration date of the offer (i) on one or more occasions for an additional period of up to 20 business days per extension (but no later than March 31, 2010) in order to permit all of the conditions to our offer to be satisfied to the extent that any such condition has not been satisfied or waived as of such expiration date and (ii) from time to time for any period required by any rule or regulation of the SEC applicable to our offer.

Under the terms of the merger agreement, we must extend our offer beyond the expiration date of the offer for an additional period of up to 20 business days (provided that we are not required to extend our offer to a date later than March 31, 2010) if, as of the scheduled expiration date of our offer, (i) any of the minimum condition or the conditions relating to obtaining antitrust clearance in the United States and abroad have not been satisfied or waived, as applicable, (ii) each of the other conditions to our offer described in Section 13 (Conditions to the Offer) of this Offer to Purchase have been satisfied or waived, or we reasonably determine that such conditions will be satisfied within 15 business days after such date and (iii) we have received a written request from Semitool to extend the offer no less than two business days prior to such date.

Additionally, under the terms of the merger agreement, we may, in our discretion and without the consent of Semitool or any other person, elect to provide for a subsequent offering period, and one or more extensions thereof, immediately following the expiration of, and acceptance for payment of shares tendered in, our initial offer, unless Applied has become the owner, directly or indirectly, of 80% or more of the outstanding shares of Semitool common stock. During any subsequent offering period, if there is one, you can tender to us (but not withdraw), and we must accept for payment, and pay for, your shares at the same $11.00 per share price payable in our offer.

See Sections 1 (Terms of the Offer) and 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

How will I be notified if you extend your offer?

If we extend our offer, we will inform the Depositary, BNY Mellon Shareowner Services, of that fact and will make a public announcement of the extension not later than 9:00 a.m., New York City time, on the next business day after the day on which our offer was previously scheduled to expire. If we elect to provide or extend any subsequent offering period, a public announcement of such inclusion or extension will be made no later than 9:00 a.m., New York City time, on the next business day following the expiration date of our offer or date of termination of any prior subsequent offering period. See Section 1 (Terms of the Offer) of this Offer to Purchase for more information.

How do I tender my shares of Semitool common stock in your offer?

To tender all or any portion of your shares of Semitool common stock in our offer, you must either deliver the certificate or certificates representing your tendered shares, together with the Letter of Transmittal (or a photocopy of it) enclosed with this Offer to Purchase, properly completed and duly executed, with any required signature guarantees, and any other required documents, to the Depositary, BNY Mellon Shareowner Services, or tender your shares using the book-entry procedure described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase, prior to the expiration date of our offer.

If you hold your shares of Semitool common stock in street name through a broker, dealer, bank, trust company or other nominee and you wish to tender all or any portion of your shares of Semitool common stock in our offer, the broker, dealer, bank, trust company or other nominee that holds your shares must tender them on your behalf through the Depositary.

If you cannot deliver the items that are required to be delivered to the Depositary by the expiration date of our offer, you may obtain additional time to do so by having a broker, bank or other fiduciary that is a member of the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program or other eligible institution guarantee that the missing items will be received by the Depositary within three Nasdaq Global Select Market trading days. You may use the Notice of Guaranteed Delivery enclosed with this Offer to Purchase for this purpose. To tender shares of Semitool common stock in this manner, however, the Depositary must receive the missing items within such three trading day period. See Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase for more information.

Can I withdraw shares that I previously tendered in your offer? Until what time may I withdraw previously tendered shares?

Yes. You can withdraw some or all of the shares of Semitool common stock that you previously tendered in our offer at any time prior to the expiration date of the offer, as it may be extended. Further, if we have not accepted your shares for payment by January 18, 2010, 60 days after commencement of our offer, you can withdraw them at any time after January 18, 2010. Once we accept your tendered shares for payment upon the expiration of our offer, however, you will no longer be able to withdraw them. In addition, your right to withdraw your previously tendered and accepted shares will not apply to any subsequent offering period (which is not the same as an extension of our offer), if one is provided. See Sections 1 (Terms of the Offer) and 3 (Withdrawal Rights) of this Offer to Purchase for more information.

How do I withdraw my previously tendered shares?

To withdraw any shares of Semitool common stock that you previously tendered in our offer, you (or, if your shares are held in street name, the broker, dealer, bank, trust company or other nominee that holds your shares) must deliver a written notice of withdrawal (or a photocopy of one), with the required information, to the Depositary while you still have the right to withdraw your shares. See Sections 1 (Terms of the Offer) and 3 (Withdrawal Rights) of this Offer to Purchase for more information.

Has Semitool's board of directors approved your offer?

Yes. Our offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool. Semitool's board of directors has unanimously:

- determined that the merger agreement and the transactions contemplated thereby, including our offer and the merger, are fair to and in the best interests of Semitool's shareholders;
- approved and adopted the merger agreement and approved the transactions contemplated thereby, including the offer and the merger, in accordance with the requirements of the Montana Business Corporation Act;
- declared the advisability of the merger agreement; and
- resolved to recommend that Semitool's shareholders accept our offer and tender their shares of Semitool common stock to us pursuant to our offer and, if required to consummate the merger, approve the merger agreement.

Accordingly, Semitool's board of directors unanimously recommends that you accept our offer and tender your shares of Semitool common stock to Acquisition Sub in our offer and, if required by Montana law, vote your shares of Semitool common stock to approve the merger agreement.

The factors considered by Semitool's board of directors in making the determinations and the recommendation described above and other matters relied upon by Semitool's board of directors are described in Semitool's Solicitation/Recommendation Statement on Schedule 14D-9, which will be filed with the SEC and is being mailed to the shareholders of Semitool with this Offer to Purchase. We urge you to carefully read Semitool's Solicitation/Recommendation Statement on Schedule 14D-9.

See Section 11 (Background of the Offer) of this Offer to Purchase for more information.

Have any shareholders of Semitool already agreed to tender their shares in your offer?

Yes. Raymon F. Thompson, Chairman of the Board and Chief Executive Officer of Semitool, Larry E. Murphy, Chief Operating Officer of Semitool and certain other directors, officers and shareholders of Semitool identified in this Offer to Purchase, have each entered into a Tender and Support Agreement with us pursuant to which they have agreed, in their capacity as shareholders of Semitool, to tender or cause to be tendered to us in our offer all of the shares of Semitool common stock owned beneficially and/or of record by them, as well as any additional shares of Semitool common stock which they may acquire or own, beneficially or of record (pursuant to Semitool stock options or otherwise). Such shareholders also have agreed to vote, or cause to be voted, all of such shares of Semitool common stock, among other things, in favor of the approval of the merger agreement (and against any action, agreement or transaction that would reasonably be expected to impede, interfere with, prevent, delay or adversely effect in any material way the consummation of the transactions contemplated by the merger agreement), to the extent any such shares have not been previously accepted for payment pursuant to our 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 under the Montana Business Corporation Act and have agreed not to take any action that Semitool is prohibited from taking under Section 5.3 of the merger agreement (which is described in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Non-Solicitation and Related Provisions) of this Offer to Purchase). As of November 16, 2009, such shareholders held collectively 10,393,693 shares of Semitool common stock, including 160,000 shares of Semitool common stock held by a trust of which one of Semitool's officers is the trustee, representing in the aggregate approximately 31.7% of the outstanding shares of Semitool common stock as of such date. In addition, such shareholders beneficially owned an additional 1,116,350 shares of Semitool common stock as of such date, comprised of stock options and other securities. By their terms, the Tender and Support Agreements terminate upon the earliest to occur of the

effective time of the merger, the termination of the Tender and Support Agreements by Applied, the termination of our offer by us and the termination of the merger agreement in accordance with its terms. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

What are your plans if you successfully complete your offer but do not acquire all of the outstanding shares of Semitool common stock in your offer?

If we accept shares of Semitool common stock for payment pursuant to our offer and certain limited conditions are satisfied, as soon as practicable following such acceptance, we intend to merge with Semitool so that the surviving corporation in the merger will continue to be a wholly-owned subsidiary of Applied. If we accept shares of Semitool common stock for payment pursuant to our offer, we will hold a sufficient number of shares of Semitool common stock to ensure any requisite approval of the merger agreement by Semitool shareholders under applicable law to consummate the merger. In addition, if we own at least 80% of the outstanding shares of Semitool common stock, under applicable law, we will not be required to obtain the approval of Semitool's shareholders to consummate the merger.

As a result of the merger, all of the outstanding shares of Semitool common stock that are not tendered in our offer, other than shares that are owned by Applied, Semitool or us (or any wholly-owned subsidiary of Applied or Semitool), or held in Semitool's treasury, or any shares that are owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law in respect of that shareholder's shares, will be converted into the right to receive $11.00 per share in cash (without interest thereon and less any required withholding tax).

Our obligation to merge with Semitool following the acceptance of shares of Semitool common stock for payment pursuant to our offer is subject to the satisfaction, at or prior to the closing of the merger, of each of the following conditions: (i) approval of the merger agreement by Semitool's shareholders under Montana law (if required); and (ii) no temporary restraining order, preliminary or permanent injunction or other order preventing the completion of the merger having been issued by any court or other governmental body of competent jurisdiction and remaining in effect, and no legal requirement having been enacted or deemed applicable to the merger, that makes completion of the merger illegal, except that, prior to invoking this provision, each party must have taken all actions required of such party under the merger agreement to have any such injunction, order or legal requirement or other prohibition lifted. Our obligation to merge with Semitool is also subject to the successful completion of our offer.

See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

If you successfully complete your offer, what will happen to Semitool's board of directors?

If we accept shares of Semitool common stock for payment pursuant to our offer, pursuant to the merger agreement, Applied will become entitled to designate at least two-thirds, but no less than a majority, of the members of Semitool's board of directors. However, Semitool is required to use commercially reasonable efforts to ensure that, at all times prior to the effective time of the merger, at least two of the members of its board of directors are individuals who were directors of Semitool on the date of the merger agreement. Semitool must take all actions necessary to cause Applied's designees to be elected or appointed to its board of directors in such number as is proportionate to Applied's share ownership, including seeking and accepting resignations of incumbent directors and, if such resignations are not obtained, increasing the size of the board of directors. Therefore, if we accept shares of Semitool common stock for payment pursuant to our offer, Applied will obtain control over the management of Semitool shortly thereafter. After the election or appointment of the directors designated by Applied to Semitool's board of directors and prior to the completion of the merger, pursuant to the merger agreement, the approval of a majority of the continuing directors who were directors of Semitool

on the date of the merger agreement will be required in order to (i) amend or waive any term or condition of the merger agreement, the merger, or Semitool's articles of incorporation or bylaws, (ii) terminate the merger agreement on behalf of Semitool or (iii) extend the time for performance of any of our obligations or other acts, or waive or assert any of Semitool's rights under the merger agreement. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

If I decide not to tender my shares of Semitool common stock in your offer, how will the completion of the merger affect my shares?

If we accept shares of Semitool common stock for payment pursuant to our offer, but you do not tender your shares in our offer, and the merger is completed, your shares will be canceled and converted into the right to receive the same amount of cash that you would have received had you tendered your shares in our offer (without interest thereon and less any withholding tax), subject to your right to pursue any dissenters' rights you may be entitled to under Montana law. Therefore, if we consummate the merger, unless you are entitled to and properly assert your dissenters' rights under Montana law, the only difference to you between having your shares accepted for payment in our offer and not doing so is that you will be paid earlier if you have your shares accepted for payment in our offer.

If we accept shares of Semitool common stock for payment pursuant to our offer, then until such time thereafter as we consummate the merger, the number of shareholders of Semitool and the number of shares of Semitool common stock that remain in the hands of the public may be so small that there may no longer be an active public trading market (or, possibly, any public trading market) for such shares. Also, shares of Semitool common stock may no longer be eligible to be traded on The Nasdaq Global Select Market or any other securities exchange, and Semitool may cease making filings with the SEC or otherwise cease being required to comply with the SEC's rules relating to publicly held companies. See Sections 7 (Effect of the Offer on the Market for Semitool Common Stock; Nasdaq Listing of Semitool Common Stock; Exchange Act Registration of Semitool Common Stock; Margin Regulations) and 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

Are dissenters' rights available in either your offer or the merger?

Dissenters' rights are not available in connection with our offer. You may be entitled to dissenters' rights under Montana law in connection with the merger if you do not tender your shares of Semitool common stock in our offer and properly assert such rights in accordance with Montana law. If you choose to assert your dissenter's rights in connection with the merger, and you comply with the applicable requirements of Montana law, you will be entitled to payment for your shares based on the estimated "fair value" of your shares as determined pursuant to Section 35-1-826 through 35-1-839 of the Montana Business Corporation Act. This value may be more or less than the $11.00 per share that we are offering to pay you for your shares in our offer or that you would otherwise receive in the merger. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

What will happen to my employee stock options, restricted stock units and restricted stock in your offer?

We will not assume any Semitool stock options, restricted stock units or restricted stock.

Each unexercised Semitool stock option, whether vested or unvested, that is outstanding immediately prior to the first time we accept shares of Semitool common stock in our offer, will be canceled, and the holder of each such Semitool stock option will be entitled to receive a payment in cash in an amount equal to the product of (i) the excess, if any, of: (A) the $11.00 per share price payable in our offer; over (B) the exercise price per share of Semitool common stock subject to such Semitool stock option and (ii) the total number of shares of Semitool

common stock subject to the unexercised portion of such Semitool stock option immediately prior to such time. Any such payment made will be made without interest thereon, and less any required withholding tax. However, if the exercise price per share of Semitool common stock under any such Semitool stock option is equal or greater than the offer price payable in our offer, then such Semitool stock option will be canceled for no consideration.

Each Semitool restricted stock unit that is outstanding immediately prior to the first time we accept shares of Semitool common stock in our offer, to the extent not previously vested and settled in full, will be canceled, and the holder of each such Semitool restricted stock unit will be entitled to receive a payment in cash in an amount equal to the product of (i) the $11.00 per share price payable in our offer; and (ii) the total number of shares of Semitool common stock subject to the outstanding portion of such Semitool restricted stock unit not previously vested and settled in full immediately prior to such time, without interest thereon, and less any required withholding tax.

Each share of Semitool restricted stock that is outstanding immediately prior to the first time we accept shares of Semitool common stock in our offer will vest in full as of such time, any repurchase option, risk of forfeiture or other condition will lapse, and holders of such Semitool restricted stock will be entitled to receive the $11.00 per share price payable in our offer, without interest thereon, and less any required withholding tax.

See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

What are the United States federal income tax consequences of having my shares of Semitool common stock accepted for payment in your offer or receiving cash in the merger?

The receipt of cash pursuant to our offer (or the merger) will be a taxable transaction for United States federal income tax purposes under the Internal Revenue Code of 1986, as amended, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. Generally, for United States federal income tax purposes, a shareholder having shares of Semitool common stock accepted for payment in our offer or receiving cash in the merger will recognize gain or loss equal to the difference between the amount of cash received by the shareholder in our offer (or the merger) and the shareholder's aggregate adjusted tax basis in the shares tendered by the shareholder and accepted for payment in our offer (or converted into cash in the merger). Gain or loss will be calculated separately for each block of shares tendered and accepted for payment in our offer (or converted into cash in the merger). See Section 5 (Certain Material United States Federal Income Tax Consequences) of this Offer to Purchase for more information.

Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them (including the application and effect of any state, local or foreign income and other tax laws) of our offer and the merger.

What is the market value of my shares of Semitool common stock?

On November 16, 2009, the last trading day before Applied and Semitool announced that they had entered into the merger agreement, the closing price of shares of Semitool common stock reported on The Nasdaq Global Select Market was $8.40 per share; therefore, the offer price of $11.00 per share represents a premium of 31% over the closing price of Semitool shares before announcement of the merger agreement. On November 18, 2009, the last trading day prior to the printing of this Offer to Purchase, the closing price of shares of Semitool common stock reported on The Nasdaq Global Select Market was $10.97 per share. We advise you to obtain a recent quotation for shares of Semitool common stock when deciding whether to tender your shares in our offer. See Section 6 (Price Range of Shares of Semitool Common Stock; Dividends on Shares of Semitool Common Stock) of this Offer to Purchase for more information.

What is the "Top-Up Option" and when will it be exercised?

Under the merger agreement, if we do not acquire at least 80% of the outstanding shares of Semitool common stock in our offer, we have the option to purchase from Semitool (at a price per share of Semitool common stock equal to the $11.00 per share price payable in our offer) that number of newly issued, fully paid and non-assessable shares of Semitool common stock that, when added to the number of shares of Semitool common stock that we own at the time of exercise of the option, constitutes 80% of the number of shares of Semitool common stock that would be outstanding (on a fully diluted basis) immediately after the issuance of all shares of Semitool common stock subject to such option (but not a number greater than the number of shares of Semitool common stock that Semitool is authorized to issue under its articles of incorporation after taking into account all shares of Semitool common stock that are issued and outstanding (or are subscribed for or otherwise committed to be issued or reserved for issuance) at the time of such exercise), such that we may effect a short-form merger. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

Whom can I contact if I have questions about your offer?

You should contact the Information Agent for our offer at the address and telephone numbers listed below if you have any questions about our offer.

The Information Agent for the Offer is:

501 Madison Avenue, 20th Floor
New York, New York 10022

Shareholders May Call Toll Free: (877) 717-3936

Banks and Brokers May Call Collect: (212) 750-5833

To: The Holders of Common Stock of Semitool, Inc.:

INTRODUCTION

Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), hereby offers to purchase all of the outstanding shares of common stock, no par value per share, of Semitool, Inc., a Montana corporation ("Semitool"), at a purchase price of $11.00 per share, net to the seller in cash, without interest thereon and less any withholding tax (the "Offer Price"), upon the terms and subject to the conditions set forth in this Offer to Purchase and the Letter of Transmittal enclosed with this Offer to Purchase, which, together with any amendments or supplements hereto or thereto, collectively constitute the "Offer" described in this Offer to Purchase.

Tendering Semitool shareholders whose shares of Semitool common stock are registered in their own names and who tender their shares directly to BNY Mellon Shareowner Services, which is acting as the depositary for the Offer (the "Depositary"), will not be obligated to pay brokerage fees or commissions in connection with the Offer or, except as set forth in Instruction 6 to the Letter of Transmittal for the Offer, transfer taxes on the sale of the shares in the Offer. A shareholder of Semitool who holds shares of Semitool common stock through a broker, dealer, bank, trust company or other nominee should consult with such institution to determine whether it will charge any service fees for tendering such shareholder's shares to Acquisition Sub in the Offer.

Acquisition Sub will pay all fees and expenses of the Depositary and Innisfree M&A Incorporated, which is acting as the information agent for the Offer (the "Information Agent"), incurred in connection with the Offer. See Section 15 (Fees and Expenses) of this Offer to Purchase for more information.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool (the "Merger Agreement"), pursuant to which, following the satisfaction or waiver of certain conditions and the purchase by Acquisition Sub of shares of Semitool common stock in the Offer, Acquisition Sub will be merged with Semitool (the "Merger"), with the surviving corporation in the Merger continuing to exist as a wholly-owned subsidiary of Applied. As a result of the Merger, each outstanding share of Semitool common stock (other than shares owned by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool, or held in Semitool's treasury, or shares owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law) will be converted into the right to receive the Offer Price, without interest thereon and less any required withholding tax. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information. Under no circumstances will interest be paid by Acquisition Sub on the Offer Price payable in respect of shares of Semitool common stock that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

The Semitool board of directors has unanimously: (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to and in the best interests of Semitool's shareholders; (ii) approved and adopted the Merger Agreement and approved the transactions contemplated thereby, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act (the "MBCA"); (iii) declared the advisability of the Merger Agreement; and (iv) resolved to recommend that Semitool's shareholders accept the Offer and tender their shares of Semitool common stock to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement. Accordingly, Semitool's board of directors unanimously recommends that the shareholders of Semitool accept the Offer and tender their shares of Semitool common stock to Acquisition Sub in the Offer and, if required by Montana law, vote their shares of Semitool common stock to approve the Merger Agreement.

In connection with the Offer and the Merger, Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofA Merrill Lynch"), Semitool's financial advisor, delivered to Semitool's board of directors a written opinion, dated

November 16, 2009, as to the fairness, from a financial point of view and as of the date of the opinion, of the Offer Price to be received by holders of Semitool common stock. The full text of the written opinion, dated November 16, 2009, of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is included with Semitool's Solicitation/Recommendation Statement on Schedule 14D-9, which will be filed by Semitool with the Securities and Exchange Commission (the "SEC") in connection with the Offer and is being mailed to Semitool shareholders with this Offer to Purchase. BofA Merrill Lynch provided its opinion to Semitool's board of directors for the benefit and use of Semitool's board of directors in connection with and for the purposes of its evaluation of the Offer Price from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the Offer or the Merger and does not constitute a recommendation to any shareholder as to whether such shareholder should tender any shares of Semitool common stock in the Offer or as to how any such shareholder should vote or act in connection with the proposed Merger.

The factors considered by Semitool's board of directors in making the determinations and the recommendation described above and other matters relied upon by Semitool's board of directors are described in Semitool's Solicitation/Recommendation Statement on Schedule 14D-9, which will be filed with the SEC and is being mailed to the shareholders of Semitool with this Offer to Purchase. Shareholders of Semitool are urged to, and should, carefully read Semitool's Solicitation/Recommendation Statement on Schedule 14D-9.

The Offer is conditioned upon, among other things, there being validly tendered in accordance with the terms of the Offer and not withdrawn prior to the Expiration Date (as defined in this Offer to Purchase) of the Offer shares of Semitool common stock (other than shares of Semitool common stock tendered by guaranteed delivery where actual delivery has not occurred) that, together with any shares of Semitool common stock owned by Applied or Acquisition Sub immediately prior to the first time of acceptance by Acquisition Sub of any shares of Semitool common stock for payment pursuant to the Offer (the "Acceptance Time"), represent more than 66 2/3% of the "Adjusted Outstanding Share Number," which is defined in the Merger Agreement as the sum of the aggregate number of shares of Semitool common stock issued and outstanding immediately prior to the Acceptance Time, plus an additional number of shares up to (but not exceeding) the aggregate number of shares of Semitool common stock issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, shares of Semitool common stock that are outstanding immediately prior to the Acceptance Time and that are vested or that will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option (as defined in this Offer to Purchase)). The foregoing condition is referred to as the "Minimum Condition" in this Offer to Purchase. The Minimum Condition may not be waived by Applied or Acquisition Sub without the prior written consent of Semitool. The Offer is also subject to the other conditions described in Section 13 (Conditions to the Offer) of this Offer to Purchase. The Offer is not subject to any financing contingencies.

Semitool has informed Acquisition Sub that, as of November 16, 2009, there were 32,751,356 shares of Semitool common stock issued and outstanding, including 170,420 shares of Semitool restricted stock, and 1,192,226 employee stock options (with an exercise price of less than the Offer Price) to purchase, and 10,050 restricted stock units with respect to, shares of Semitool common stock. Based upon the foregoing, the Minimum Condition will be satisfied if more than 22,635,755 shares of Semitool common stock are validly tendered and not withdrawn prior to the Expiration Date. The actual number of shares of Semitool common stock that are required to be tendered to satisfy the Minimum Condition will depend upon the actual Adjusted Outstanding Share Number at the Expiration Date.

Consummation of the Merger is also subject to the satisfaction of certain conditions, including (i) the acceptance for payment of, and payment for, shares of Semitool common stock by Acquisition Sub in the Offer and (ii) the approval of the Merger Agreement by the holders of greater than 66 2/3% of the outstanding shares of Semitool common stock, if required by applicable law. If Acquisition Sub accepts shares of Semitool common

stock for payment pursuant to the Offer, Acquisition Sub will have sufficient voting power to approve the Merger Agreement under applicable law without the vote in favor of approval of the Merger Agreement by any other holder of Semitool common stock. In addition, if Acquisition Sub owns 80% or more of the outstanding shares of Semitool common stock, under applicable law, Acquisition Sub and Applied will be able to consummate the Merger without a vote on the approval of the Merger Agreement by the holders of Semitool common stock. In the event that Applied proceeds with a Merger not requiring shareholder approval, under the terms of the Merger Agreement, Applied, Acquisition Sub and Semitool have agreed to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable without a shareholders' meeting. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of this Offer to Purchase for more information.

Certain United States federal income tax consequences of the sale of the shares of Semitool common stock purchased by Acquisition Sub pursuant to the Offer and the purchase of shares of Semitool common stock pursuant to the Merger are described in Section 5 (Certain Material United States Federal Income Tax Consequences) of this Offer to Purchase. If, between the date of the Merger Agreement and the date on which any particular share of Semitool common stock is accepted for payment pursuant to the Offer, the outstanding shares of Semitool common stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event shall occur during such period, then the Offer Price will be appropriately adjusted.

This Offer to Purchase and the Letter of Transmittal for the Offer contain important information about the Offer and should be read carefully and in their entirety before any decision is made with respect to the Offer.

THE TENDER OFFER

1. Terms of the Offer

Upon the terms of and subject to the conditions to the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), promptly after the Expiration Date, Acquisition Sub will accept for payment, and will pay for, all shares of Semitool common stock that are validly tendered to Acquisition Sub in the Offer and not withdrawn prior to the Expiration Date in accordance with the procedures for withdrawal described in Section 3 (Withdrawal Rights) of this Offer to Purchase. The term "Expiration Date" as used in this Offer to Purchase means 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, unless and until Acquisition Sub extends the period of time during which the Offer is open in accordance with the terms of the Merger Agreement, in which event the term Expiration Date as used in this Offer to Purchase will mean the latest time and date at which the Offer, as so extended by Acquisition Sub, will expire.

Under the terms of the Merger Agreement, Acquisition Sub may, in its discretion and without the consent of Semitool or any other person, extend the Offer beyond the Expiration Date:

- on one or more occasions for an additional period of up to 20 business days per extension (but no later than March 31, 2010) in order to permit all of the conditions to the Offer to be satisfied to the extent that any such condition has not been satisfied or waived as of such Expiration Date; and
- from time to time for any period required by any rule or regulation of the SEC applicable to the Offer.

Under the terms of the Merger Agreement, Acquisition Sub must extend the Offer beyond the Expiration Date for an additional period of up to 20 business days (provided that Acquisition Sub is not required to extend the Offer to a date later than March 31, 2010) if, as of the scheduled Expiration Date, (i) the Minimum Condition or any of the conditions relating to the expiration or termination of the waiting period applicable to the acquisition of shares of Semitool common stock in connection with the Offer under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any applicable foreign antitrust or competition-related legal requirement, have not been satisfied or waived, as applicable, (ii) each of the other conditions to the Offer described in Section 13 (Conditions to the Offer) of this Offer to Purchase have been satisfied or waived, or Acquisition Sub reasonably determines that such conditions will be satisfied within 15 business days after such scheduled Expiration Date and (iii) Acquisition Sub has received a written request from Semitool to extend the Offer no less than two business days prior to such scheduled Expiration Date.

Subject to the terms of the Merger Agreement, Acquisition Sub expressly reserves the right (but is not obligated under the terms of the Merger Agreement or for any other reason) to increase the Offer Price and to waive any condition to the Offer or to make any other changes to the terms and conditions of the Offer, except that without the prior written consent of Semitool: (i) the Minimum Condition may not be amended or waived; and (ii) no change may be made to the Offer that (A) changes the form of consideration to be delivered by Acquisition Sub pursuant to the Offer, (B) decreases the Offer Price or the number of shares of Semitool common stock sought to be purchased by Acquisition Sub in the Offer, (C) imposes conditions to the Offer in addition to the conditions to the Offer described in Section 13 (Conditions to the Offer) of this Offer to Purchase (the "Offer Conditions"), or (D) except as described in this Section 1, extends the Expiration Date.

If, between the date of the Merger Agreement and the date on which any particular share of Semitool common stock is accepted for payment pursuant to the Offer, the outstanding shares of Semitool common stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event occurs during such period, then the Offer Price will be appropriately adjusted.

If by 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009 (or by any other time and date then scheduled as the Expiration Date), any or all of the Offer Conditions have not been

satisfied or waived, subject to the terms of the Merger Agreement and the applicable rules and regulations of the SEC, Acquisition Sub may (i) subject to the qualification described above with respect to the Minimum Condition, waive all of the Offer Conditions that remain unsatisfied and accept for payment and pay for all shares of Semitool common stock that have been validly tendered and not withdrawn prior to the Expiration Date, (ii) extend the Offer, (iii) subject to the qualifications described above, amend the Offer, or (iv) subject to any obligation of Acquisition Sub to extend the Offer pursuant to the terms of the Merger Agreement, terminate the Offer in accordance with the Merger Agreement, not accept for payment or pay for any shares of Semitool common stock and return all previously tendered shares to the owners of such shares.

The rights reserved by Acquisition Sub described in the preceding paragraphs are in addition to its rights pursuant to Section 13 (Conditions to the Offer) of this Offer to Purchase. Any extension of the Offer, waiver of the Offer Conditions, amendment to the Offer or termination of the Offer will be followed as promptly as practicable by a public announcement thereof. A public announcement in the case of an extension will be made no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Without limiting the manner in which Acquisition Sub may choose to make any public announcement, subject to applicable law (including Rules 14d-4(d), 14d-6(c) and 14e-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which require that material changes be promptly disseminated to holders of shares of Semitool common stock), Acquisition Sub will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a release to the PR Newswire and/or Dow Jones news services. The phrase "business day" as used in this paragraph has the meaning set forth in Rule 14d-1 under the Exchange Act.

In the event that Acquisition Sub makes a material change in the terms of the Offer or the information concerning the Offer, or waives a material Offer Condition, Acquisition Sub will disseminate additional tender offer materials and extend the Offer to the extent required by Rules 14d-4(d), 14d-6(c) and 14e-1 under the Exchange Act. With respect to a change in price or a change in the percentage of securities sought, a minimum period of ten business days is generally required under the applicable rules and regulations of the SEC to allow for adequate dissemination to shareholders. With respect to other material changes in the terms of the Offer, the minimum period during which the Offer must remain open will depend upon the facts and circumstances then existing, including the relative materiality of the changed terms or information.

Subject to the conditions described in the following paragraph of this Offer to Purchase, Acquisition Sub may, in its discretion (and without the consent of Semitool or any other person), elect to provide for a subsequent offering period (and one or more extensions of such period) in accordance with Rule 14d-11 of the Exchange Act, immediately following the Expiration Date, of not fewer than three business days in length, unless Applied has become the owner, directly or indirectly, of 80% or more of the outstanding shares of Semitool common stock. If provided, a subsequent offering period would be an additional period of time, following the Expiration Date and the acceptance for payment of, and the payment for, any shares of Semitool common stock that are validly tendered in the Offer and not withdrawn prior to the Expiration Date, during which holders of shares of Semitool common stock that were not previously tendered in the Offer may tender such shares to Acquisition Sub in exchange for the Offer Price on the same terms that applied to the Offer. A subsequent offering period is not the same as an extension of the Offer, which will have been previously completed if a subsequent offering period is provided. Acquisition Sub will promptly accept for payment, and pay for, all shares of Semitool common stock that were validly tendered to Acquisition Sub during a subsequent offering period (or extension thereof), if provided, for the same price paid to holders of shares of Semitool common stock that were validly tendered in the Offer and not withdrawn prior to the Expiration Date, net to the holders thereof in cash without interest thereon and less any required withholding tax. Holders of shares of Semitool common stock that are validly tendered to Acquisition Sub during a subsequent offering period (or extension thereof), if provided, will not have the right to withdraw such tendered shares.

Under Rule 14d-11 of the Exchange Act, Acquisition Sub may provide for a subsequent offering period so long as, among other things, (i) the initial 20 business day period of the Offer has expired, (ii) Acquisition Sub offers the same form and amount of consideration for shares of Semitool common stock in the subsequent

offering period that was offered in the Offer, (iii) Acquisition Sub immediately accepts and promptly pays for all shares of Semitool common stock that are validly tendered to Acquisition Sub and not withdrawn prior to the Expiration Date, (iv) Acquisition Sub announces the results of the Offer, including the approximate number and percentage of shares of Semitool common stock that were validly tendered in the Offer, no later than 9:00 a.m., New York City time, on the next business day after the Expiration Date and immediately begins the subsequent offering period and (v) Acquisition Sub immediately accepts and promptly pays for shares of Semitool common stock as they are tendered during the subsequent offering period.

Acquisition Sub has not committed to provide for a subsequent offering period following the expiration of the Offer, although it reserves the right to do so in its discretion.

Under the Merger Agreement, if Acquisition Sub does not acquire at least 80% of the outstanding shares of Semitool common stock in the Offer, Acquisition Sub has the option (the "Top-Up Option"), exercisable upon the terms and subject to the conditions set forth in the Merger Agreement, to purchase from Semitool (at a price per share of Semitool common stock equal to the Offer Price), that number of newly issued, fully paid and non-assessable shares of Semitool common stock equal to the lesser of (i) the number of shares of Semitool common stock that, when added to the number of shares of Semitool common stock owned by Applied or Acquisition Sub at the time of such exercise, constitutes 80% of the number of shares of Semitool common stock that would be outstanding (on a fully diluted basis) immediately after the issuance of all shares of Semitool common stock subject to the Top-Up Option or (ii) the aggregate number of shares of Semitool common stock that Semitool is authorized to issue under its articles of incorporation after taking into account all shares of Semitool common stock that are issued and outstanding (or are subscribed for or otherwise committed to be issued or reserved for issuance) at the time of exercise of the Top-Up Option. The exercise of this Top-Up Option would permit Acquisition Sub to then merge with Semitool without the need for a vote by Semitool's shareholders to approve the Merger.

Semitool has provided Acquisition Sub with a list and security position listings of Semitool's shareholders for the purpose of disseminating the Offer to holders of shares of Semitool common stock. This Offer to Purchase and the Letter of Transmittal enclosed with this Offer to Purchase and other materials related to the Offer will be mailed to record holders of shares of Semitool common stock, and will be furnished to brokers, dealers, banks, trust companies and other nominees whose names, or the names of whose nominees, appear on the list of Semitool's shareholders, or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of shares of Semitool common stock.

2. Procedures for Tendering Shares of Semitool Common Stock in the Offer

Valid Tender

For a shareholder to validly tender shares of Semitool common stock in the Offer:

- the certificate(s) representing the tendered shares, together with the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described below under the caption "Signature Guarantees") and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase prior to the Expiration Date;
- in the case of a tender effected pursuant to the book-entry transfer procedures described below under the caption "Book-Entry Transfer", (i) either the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees (as described below under the caption "Signature Guarantees"), or an Agent's Message (as described below under the caption "Book-Entry Transfer"), and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase prior to the Expiration Date and (ii) the shares to be tendered must be delivered pursuant to the book-entry transfer procedures described below under the caption "Book-Entry Transfer," and a Book-Entry Confirmation (as described below under the caption "Book-Entry Transfer") must be received by the Depositary prior to the Expiration Date; or

- the tendering shareholder must comply with the guaranteed delivery procedures described below under the caption “Guaranteed Delivery” prior to the Expiration Date.

Shareholders must use one of these methods to validly tender shares of Semitool common stock in the Offer. The valid tender of shares of Semitool common stock in accordance with one of the procedures described above will constitute (i) the tendering shareholder’s acceptance of the Offer, as well as such shareholder’s representation and warranty that such shareholder has the full power and authority to tender and assign the shares of Semitool common stock and (ii) a binding agreement between the tendering shareholder and Acquisition Sub upon the terms of and subject to the Offer Conditions.

The method of delivery of shares of Semitool common stock to be tendered in the Offer, the Letter of Transmittal and all other required documents, including delivery through the Book-Entry Transfer Facility described below, is at the election and risk of the tendering shareholder. Shares of Semitool common stock to be tendered in the Offer will be deemed delivered only when actually received by the Depositary (including, in the case of a Book-Entry Transfer, by Book-Entry Confirmation described below). If delivery of shares is made by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

Book-Entry Transfer

The Depositary will notify The Depository Trust Company (the “Book-Entry Transfer Facility”) to establish an account with respect to the shares of Semitool common stock for purposes of the Offer as promptly as practicable after the date of this Offer to Purchase. Any financial institution that is a participant of the Book-Entry Transfer Facility’s system may effect a book-entry delivery of shares of Semitool common stock in the Offer by causing the Book-Entry Transfer Facility to transfer such shares into the Depositary’s account in accordance with the Book-Entry Transfer Facility’s procedures for such transfer. The confirmation of a book-entry transfer of shares into the Depositary’s account at the Book-Entry Transfer Facility as described above is sometimes referred to in this Offer to Purchase as a “Book-Entry Confirmation.” The term “Agent’s Message” as used in this Offer to Purchase means a message, transmitted by the Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that (i) the Book-Entry Transfer Facility has received an express acknowledgment from the participant in the Book-Entry Transfer Facility tendering the shares of Semitool common stock that are the subject of the Book-Entry Confirmation, (ii) the participant agrees to be bound by the terms of the Letter of Transmittal and (iii) Acquisition Sub may enforce such agreement against such participant.

Although delivery of shares of Semitool common stock may be effected through book-entry transfer into the Depositary’s account at the Book-Entry Transfer Facility, the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described below under the caption “Signature Guarantees”), or an Agent’s Message (as described above), and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase prior to the Expiration Date to effect a valid tender of shares by book-entry. Delivery of documents to the Book-Entry Transfer Facility in accordance with the Book-Entry Transfer Facility’s procedures does not constitute delivery to the Depositary.

Signature Guarantees

No signature guarantee is required on the Letter of Transmittal that is being returned with shares of Semitool common stock being tendered in the Offer if (i) the Letter of Transmittal is signed by the registered holder(s) of the shares of Semitool common stock tendered with such Letter of Transmittal, unless such registered holder(s) has completed either the box labeled “Special Payment Instructions” or the box labeled “Special Delivery Instructions” on such Letter of Transmittal or (ii) shares of Semitool common stock are tendered for the account of a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the Stock Exchanges

Medallion Program or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Exchange Act (which are sometimes referred to as "Eligible Institutions" in this Offer to Purchase). For purposes of the foregoing, a registered holder of shares of Semitool common stock includes any participant in the Book-Entry Transfer Facility's system whose name appears on a security position listing as the owner of such shares. In all other cases, all signatures on the Letter of Transmittal that is being returned with shares of Semitool common stock being tendered in the Offer must be guaranteed by an Eligible Institution. See Instructions 1 and 5 to the Letter of Transmittal enclosed with this Offer to Purchase for more information. If certificates representing shares of Semitool common stock being tendered in the Offer are registered in the name of a person other than the signer of the Letter of Transmittal that is being returned with such shares, or if payment is to be made or certificates representing shares of Semitool common stock not being tendered or not accepted for payment are to be returned to a person other than the registered holder of the certificates surrendered, the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name or names of the registered holders or owners appear on such certificates, with the signatures on such certificates or stock powers guaranteed as aforesaid. See Instructions 1 and 5 to the Letter of Transmittal enclosed with this Offer to Purchase for more information.

Guaranteed Delivery

If a shareholder desires to tender shares of Semitool common stock in the Offer and such shareholder's certificates representing such shares are not immediately available, or the book-entry transfer procedures described above under the caption "Book-Entry Transfer" cannot be completed on a timely basis, or time will not permit all required documents to reach the Depositary prior to the Expiration Date, such shareholder may tender such shares of Semitool common stock if all the following conditions are met:

- such tender is made by or through an Eligible Institution (as described above under the caption "Signature Guarantees");
- a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form enclosed with this Offer to Purchase, is received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase prior to the Expiration Date; and
- either (i) the certificate(s) representing tendered shares of Semitool common stock being tendered in the Offer, together with the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described above under the caption "Signature Guarantees"), and any other required documents, are received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase within three trading days (as described below) after the date of execution of such Notice of Guaranteed Delivery or (ii) in the case of a book-entry transfer effected pursuant to the book-entry transfer procedures described above under the caption "Book-Entry Transfer," (A) either the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, and any required signature guarantees (as described above under the caption "Signature Guarantees"), or an Agent's Message (as described above under the caption "Book-Entry Transfer"), and any other required documents, are received by the Depositary at one of its addresses listed on the back cover of this Offer to Purchase and (B) such shares are delivered pursuant to the book-entry transfer procedures described above under the caption "Book-Entry Transfer" and a Book-Entry Confirmation (as described above under the caption "Book-Entry Transfer") is received by the Depositary, in each case, within three trading days after the date of execution of such Notice of Guaranteed Delivery. For purposes of the foregoing, a trading day is any day on which The Nasdaq Global Select Market is open for business.

The Notice of Guaranteed Delivery described above may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary, and must include a guarantee by an Eligible Institution (as described above under the caption "Signature Guarantees") in the form set forth in such Notice of Guaranteed Delivery. If delivery is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

The method of delivery of share certificates, the Letter of Transmittal and all other required documents is at the option and risk of the tendering shareholder, and delivery will be made only when actually received by the Depositary.

Other Requirements

Notwithstanding any provision hereof, in all cases payment for shares of Semitool common stock that are accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of the following:

- certificates for such shares, or a timely Book-Entry Confirmation (as described above under the caption "Book-Entry Transfer") with respect to such shares;
- the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described above under the caption "Signature Guarantees"), or in the case of a Book-Entry Transfer, an Agent's Message in lieu of the Letter of Transmittal, as described above under the caption "Book-Entry Transfer"); and
- any other documents required by the Letter of Transmittal.

Accordingly, tendering shareholders may be paid at different times depending upon when certificates for shares of Semitool common stock being tendered in the Offer or Book-Entry Confirmations with respect to shares of Semitool common stock being tendered in the Offer are actually received by the Depositary.

Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for shares of Semitool common stock being tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

Appointment

By executing and returning the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), or in the case of a book-entry transfer, by delivery of an Agent's Message in lieu of the Letter of Transmittal as described above under the caption "Book-Entry Transfer," a shareholder tendering shares of Semitool common stock in the Offer will be irrevocably appointing designees of Acquisition Sub as such shareholder's attorneys-in-fact and proxies in the manner described in the Letter of Transmittal, each with full power of substitution, to the full extent of such shareholder's rights with respect to the shares of Semitool common stock being tendered by such shareholder and accepted for payment by Acquisition Sub and with respect to any and all other shares of Semitool common stock or other securities or rights issued or issuable in respect of such shares on or after the date of this Offer to Purchase. All such proxies will be considered coupled with an interest in the shares of Semitool common stock being tendered. Such appointment will be effective when, and only to the extent that, Acquisition Sub accepts for payment the shares of Semitool common stock being tendered by such shareholder as provided in this Offer to Purchase. Upon the effectiveness of such appointment, all prior powers of attorney, proxies and consents given by such shareholder with respect to such shares of Semitool common stock or other securities or rights will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be effective). The designees of Acquisition Sub will thereby be empowered to exercise all voting and other rights with respect to such shares of Semitool common stock and other securities or rights in respect of any annual, special or adjourned meeting of Semitool's shareholders, actions by written consent in lieu of any such meeting or otherwise, as they in their sole discretion deem proper. Acquisition Sub reserves the right to require that, in order for shares of Semitool common stock to be deemed validly tendered, immediately upon Acquisition Sub's acceptance for payment of such shares, Acquisition Sub must be able to exercise full voting, consent and other rights with respect to such shares and other securities or rights, including voting at any meeting of shareholders.

Determination of Validity

All questions as to the validity, form, eligibility (including time of receipt) and acceptance of any tender of shares of Semitool common stock in the Offer will be determined by Acquisition Sub in its sole discretion, which determination will be final and binding. Acquisition Sub reserves the absolute right to reject any or all tenders of shares of Semitool common stock if it determines such tender not to be in proper form or the acceptance for payment of or payment for which may be unlawful. Acquisition Sub also reserves the sole and absolute right to waive any defect or irregularity in the tender of any shares of Semitool common stock of any particular shareholder, whether or not similar defects or irregularities are waived in the case of other shareholders. No tender of shares of Semitool common stock in the Offer will be deemed to have been validly made until all defects or irregularities relating thereto have been cured or waived. None of Acquisition Sub, Applied, Semitool, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or incur any liability for failure to give any such notification. Subject to any rights of Semitool under the Merger Agreement, Acquisition Sub's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the instructions thereto and any other documents related to the Offer) will be final and binding.

Backup Withholding

To avoid backup withholding of United States federal income tax on payments made in connection with the Offer, all shareholders who are United States persons should complete, sign and return to the Depositary the Substitute Form W-9 included as part of the Letter of Transmittal enclosed with this Offer to Purchase (unless an applicable exemption exists and is proved in a manner satisfactory to Acquisition Sub and the Depositary). Certain shareholders (including, among others, all corporations and certain foreign individuals and entities) are not subject to backup withholding. Non-corporate shareholders who are not United States persons should complete, sign and return to the Depositary a Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (instead of a Substitute Form W-9) to avoid backup withholding. See Instruction 9 to the Letter of Transmittal enclosed with this Offer to Purchase. For a more detailed discussion of backup withholding, see Section 5 (Certain Material United States Federal Income Tax Consequences) of this Offer to Purchase.

3. Withdrawal Rights

Except as otherwise provided in this Section 3, tenders of shares of Semitool common stock in the Offer are irrevocable. Shares of Semitool common stock that are tendered in the Offer may be withdrawn pursuant to the procedures described below at any time prior to the Expiration Date and shares that are tendered may also be withdrawn at any time after January 18, 2010, 60 days after commencement of the Offer, unless accepted for payment on or before that date as provided in this Offer to Purchase. In the event that Acquisition Sub provides for a "subsequent offering period" following the acceptance of shares of Semitool common stock for payment pursuant to the Offer, (i) no withdrawal rights will apply to shares tendered during such subsequent offering period (or extension thereof) and (ii) no withdrawal rights will apply to shares that were previously tendered in the Offer and accepted for payment.

For a withdrawal of shares of Semitool common stock previously tendered in the Offer to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary prior to the Expiration Date at one of its addresses listed on the back cover of this Offer to Purchase, specifying the name of the person having tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares. If certificates for shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such shares have been tendered by an Eligible Institution, any and all signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If shares have been tendered pursuant to the book-entry

transfer procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn shares and otherwise comply with the Book-Entry Transfer Facility's procedures.

All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Acquisition Sub in its sole discretion, which determination will be final and binding. None of Acquisition Sub, Applied, Semitool, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Withdrawals of shares of Semitool common stock may not be rescinded. Any shares withdrawn will thereafter be deemed not to have been validly tendered for purposes of the Offer. However, withdrawn shares may be re-tendered at any time prior to the Expiration Date by following one of the procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of this Offer to Purchase.

4. Acceptance for Payment and Payment for Shares of Semitool

Upon the terms of and subject to the Offer Conditions (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), promptly after the Expiration Date, Acquisition Sub will accept for payment, and will pay for, all shares of Semitool common stock validly tendered to Acquisition Sub in the Offer and not withdrawn prior to the Expiration Date in accordance with the procedures for withdrawal described in Section 3 (Withdrawal Rights) of this Offer to Purchase. Subject to the terms of the Merger Agreement, Acquisition Sub expressly reserves the right, in its sole discretion, to delay acceptance for payment of or the payment for shares of Semitool common stock that are tendered in the Offer in order to comply in whole or in part with any applicable law. Any such delays will be effected in compliance with Rule 14e-1(c) under the Exchange Act (relating to a bidder's obligation to pay for or return tendered securities promptly after the termination or withdrawal of such bidder's offer).

In all cases, payment for shares of Semitool common stock that are accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of:

- the certificates representing the tendered shares, together with the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer — Signature Guarantees) of this Offer to Purchase); or
- in the case of a transfer effected pursuant to the book-entry transfer procedures as described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer — Book-Entry Transfer) of this Offer to Purchase, a Book-Entry Confirmation and either the Letter of Transmittal enclosed with this Offer to Purchase (or a photocopy of it), properly completed and duly executed, together with any required signature guarantees (as described in Section 2 of this Offer to Purchase under the caption "Signature Guarantees"), or an Agent's Message, and any other required documents.

Accordingly, shareholders tendering shares of Semitool common stock in the Offer may be paid at different times depending upon when certificates for shares of Semitool common stock being tendered in the Offer or Book-Entry Confirmations with respect to shares of Semitool common stock being tendered in the Offer are actually received by the Depositary.

The per share consideration paid to any shareholder in the Offer will be the highest per share consideration paid to any other shareholder in the Offer.

For purposes of the Offer, Acquisition Sub will be deemed to have accepted for payment, and thereby purchased, shares of Semitool common stock that are validly tendered in the Offer and not withdrawn prior to the Expiration Date as, if and when Acquisition Sub gives oral or written notice to the Depositary of Acquisition

Sub's acceptance for payment of such shares. On the terms of and subject to the Offer Conditions, payment for shares of Semitool common stock that are accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as an agent for shareholders tendering shares in the Offer for the purpose of receiving payment from Acquisition Sub and transmitting payment to such shareholders whose shares of Semitool common stock have been accepted for payment pursuant to the Offer.

Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for shares of Semitool common stock that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

If Acquisition Sub is delayed in its acceptance for payment of, or payment for, shares of Semitool common stock that are tendered in the Offer, or is unable to accept for payment, or pay for, shares that are tendered in the Offer for any reason, then, without prejudice to Acquisition Sub's rights under the Offer (but subject to compliance with Rule 14e-1(c) under the Exchange Act (relating to a bidder's obligation to pay for or return tendered securities promptly after the termination or withdrawal of such bidder's offer) and the terms of the Merger Agreement), the Depositary may, nevertheless, on behalf of Acquisition Sub, retain shares of Semitool common stock that are tendered in the Offer, and such shares may not be withdrawn except to the extent that shareholders tendering such shares are entitled to do so as described in Section 3 (Withdrawal Rights) of this Offer to Purchase or as otherwise contemplated by federal securities laws.

If any shares of Semitool common stock that are tendered in the Offer are not accepted for payment pursuant to the terms and conditions of the Offer for any reason, the certificates for such shares will be returned (and, if certificates are submitted for more shares than are tendered, new certificates for the shares not tendered will be sent), in each case, without expense to the shareholder tendering such shares (or, in the case of shares delivered by book-entry transfer of such shares into the Depositary's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures, such shares will be credited to an account maintained at the Book-Entry Transfer Facility), as promptly as practicable after the expiration or termination of the Offer.

5. Certain Material United States Federal Income Tax Consequences

Introduction

The following summary is a general discussion of certain material United States federal income tax consequences to Semitool shareholders of the receipt of cash pursuant to the Offer or the Merger. This summary is based on the current provisions of the Internal Revenue Code of 1986, as amended (the "Code") applicable Treasury Regulations, judicial authority and administrative rulings, all of which are subject to change, possibly with retroactive effect. Any such change could alter the tax consequences as described herein. No ruling from the Internal Revenue Service has been or will be sought with respect to any aspect of the transactions described herein. This summary is for the general information of Semitool shareholders only and does not purport to be a complete analysis of all potential tax effects of the Offer or the Merger. For example, it does not consider the effect of any applicable state, local or foreign tax laws, or of any non-income tax laws. In addition, this discussion does not address the tax consequences of transactions effectuated prior to or after the Offer or the Merger (whether or not such transactions occur in connection with the Merger), including, without limitation, any exercise of a Semitool option or the acquisition or disposition of Semitool shares other than pursuant to the Offer or the Merger. In addition, it does not address all aspects of federal income taxation that may affect particular Semitool shareholders in light of their particular circumstances, including:

- shareholders that are insurance companies;
- shareholders that are tax-exempt organizations;
- shareholders that are regulated investment companies, mutual funds, real estate investment trusts, banks or other financial institutions, or brokers, dealers or traders in securities;
- shareholders that hold their common stock as part of a hedge, straddle or conversion transaction;

- shareholders that hold common stock which constitutes qualified small business stock for purposes of Section 1202 of the Code or "section 1244 stock" for purposes of Section 1244 of the Code;
- shareholders that are liable for the federal alternative minimum tax;
- shareholders that are partnerships for United States federal income tax purposes or other pass-through entities or investors in such pass-through entities;
- shareholders who acquired their common stock pursuant to the exercise of a stock option or otherwise as compensation;
- shareholders whose functional currency for United States federal income tax purposes is not the United States dollar; and
- shareholders that are not citizens or residents of the United States or that are foreign corporations, foreign partnerships or foreign estates or trusts with respect to the United States, except as set forth in Backup Withholding.

The following summary also does not address the tax consequences for the holders of stock options, restricted stock units or other securities of Semitool. The following summary assumes that Semitool shareholders hold their common stock as a "capital asset" (generally, property held for investment).

Treatment of Holders of Semitool Common Stock

The receipt of cash in exchange for Semitool common stock pursuant to the Offer or the Merger will be a taxable transaction. Generally, this means that a Semitool shareholder will recognize a capital gain or loss equal to the difference between (i) the amount of cash the shareholder receives in the Offer or the Merger and (ii) the shareholder's adjusted tax basis in the common stock surrendered therefor. For this purpose, Semitool shareholders who acquired different blocks of Semitool shares at different times or for different prices must calculate gain or loss separately for each identifiable block of Semitool shares surrendered in the exchange. Any such capital gain or loss will be long-term if the holder has held Semitool common stock for more than one year as of the date of the sale of such common stock by such holder in the Offer or the Merger. Capital losses are subject to limitations on deductibility.

Backup Withholding

A Semitool shareholder may be subject to "backup withholding" with respect to certain "reportable payments" including taxable proceeds received in exchange for the shareholder's Semitool shares in the Offer or the Merger. The current backup withholding rate is 28%, but this rate could change at any time. Backup withholding will generally not apply, however, to a shareholder (i) who furnishes the Depositary with a correct taxpayer identification number on and properly executes Form W-9 or an appropriate substitute form (and who does not subsequently become subject to backup withholding) or (ii) who is otherwise exempt from backup withholding, such as a corporation. In addition, Semitool shareholders who are individuals and are not United States citizens or United States resident aliens or are business entities organized outside the United States (as well as certain other foreign persons) may establish an exemption from backup withholding by delivering the proper version of Form W-8. Each shareholder and, if applicable, each other payee, should complete and sign the Substitute Form W-9 included as part of the Letter of Transmittal enclosed with this Offer to Purchase in order to provide the information and certification necessary to avoid the imposition of backup withholding, unless an exemption applies and is established in a manner satisfactory to the Depositary. Any amounts withheld from payments to a shareholder under the backup withholding rules generally will be allowed as a credit against such shareholder's United States federal income tax liability, provided that the required information is given to the IRS.

The foregoing discussion of the United States federal income tax consequences of the Offer and the Merger is only general information and only for Semitool shareholders. Accordingly, Semitool

shareholders should consult their own tax advisors with respect to the particular tax consequences to them of the Offer and the Merger, including the applicable federal, state, local and foreign tax consequences.

6. Price Range of Shares of Semitool Common Stock; Dividends on Shares of Semitool Common Stock

Shares of Semitool common stock are listed on The Nasdaq Global Select Market under the symbol "SMTL."

The following table sets forth, for each of the periods indicated, the high and low closing sales prices per share of Semitool common stock on The Nasdaq Global Select Market.

	High	Low
Fiscal Year Ended September 30, 2008:		
First Quarter	9.95	7.95
Second Quarter	8.86	7.40
Third Quarter	9.05	7.51
Fourth Quarter	9.64	6.76
Fiscal Year Ended September 30, 2009:		
First Quarter	7.86	2.35
Second Quarter	3.75	1.91
Third Quarter	5.35	2.85
Fourth Quarter	8.72	4.21
Fiscal Year Ending September 30, 2010:		
First Quarter (through November 18, 2009)	11.02	7.01

On November 16, 2009, the last trading day before Applied and Semitool announced that they had entered into the Merger Agreement, the closing price of shares of Semitool common stock reported on The Nasdaq Global Select Market was $8.40 per share; therefore, the Offer Price of $11.00 per share represents a premium of 31% over such price. On November 18, 2009, the last trading day prior to the printing of this Offer to Purchase, the closing price of shares of Semitool common stock reported on The Nasdaq Global Select Market was $10.97 per share. **Shareholders are urged to obtain current market quotations for shares of Semitool common stock before making a decision with respect to the Offer.**

Semitool has never declared or paid any cash dividends on its capital stock. In addition, under the terms of the Merger Agreement, Semitool is not permitted to declare or pay dividends in respect of shares of its common stock unless approved in advance by Applied in writing. See Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Interim Conduct of Business) of this Offer to Purchase for more information.

7. Effect of the Offer on the Market for Semitool Common Stock; Nasdaq Listing of Semitool Common Stock; Exchange Act Registration of Semitool Common Stock; Margin Regulations

Effect of the Offer on the Market for Semitool Common Stock

The purchase of shares of Semitool common stock in the Offer will reduce the number of holders of shares of Semitool common stock and the number of shares of Semitool common stock that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining shares of Semitool common stock held by the public.

Nasdaq Listing of Semitool Common Stock

Applied intends to cause all shares of Semitool common stock to be delisted from The Nasdaq Global Select Market promptly upon completion of the Merger.

Following the acceptance of shares of Semitool common stock for payment pursuant to the Offer and prior to completion of the Merger, Semitool may no longer meet the requirements for continued listing on The Nasdaq Global Select Market, depending upon the number of shares accepted for payment pursuant to the Offer. According to Nasdaq's published guidelines, shares of Semitool common stock would only meet the criteria for continued listing on The Nasdaq Global Select Market if, among other things, (i) there were at least 400 shareholders, (ii) the minimum bid price for the shares of Semitool common stock was at least $1 per share and (iii) either:

- there were at least two market makers for the shares of Semitool common stock, the number of publicly–held shares of Semitool common stock (excluding shares of Semitool common stock held by officers, directors, and other beneficial owners of 10% or more) was at least 750,000, the market value of such publicly–held shares of Semitool common stock was at least $5 million, and shareholders' equity was at least $10 million; or
- there were at least four market makers for the shares of Semitool common stock, the number of publicly–held shares of Semitool common stock (excluding shares of Semitool common stock held by officers, directors, and other beneficial owners of 10% or more) was at least 1.1 million, the market value of such publicly–held shares of Semitool common stock was at least $15 million, and the market value of the shares of Semitool common stock was at least $50 million or the total assets and total revenue were each at least $50 million.

Shares of Semitool common stock that are held by directors or officers of Semitool, or by any beneficial owner of more than 10% of the shares of Semitool common stock, are not considered to be publicly held for this purpose. According to Semitool, as of November 16, 2009, there were 32,751,356 shares of its common stock outstanding. If, as a result of the purchase of shares of Semitool common stock in the Offer or otherwise, the shares of Semitool common stock no longer meet the requirements of Nasdaq for continued listing and such shares are either no longer eligible for The Nasdaq Global Select Market or are delisted from Nasdaq altogether, the market for Semitool common stock will be adversely affected. However, even if this were to occur, Applied would be required to close the Merger unless completion of the Merger were prohibited by law.

If Nasdaq were to delist shares of Semitool common stock, the market for shares of Semitool common stock would be adversely affected. It is possible that such shares would continue to trade on other securities exchanges or in the over-the-counter market and that price quotations would be reported by such exchanges. Under such circumstances, however, the extent of the public market for Semitool common stock and the availability of such quotations would depend upon the number of holders of such shares remaining at such time, the level of interest in maintaining a market in such shares on the part of securities firms, the possible termination of registration of such shares under the Exchange Act (as described below) and other factors.

Exchange Act Registration of Semitool Common Stock

Semitool common stock is currently registered under the Exchange Act. Such registration may be terminated upon application of Semitool to the SEC if shares of Semitool common stock are neither listed on a national securities exchange (such as The Nasdaq Global Select Market) nor held by 300 or more holders of record. Termination of registration of shares of Semitool common stock under the Exchange Act would reduce the information required to be furnished by Semitool to its shareholders and to the SEC and would make certain provisions of the Exchange Act no longer applicable to Semitool, such as the short-swing profit recovery provisions of Section 16(b) of the Exchange Act, the requirement of furnishing a proxy or information statement pursuant to sections 14(a) and 14(c) of the Exchange Act in connection with meetings of Semitool's shareholders and the related requirement of furnishing an annual report to Semitool's shareholders, and the requirements of Rule 13e-3 under the Exchange Act with respect to going private transactions. Furthermore, the ability of

affiliates of Semitool and persons holding restricted securities of Semitool to dispose of such securities pursuant to Rule 144 or 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"), may be impaired or eliminated if Semitool common stock is no longer registered under the Exchange Act. Acquisition Sub intends to seek to cause Semitool to apply for termination of registration of Semitool common stock under the Exchange Act as soon after the acceptance of shares of Semitool common stock for payment pursuant to the Offer as the requirements for such termination are met.

Margin Regulations

Shares of Semitool common stock are currently margin securities under the regulations of the Board of Governors of the Federal Reserve System (which is sometimes referred to as the "Federal Reserve Board" in this Offer to Purchase), which has the effect, among other things, of allowing brokers to extend credit on the collateral of shares of Semitool common stock. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, shares of Semitool common stock would no longer constitute margin securities for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers.

8. Certain Information Concerning Semitool

General

Semitool is a Montana corporation with its principal offices located at 655 West Reserve Drive, Kalispell, Montana 59901. Semitool's telephone number at that address is (406) 752-2107. Semitool was incorporated in Montana on July 13, 1979. Semitool designs, manufactures, installs and services highly-engineered equipment for use in the fabrication of semiconductor devices.

Available Information

Semitool is subject to the informational requirements of the Exchange Act and, in accordance therewith, is required to file reports and other information with the SEC relating to its business, financial condition and other matters. Certain information as of particular dates concerning Semitool's directors and executive officers, their remuneration, stock options and other matters, the principal holders of Semitool's securities and any material interest of such persons in transactions with Semitool is required to be disclosed in Semitool's proxy statements distributed to Semitool's shareholders and filed with the SEC. Such reports, proxy statements and other information is available for inspection at the public reference facilities of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such information is obtainable, by mail, upon payment of the SEC's customary charges, by writing to the SEC's principal office at 100 F Street, N.E., Washington, D.C. 20549. The SEC also maintains a web site on the Internet at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that are filed electronically with the SEC.

Except as otherwise stated in this Offer to Purchase, the information concerning Semitool contained in this Offer to Purchase has been taken from or based upon publicly available documents on file with the SEC and other publicly available information. Although Acquisition Sub and Applied do not have any knowledge that any such information is untrue, neither Acquisition Sub nor Applied takes any responsibility for the accuracy or completeness of such information or for any failure by Semitool to disclose events that may have occurred and may affect the significance or accuracy of any such information.

9. Certain Information Concerning Acquisition Sub and Applied

Acquisition Sub is a Montana corporation and a wholly-owned subsidiary of Applied. Acquisition Sub was organized by Applied to acquire Semitool and has not conducted any other activities since its organization. All outstanding shares of capital stock of Acquisition Sub are owned by Applied. The principal office of Acquisition Sub is located at the same address as Applied's principal office listed below, and its telephone number at that address is the same telephone number as Applied's telephone number listed below.

Applied is a Delaware corporation with its principal office located at 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039. Applied's telephone number at that address is (408) 727-5555. Applied provides Nanomanufacturing Technology solutions for the global semiconductor, flat panel display, solar and related industries, with a broad portfolio of innovative equipment, service and software products. "Nanomanufacturing" is the production of ultra-small structures, including the engineering of thin films on substrates. Applied's customers include manufacturers of semiconductor wafers and chips, flat panel liquid crystal displays (LCDs), solar photovoltaic cells and modules (solar PVs), and other electronic devices, who use what they manufacture in their own end products or sell the items to other companies for use in advanced electronic components. Applied operates in four reportable segments: Silicon, Applied Global Services, Display, and Energy and Environmental Solutions.

Applied's Silicon Systems Group, reported under its Silicon segment, develops, manufactures and sells a wide range of manufacturing equipment used to fabricate semiconductor chips, also referred to as integrated circuits (ICs). Most chips are built on a silicon wafer base and include a variety of circuit components, such as transistors and other devices, that are connected by multiple layers of wiring (interconnects). Applied offers systems that perform most of the primary processes used in chip fabrication including: atomic layer deposition (ALD), chemical vapor deposition (CVD), physical vapor deposition (PVD), etch, rapid thermal processing (RTP), chemical mechanical planarization (CMP) and wafer metrology and inspection, as well as systems that etch, measure and inspect circuit patterns on masks used in the photolithography process. Applied's semiconductor manufacturing systems are used by both integrated device manufacturers and foundries to build memory, logic and other types of chips. Following completion of the acquisition, Semitool will be operated as a business unit of Applied's Silicon Systems Group.

The name, citizenship, business address, present principal occupation or employment and five-year employment history of each of the directors and executive officers of Acquisition Sub and Applied are listed in Schedule I to this Offer to Purchase.

During the last five years, none of Acquisition Sub, Applied or, to the best knowledge of Acquisition Sub and Applied, any of the persons listed in Schedule I to this Offer to Purchase (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) was a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of such laws.

Except as described in this Offer to Purchase, none of Acquisition Sub, Applied or, to the best knowledge of Acquisition Sub and Applied, any of the persons listed in Schedule I to this Offer to Purchase, or any associate or majority-owned subsidiary of Applied, Acquisition Sub or any of the persons listed in Schedule I to this Offer to Purchase, beneficially owns any equity security of Semitool, and none of Acquisition Sub, Applied or, to the best knowledge of Acquisition Sub and Applied, any of the other persons or entities referred to above, or any of the respective directors, executive officers or subsidiaries of any of the foregoing, has effected any transaction in any equity security of Semitool during the past 60 days.

Except as described in this Offer to Purchase or the Tender Offer Statement on Schedule TO filed by Applied with the SEC to which this Offer to Purchase is filed as an exhibit, (i) there have not been any contacts, transactions or negotiations between Acquisition Sub or Applied, any of their respective subsidiaries or, to the best knowledge of Acquisition Sub and Applied, any of the persons listed in Schedule I to this Offer to Purchase, on the one hand, and Semitool or any of its directors, officers or affiliates, on the other hand, that are required to be disclosed pursuant to the rules and regulations of the SEC and (ii) none of Acquisition Sub, Applied or, to the best knowledge of Acquisition Sub and Applied, any of the persons listed on Schedule I to this Offer to Purchase, has any contract, arrangement, understanding or relationship with any person with respect to any securities of Semitool.

The following are summaries of agreements between certain directors, officers and shareholders of Semitool, on the one hand, and Applied, on the other. The following summaries do not purport to be a complete description of the terms and conditions of the agreements described and are qualified in their entirety by reference to the agreements described, each of which is attached as an exhibit to the Schedule TO, to which this Offer to Purchase is also attached as an exhibit, and is incorporated herein by reference.

Raymon F. Thompson, Chairman of the Board and Chief Executive Officer of Semitool, Larry E. Murphy, Chief Operating Officer of Semitool, and certain other directors, officers and shareholders of Semitool identified in this Offer to Purchase, have each entered into a Tender and Support Agreement (collectively, the "Shareholder Agreements") with Applied and Acquisition Sub pursuant to which they have agreed, in their capacity as shareholders of Semitool, to tender or cause to be tendered to Acquisition Sub in the Offer all of the shares of Semitool common stock owned beneficially and/or of record by them, as well as any additional shares of Semitool common stock which they may acquire or own, beneficially or of record (pursuant to Semitool stock options or otherwise). Such shareholders also have agreed to vote, or cause to be voted, all of such shares of Semitool common stock, among other things, in favor of the approval of the Merger Agreement (and against any action, agreement or transaction that would reasonably be expected to impede, interfere with, prevent, delay or adversely effect in any material way the consummation of the transactions contemplated by the Merger Agreement), to the extent any such shares have not been previously accepted for payment pursuant to the 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 under the MBCA and have agreed not to take any action that Semitool is prohibited from taking under Section 5.3 of the Merger Agreement (which is described in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Non-Solicitation and Related Provisions) of this Offer to Purchase. As of November 16, 2009, such shareholders held collectively 10,393,693 shares of Semitool common stock, including 160,000 shares of Semitool common stock held by a trust of which one of Semitool's officers is the trustee, representing in the aggregate approximately 31.7% of the outstanding shares of Semitool common stock as of such date. In addition, such shareholders beneficially owned an additional 1,116,350 shares of Semitool common stock as of such date, comprised of stock options and other securities. By their terms, the Shareholder Agreements terminate upon the earliest to occur of the Effective Time, the termination of the Shareholder Agreements by Applied, the termination of the Offer by Applied and the termination of the Merger Agreement in accordance with its terms.

Raymon F. Thompson and Larry E. Murphy have each entered into a Noncompetition Agreement for the benefit of Applied (collectively, the "Non-Compete Agreements"), which will become effective upon the Acceptance Time. The Non-Compete Agreements provide that for a period of two years from the Acceptance Time, each such person will not (and will not permit any of his affiliates to) anywhere in the world, directly or indirectly, (i) engage in (A) business relating to the design, development, manufacture, marketing, sale or distribution of tools, systems, equipment, products or technology used in connection with any of the following: front end of line or back end of line cleaning, stripping, surface preparation or etching; depositing copper or other interconnect material; semiconductor packaging (including back side metallization and TSV); wet solar processing; LED and battery fabrication; and plating of magnetic materials or (B) any other business or activity engaged in by Semitool or any of its subsidiaries during the one-year period prior to the Acceptance Time (together, with clause (A) (the "Business")) and (ii) be or become, among other things, an officer, director, stockholder, owner, affiliate, partner, employee, agent, or consultant of, or otherwise become associated with, any person that engages in any aspect of the Business.

Furthermore, each such person has agreed that he will not (and will not permit any of his affiliates to), for a period of two years from the Acceptance Time, (i) hire or encourage, induce or solicit certain employees, consultants or independent contractors of Applied or its affiliates (including Semitool and its subsidiaries) to leave his or her employment, consulting or independent contractor relationship with Applied or its affiliates (including Semitool and its subsidiaries) or (ii) directly or indirectly, encourage, induce or solicit any customer, who has purchased or intends to purchase any product or service of Semitool or its subsidiaries to not do business with Semitool or its subsidiaries or to do business with a competitor of Semitool or its subsidiaries.

Raymon F. Thompson has entered into a Consulting Agreement with Applied (the "Consulting Agreement"), which will become effective upon the consummation of the transactions contemplated by the Merger Agreement (and the execution of the release agreement described below) and will have a term of two years. Under the Consulting Agreement, Mr. Thompson has been engaged as an independent consultant of Applied to provide services to Applied and its subsidiaries as are reasonably requested from him by Applied's Chief Executive Officer, including transitioning ownership of Semitool, advising on product and technology strategy and roadmap, and retaining and expanding Applied's and its subsidiaries' customer base. The Consulting Agreement provides that Applied and Mr. Thompson acknowledge that Mr. Thompson may develop strategies, projects, tactics, inventions, promotions and/or innovations relating to the business of Applied and its subsidiaries (each, an "Opportunity"). The Consulting Agreement further provides that Mr. Thompson will propose each such Opportunity to Applied. If Applied declines to pursue such Opportunity, Mr. Thompson will be entitled to pursue the Opportunity independently if he receives the prior written consent of Applied (which consent may not be unreasonably withheld).

Under the terms of the Consulting Agreement, Applied will pay Mr. Thompson a consideration of $500,000 per twelve month period. In consideration of the payments under the Consulting Agreement, pursuant to a release agreement to be executed in favor of Applied, Mr. Thompson will agree to release and discharge Applied, Semitool and their subsidiaries and affiliates, together with their respective current and former officers, directors, representatives and employees and each of their predecessors, successors and assigns from any and all claims, liabilities and obligations whatsoever which Mr. Thompson has ever had, now has, or may claim to have against those released persons by reason of any matter whatsoever arising out of Mr. Thompson's employment with Semitool (or any subsidiary thereof).

Larry E. Murphy has entered into an offer letter with Applied (the "Murphy Offer Letter"), which provides that Applied will pay Mr. Murphy an annual base salary of $350,000. Mr. Murphy also will be eligible to participate in one of Applied's annual bonus incentive programs, the Applied Incentive Plan, for fiscal year 2010, with a target payout percentage of 70% of his base salary, pro-rated based on full months served during fiscal year 2010 from Mr. Murphy's start date with Applied. The actual amount of the bonus payment will be determined based on Applied's overall financial performance for the fiscal year, the performance of Mr. Murphy's business unit and Mr. Murphy's individual performance. In addition, Mr. Murphy will receive a sign-on bonus of $75,000 after 30 days of employment with Applied.

Provided Mr. Murphy remains an Applied employee in good standing through the second anniversary of the consummation of the transactions contemplated by the Merger (the "Second Anniversary Date"), he will be eligible to receive a retention bonus equal to $1,025,000 (the "Retention Bonus"). If Applied terminates Mr. Murphy's employment prior to the Second Anniversary Date and if such termination is for reasons other than Cause (as defined in the Murphy Offer Letter), the termination is due to Mr. Murphy's death or permanent and total disability, or if Mr. Murphy terminates his employment for Good Reason (as defined in the Murphy Offer Letter) prior to the Second Anniversary Date, and provided Mr. Murphy (or, his beneficiaries, as applicable) executes and does not revoke a release of claims in favor of Applied, he still will receive his full Retention Bonus. If, prior to the Second Anniversary Date, Mr. Murphy terminates his employment voluntarily (other than for Good Reason) or is terminated for Cause, he will not receive his Retention Bonus.

Subject to the approval of Applied's Human Resources and Compensation Committee or its designee, Mr. Murphy will be granted restricted stock units (also referred to as "performance shares") under which up to 35,000 shares of Applied common stock may be earned subject to Applied's Employee Stock Incentive Plan and the applicable agreement(s). The restricted stock units will be scheduled to vest as to 25% of such restricted stock units each year over four years, subject to Mr. Murphy's continued employment with Applied through each relevant vesting date.

Mr. Murphy's service date with Semitool will be recognized by Applied for those benefits that vest according to service, assuming no significant interruptions in Mr. Murphy's service to Semitool. Mr. Murphy

will accrue time off under Applied's paid time off program and will be eligible to participate in Applied's generally available benefit plans, including medical, dental, vision and 401(k) plans, effective the date those plans are made available to Semitool's employees, subject to waiting periods required for administrative purposes and the requirements of such plans.

In the event that the Retention Bonus and any other payments or benefits provided for in the Murphy Offer Letter or otherwise payable to Mr. Murphy constitutes "parachute payments" within the meaning of Section 280G of the Code and would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then Mr. Murphy's benefits will be reduced so that no portion of the benefits is subject to the Excise Tax.

Upon Applied becoming Mr. Murphy's employer following the consummation of the transactions contemplated by the Merger, the Murphy Offer Letter will replace and supersede any understanding or agreement between Mr. Murphy and Applied and Mr. Murphy and Semitool, including his Change in Control Severance Agreement with Semitool dated August 10, 2009 (the "Murphy Severance Agreement"), with regard to severance, compensation matters, acceleration of equity awards and any notice of termination. The Murphy Severance Agreement was previously filed by Semitool on a Form 8-K filed with the SEC on August 12, 2009, and is incorporated herein by reference.

Until the Murphy Offer Letter becomes effective, the Murphy Severance Agreement and Mr. Murphy's 2004 offer letter with Semitool continue to remain in effect. Pursuant to the terms of the Murphy Severance Agreement, Mr. Murphy will receive certain benefits upon a change in control termination (as defined in the Murphy Severance Agreement but which generally includes a post-change in control termination for good reason (as defined therein) and a termination, during a specified period following a Change in Control, other than for cause (as defined therein), death or disability). These benefits consist of a lump sum payment equal to 200% of Mr. Murphy's highest annual base salary received over the preceding three year period; continued health insurance, disability and life insurance benefits for Mr. Murphy and his family for a period of eighteen months; and all outstanding equity awards held by Mr. Murphy as of his termination date will accelerate and be fully vested as of the termination date. The Acceptance Time will trigger a change in control for purposes of the Murphy Severance Agreement and the Officer Severance Agreements described below. Mr. Murphy's 2004 offer letter provides for severance equal to six months gross salary upon a termination initiated by Semitool that is not for misconduct. Mr. Murphy's 2004 offer letter was previously filed by Semitool on a Form 10-Q filed with the SEC on August 11, 2004, and is incorporated herein by reference.

In connection with the Merger, Applied intends to enter into offer letters with Semitool's other Section 16 officers (Timothy C. Dodkin, Larry A. Viano, Richard P. Schuster, Paul E. Siblerud, James Wright, Herbert Oetzlinger, Richard C. Hegger and Klaus Pfeifer, each an "Officer"), with such offer letters to become effective upon the closing of the Merger. If the Officer agrees to the offer letter, it is expected that the letter would provide base salary, annual bonus incentive potential, a retention bonus and recommended equity award, similar in structure but not necessarily in amounts to the Murphy Offer Letter. Similarly, the offer letter would replace and supersede any understanding or agreement with Semitool, with regard to severance, compensation matters, acceleration of equity awards and any notice of termination. Until such offer letters become effective, each Officer's Change in Control Severance Agreement (the "Severance Agreement") entered into between the Officer and Semitool on August 10, 2009, continues to remain in effect. Pursuant to the terms of the Severance Agreement, each Officer will receive the following benefits upon a Change in Control Termination (as defined in the Officer's Severance Agreement and identical to the definition in the Murphy Severance Agreement): a lump sum payment equal to 200% of the Officer's highest annual base salary received over the preceding three year period; continued health insurance, disability and life insurance benefits for the Officer and his family for a period of eighteen months; and all outstanding equity awards held by the Officer as of his termination date will accelerate and be fully vested as of the termination date. The Severance Agreement for each of Messrs. Viano, Dodkin and Oetzlinger, as well as a form of Severance Agreement, were previously filed by Semitool on a Form 8-K filed with the SEC on August 12, 2009, and are incorporated herein by reference.

In addition, until the offer letters with Applied become effective, the Semitool offer letters to Mr. Pfeifer and Mr. Wright continue to remain in effect. These offer letters provide the applicable Officer with severance equal to six months gross salary upon a termination initiated by Semitool that is not for gross misconduct.

10. Source and Amount of Funds

The Offer is not subject to any financing contingencies.

The total amount of funds required by Acquisition Sub to pay for all outstanding shares of Semitool common stock that are tendered in the Offer and converted into the right to receive cash in the Merger, and to pay all fees and expenses related to the Offer and the Merger, is estimated to be approximately $374 million. Acquisition Sub plans to obtain all funds needed for the Offer and the Merger through capital contributions or loans that will be made by Applied, either directly or through one or more wholly-owned subsidiaries of Applied, to Acquisition Sub. Applied expects to use its cash and cash equivalents to make this contribution or loan.

Acquisition Sub believes that the financial condition of Applied and its affiliates is not material to a decision by a holder of shares of Semitool common stock whether to tender such shares in the Offer because (i) cash is the only consideration that will be paid to the holders of Semitool common stock in connection with the Offer and the Merger, (ii) Acquisition Sub is offering to purchase all of the outstanding shares of Semitool common stock in the Offer, (iii) the Offer is not subject to any financing contingencies and (iv) Applied has sufficient cash and cash equivalents to provide Acquisition Sub with the amount of cash consideration payable to holders of Semitool common stock in the Offer and the Merger. As of October 25, 2009, Applied had cash and cash equivalents of approximately $1.58 billion.

11. Background of the Offer

Applied regularly evaluates strategies and opportunities to improve its competitive position and enhance value for its stockholders, including opportunities for acquisitions of other companies or their assets.

In the past several years, Applied has from time to time contacted Semitool concerning a potential business combination or strategic relationship. In 2007, Applied and Semitool initiated joint development efforts relating to through silicon via technology (TSV) and copper-based interconnect solutions for chip manufacturing. In addition, Applied and Semitool cross license certain technology to each other and are also members of a consortium which is working toward the development of certain industry-wide production goals.

On August 5, 2009, Larry E. Murphy, Semitool's President and Chief Operating Officer, contacted Thomas T. Edman, Applied's Corporate Vice President of Corporate Business Development, to discuss Semitool's desire to explore a possible business combination with Applied and the timing of any such combination. Mr. Edman indicated that he would discuss such a possible transaction with Applied's senior management team.

On August 28, 2009, at a meeting at Applied's offices in Santa Clara, California, members of Applied's senior management and the Investment Committee of Applied's Board of Directors met and discussed a potential business combination between Applied and Semitool.

On September 11, 2009, representatives of BofA Merrill Lynch, Semitool's financial advisor, contacted Greg Psihas, Applied's Vice President of Mergers & Acquisitions — Corporate Business Development, to discuss a possible business combination between Applied and Semitool. During their discussion, the representatives of BofA Merrill Lynch informed Mr. Psihas that Semitool was running a competitive auction process with other strategic buyers for a potential sale of Semitool, outlined the procedure and timing of the auction process, including the approximate timing of the delivery of a first-round bid, and proposed a meeting to be held between senior management of Applied and Semitool. After the discussion, representatives of BofA Merrill Lynch sent Applied a non-disclosure agreement.

On September 15, 2009, Applied's Board of Directors met and discussed a possible business combination between Applied and Semitool.

On September 22, 2009, Applied and Semitool executed a mutual non-disclosure agreement to facilitate Applied's due diligence review of Semitool. Also on that day, representatives of Morgan Stanley & Co. Incorporated ("Morgan Stanley"), Applied's financial advisor, contacted BofA Merrill Lynch to discuss the process and timing of a possible transaction and the upcoming meeting to be held on September 25, 2009 between senior management of Applied and of Semitool. At or about the same time, BofA Merrill Lynch informed Applied that indications of interest with respect to an acquisition of Semitool should be submitted by October 2, 2009.

On September 25, 2009, a meeting took place in BofA Merrill Lynch's offices in Palo Alto, California, to discuss Semitool's products, markets, operations, business performance and financial outlook. In attendance were members of Applied's management (including Messrs. Edman and Psihas, Steve Ghanyem, Corporate Vice President and General Manager of Metal Deposition and Front End Products within Applied's Silicon Systems Group, and Scott Starling, Managing Director of Strategy in Applied's Silicon Systems Group, as well as other representatives of Applied); members of Semitool's senior management (including Raymon F. Thompson, Semitool's Chairman of the Board and Chief Executive Officer, Mr. Murphy, Larry A. Viano, Semitool's Vice President and Chief Financial Officer, Richard C. Hegger, Semitool's General Counsel, and Kevin Witt, Semitool's Director of Disruptive Technologies); representatives of BofA Merrill Lynch; and representatives of Morgan Stanley.

On September 28, 2009, at a meeting at Applied's offices in Santa Clara, California, members of Applied's senior management and the Mergers and Acquisitions Committee of Applied discussed a potential business combination between Applied and Semitool. Subsequently, representatives of Morgan Stanley contacted representatives of BofA Merrill Lynch to discuss the process and timing of a possible transaction, as well as the importance to Applied of retaining certain Semitool officers.

On October 1, 2009, BofA Merrill Lynch provided to Morgan Stanley updated bookings and a revised financial outlook for Semitool for the fourth fiscal quarter of 2009, and discussed Semitool's intention to release such results publicly on October 6, 2009.

On October 2, 2009, pending its review of Semitool's non-public information, Applied delivered to Semitool a letter outlining Applied's first-round bid, which included a non-binding proposal to acquire Semitool for cash consideration ranging from $9.50 to $10.50 per share. The price range contained in Applied's initial bid was based solely on Applied's review of Semitool's publicly available information, the information presented by Semitool during the September 25 meeting, and the synergies Applied expected from the combination. The letter also stated that the proposal was subject to the completion by Applied of its due diligence investigation of Semitool, the negotiation by Applied of acceptable retention arrangements with key Semitool senior management, the execution by the parties of a mutually acceptable definitive merger agreement and final approval of any transaction by Applied's Board of Directors. In addition, the letter stated that the proposal was not subject to any financing condition. On that same day, Morgan Stanley contacted BofA Merrill Lynch to discuss the terms of Applied's non-binding proposal.

On October 7, 2009, following several discussions between the parties and their respective representatives concerning Applied's non-binding proposal, BofA Merrill Lynch contacted Morgan Stanley to discuss Semitool's valuation. At that time, the representatives of BofA Merrill Lynch verbally indicated a counter-proposal from Semitool of $12.50 per share. On October 9, 2009, BofA Merrill Lynch and Morgan Stanley held further discussions with respect to Applied's interest in a potential acquisition of Semitool.

On October 12, 2009, BofA Merrill Lynch informed Morgan Stanley that Semitool would not allow due diligence to begin unless Applied improved its offer. Morgan Stanley responded that Applied would not improve

its offer in the absence of new information and that Applied would submit to BofA Merrill Lynch a list of follow up due diligence requests for Semitool's senior management. Applied subsequently submitted the follow-up request list to BofA Merrill Lynch.

From October 13 to October 15, 2009, in response to Applied's follow-up due diligence requests, Semitool made available to Applied and its representatives additional information regarding its business.

On October 16, 2009, in a telephone conversation with Mr. Murphy of Semitool, Mr. Edman indicated that in order for Applied to be willing to proceed with a transaction, Semitool would need to be willing to proceed based on a price below $12.50 per share price. Mr. Murphy informed Mr. Edman that he would discuss Applied's view with Semitool's management team, but that Applied's stated range of $9.50 to $10.50 was inadequate.

On October 19, 2009, at a meeting at Applied's offices in Santa Clara, California, members of Applied's senior management and the Mergers and Acquisitions Committee of Applied discussed the proposed transaction in light of Semitool's $12.50 per share counter-proposal and the newly acquired diligence information.

On October 21, 2009, at a meeting at Applied's offices in Santa Clara, California, members of Applied's senior management and the Investment Committee of Applied's Board of Directors had further discussions about a potential business combination between Applied and Semitool.

On October 22, 2009, Morgan Stanley delivered to BofA Merrill Lynch on behalf of Applied a revised set of non-binding proposed transaction terms to acquire Semitool for cash consideration of $11.00 per share conditioned on the execution of an exclusivity agreement by Semitool. Later that day, BofA Merrill Lynch contacted Morgan Stanley to request a meeting between senior management of Applied and of Semitool.

On October 23, 2009, Messrs. Edman and Psihas, as well as Dr. Randhir Thakur, Senior Vice President and General Manager of Applied's Silicon Systems Group, and other representatives of Applied met with Messrs. Murphy, Viano and Hegger to review due diligence materials provided by Semitool and to discuss Applied's integration process. At the meeting, Semitool presented Applied with a counter-proposal of $11.50 per share and explored whether Applied would have an interest in divesting certain assets of Semitool to Mr. Thompson, to the extent such divestiture might increase the overall consideration to Semitool's shareholders or otherwise facilitate the integration process. Mr. Psihas indicated that Applied's prior proposal of $11.00 per share was communicated as its best and final offer, but that Applied would explore the possibility of divesting assets to Mr. Thompson and the potential impact of such divestiture on the proposed transaction.

On October 26, 2009, Mr. Edman reaffirmed to Mr. Murphy Applied's $11.00 per share offer in cash and indicated that Applied was not prepared to divest certain of Semitool's assets in connection with the proposed transaction. Mr. Edman also expressed Applied's desire to commence due diligence immediately in order to meet Semitool's timing objectives of a closing by the end of calendar year 2009.

On October 30, 2009, Semitool agreed to enter into an exclusivity agreement with Applied that provided for exclusivity through November 16, 2009, with a possible ten-day extension if, as of November 16, 2009, Applied was continuing to use good faith efforts to enter into a definitive acquisition agreement with Semitool.

From November 2, 2009 through November 8, 2009, members of Applied's senior management, staff and outside advisors held a number of due diligence meetings in Kalispell, Montana, with members of Semitool's senior management.

On November 5, 2009, Dewey & LeBoeuf LLP, Applied's outside transactions counsel, sent to Semitool and its outside transactions counsel, Davis Wright Tremaine LLP, an initial draft of an agreement and plan of merger. Between November 7, 2009 and November 15, 2009, Applied and Semitool and their respective legal advisors exchanged several drafts, and negotiated the final terms and conditions, of the merger agreement. Following delivery of the merger agreement, representatives of the parties and their respective advisors

negotiated the tender and support agreements to be executed by certain shareholders of Semitool, including Semitool's directors and executive officers, non-compete agreements with Messrs. Thompson and Murphy, a consulting agreement with Mr. Thompson and an employment offer with Mr. Murphy, and continued their discussions relating to Applied's ongoing review of Semitool's due diligence material and the terms of a possible transaction.

At a meeting of Applied's Mergers & Acquisitions Committee held in Santa Clara on November 12, 2009, the Committee recommended bringing the proposed transaction to Applied's Board of Directors for approval. On November 13, 2009, Applied's Board of Directors met to consider whether to approve a form of the merger agreement and to commence the offer at a price of $11.00 in cash per Semitool share. At the meeting, members of Applied senior management reviewed certain aspects of the proposed transaction. Representatives of Dewey & LeBoeuf reviewed certain legal matters, including the material terms of the proposed merger agreement. Morgan Stanley delivered its oral opinion, later confirmed in writing, that, as of November 13, 2009 and based upon and subject to the factors and assumptions set forth in the opinion, the consideration to be paid pursuant to the proposed merger agreement was fair from a financial point of view to Applied. Applied's Board of Directors determined that the merger agreement and the tender offer contemplated thereby were advisable and in the best interests of Applied's stockholders; at the same time, the Board decided that certain issues relating to the proposed transaction remained outstanding. Accordingly, the Board deemed it appropriate to establish a Merger Committee of the Board with authority to oversee the resolution of outstanding issues, complete the review of the proposed transaction and, if appropriate, approve the transaction. On November 16, 2009, after completing its review and determining that all issues relating to the proposed transaction that had been outstanding at the time of the November 13, 2009 Board meeting had been resolved, the Merger Committee of the Board approved the merger agreement and the offer contemplated thereby.

Applied was informed on November 16, 2009 that Semitool's Board of Directors had approved entering into the merger agreement with Applied. After finalizing the disclosure schedule to be delivered by Semitool in connection with entering into the merger agreement, the parties executed the Merger Agreement. In addition, Applied and the respective parties to the Shareholder Agreements, the Non-Compete Agreements, the Consulting Agreement and the Murphy Offer Letter executed the same.

On the morning of November 17, 2009, the parties issued a joint press release announcing the execution of the Merger Agreement.

On November 19, 2009, Acquisition Sub commenced the Offer.

12. Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements

Purpose of the Offer and the Merger

The purpose of the Offer and Merger is to enable Applied to acquire the entire equity interest in, and thus control of, Semitool. The Offer, as the first step in the acquisition of Semitool, is intended to facilitate the acquisition of all of the outstanding shares of Semitool common stock or, if fewer than all of the outstanding shares of Semitool common stock are validly tendered in the Offer and not withdrawn prior to the Expiration Date, such lesser number of shares of Semitool common stock, subject to the Offer Conditions (described below in Section 13 (Conditions to the Offer) of this Offer to Purchase). The purpose of the Merger is for Applied to acquire any and all outstanding shares of Semitool common stock that are not validly tendered in the Offer and accepted for payment by Acquisition Sub in the Offer.

Plans for Semitool

Following the acceptance of shares of Semitool common stock for payment pursuant to the Offer, Applied will have the right to, and intends to, designate representatives to Semitool's board of directors, which designees will constitute at least two-thirds but no less than a majority of the board of directors and therefore control

Semitool. Following the acceptance of shares of Semitool common stock for payment pursuant to the Offer and completion of the Merger, Applied intends to integrate Semitool's operations with those of Applied under the direction of Applied's management. Applied's principal reason for acquiring Semitool is to further complement and strengthen Applied's business of providing Nanomanufacturing Technology solutions for the global semiconductor, flat panel display, solar and related industries. Applied intends to continue to review Semitool and its assets, corporate structure, capitalization, operations, properties, policies, management and personnel and, subject to the terms of the Merger Agreement, to consider whether any changes would be desirable in light of the circumstances then existing, and reserves the right to take such actions or effect such changes as it deems desirable.

The Merger Agreement

The following is a summary of the Merger Agreement. The following summary does not purport to be a complete description of the terms and conditions of the Merger Agreement and is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as an exhibit to the Tender Offer Statement on Schedule TO that has been filed with the SEC by Acquisition Sub and Applied in connection with the Offer, and is incorporated herein by reference. The Merger Agreement contains representations and warranties that Semitool, Applied and Acquisition Sub made solely to each other as of specific dates. Those representations and warranties were made solely for purposes of the Merger Agreement and may be subject to important qualifications and limitations agreed to by the parties. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to a standard of materiality provided for in the Merger Agreement and have been used for the purpose of allocating risk among Semitool, Applied and Acquisition Sub rather than establishing matters as facts. The Merger Agreement may be examined, and copies obtained, by following the procedures described in Section 8 (Certain Information Concerning Semitool) of this Offer to Purchase.

Pursuant to the notice requirements set forth in Section 35-1-818 of the MBCA, in connection with the Merger, Acquisition Sub must mail a copy of the summary of a plan of merger satisfying the requirements of such section to each shareholder of Semitool who does not waive the mailing requirement in writing. In addition, in connection with the Merger, Acquisition Sub may not deliver articles of merger to the Secretary of State of the State of Montana for filing until at least 30 days after the date it mailed a copy of such plan of merger to each shareholder of Semitool who did not waive the mailing requirement. In accordance with Section 35-1-818 of the MBCA, attached as Schedule II to this Offer to Purchase is a copy of Applied's Plan of Merger.

The Offer

The Merger Agreement provides for the commencement of the Offer by Acquisition Sub.

Acquisition Sub's obligation to accept for payment and to pay for any shares of Semitool common stock that are validly tendered (and not withdrawn) pursuant to the Offer is subject to the satisfaction or waiver, if permitted under the Merger Agreement, of (i) the Minimum Condition and (ii) each of the other Offer Conditions (described below in Section 13 (Conditions to the Offer) of this Offer to Purchase). Without Semitool's prior written consent: (A) the Minimum Condition may not be amended or waived; and (B) no change may be made to the Offer that: (1) changes the form of consideration to be delivered by Acquisition Sub pursuant to the Offer; (2) decreases the Offer Price or the number of shares of Semitool common stock sought to be purchased by Acquisition Sub in the Offer; (3) imposes conditions to the Offer in addition to the Offer Conditions; or (4) extends the Expiration Date, except as otherwise provided in the Merger Agreement in the event that any Offer Condition is not satisfied or has not been waived at the time the Offer is scheduled to expire.

The Offer is initially scheduled to expire at 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, 20 business days following the date of the commencement of the Offer.

In the event that, as of the scheduled Expiration Date, any Offer Condition is not satisfied or has not been waived, Acquisition Sub may, in its discretion and without the consent of Semitool or any other person, extend the Offer on one or more occasions, for an additional period of up to 20 business days per extension (but no later

than March 31, 2010), to permit such Offer Condition to be satisfied. In addition, Acquisition Sub may, in its discretion and without the consent of Semitool or any other person, (i) extend the Offer from time to time for any period required by any rule or regulation of the SEC applicable to the Offer and (ii) elect to provide for a "subsequent offering period" (and one or more extensions of such period) in accordance with the rules and regulations of the SEC, unless Applied has become the owner, directly or indirectly, of 80% or more of the outstanding shares of Semitool common stock. Subject to the parties' respective termination rights under the Merger Agreement (as described below under the caption "Termination of the Merger Agreement"), if requested in writing by Semitool at least two business days prior to the scheduled Expiration Date, Acquisition Sub must extend the Offer beyond the scheduled Expiration Date for an additional period of 20 business days in the event that the Offer Conditions described below in the first, second, third, seventh, eighth, ninth, tenth, eleventh, twelfth, thirteenth and fourteenth bullet points under Section 13 (Conditions to the Offer) of this Offer to Purchase are satisfied or have been waived as of the scheduled Expiration Date (or Acquisition Sub reasonably determines that all such Offer Conditions are likely to be satisfied within 15 business days after such scheduled Expiration Date), and the other Offer Conditions (described below in the fourth, fifth and sixth bullet points of such Section 13) are not satisfied and have not been waived as of the scheduled Expiration Date. However, Acquisition Sub will not be required to extend the Offer to a date later than March 31, 2010.

The Merger Agreement further provides that, on the terms of and subject to the conditions to the Offer, Acquisition Sub will accept for payment all shares of Semitool common stock that are validly tendered in the Offer and not withdrawn as soon as practicable after Acquisition Sub is permitted to do so under applicable legal requirements and must pay for such shares promptly thereafter.

If, between the date of the Merger Agreement and the date on which any particular share of Semitool common stock is accepted for payment pursuant to the Offer, the outstanding shares of Semitool common stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event occurs during such period, then the Offer Price will be appropriately adjusted.

The Merger Agreement also provides that, contemporaneously with the filing by Applied and Acquisition Sub of the Schedule TO or as promptly as practicable thereafter on the date on which Acquisition Sub commences the Offer, Semitool must file with the SEC, and (following or contemporaneously with the dissemination of the Offer to Purchase and related documents) disseminate to holders of shares of Semitool common stock a Solicitation/Recommendation Statement on Schedule 14D-9 (together with any amendments or supplements thereto, the "Schedule 14D-9"), that reflects the terms and conditions of the Merger Agreement, such information with respect to Semitool and its officers and directors as required by the rules and regulations of the SEC in connection with Applied's designation of representatives to Semitool's board of directors, and the unanimous recommendation of Semitool's board of directors that the shareholders of Semitool accept the Offer and tender their shares of Semitool common stock pursuant to the Offer and, if required under applicable law, approve the Merger Agreement.

Top-Up Option

Pursuant to the Merger Agreement, Semitool has granted Applied and Acquisition Sub an assignable and irrevocable option to purchase from Semitool the number of newly-issued, fully paid and non-assessable shares of Semitool common stock equal to the lesser of: (i) the number of shares of Semitool common stock that, when added to the number of shares of Semitool common stock owned by Applied or Acquisition Sub at the time of exercise of the Top-Up Option, constitutes 80% of the number of shares of Semitool common stock that would be outstanding on a fully-diluted basis immediately after the issuance of all shares of Semitool common stock subject to the Top-Up Option; or (ii) the aggregate number of shares of Semitool common stock that Semitool is authorized to issue under its articles of incorporation but that are not issued and outstanding (and are not subscribed for or otherwise committed to be issued or reserved for issuance) at the time of exercise of the Top-Up Option.

The Top-Up Option may be exercised by Applied or Acquisition Sub, in whole or in part, at any time at or after the Acceptance Time. The aggregate purchase price payable for the shares of Semitool common stock being purchased by Applied or Acquisition Sub pursuant to the Top-Up Option will be determined by multiplying the number of such shares by the Offer Price. Such purchase price may be paid by Applied or Acquisition Sub, at its election, either entirely in cash or by executing and delivering to Semitool a promissory note having a principal amount equal to such purchase price, or by any combination of the foregoing. Any such promissory note will bear interest at the rate of 3% per annum, will mature on the first anniversary of the date of execution and delivery of such promissory note and may be prepaid without premium or penalty. The Merger Agreement requires the parties to cooperate to ensure that the issuance of the shares of Semitool common stock being purchased by Applied or Acquisition Sub pursuant to the Top-Up Option is effected pursuant to an exemption from registration under the Securities Act.

Appointment of Directors after Acceptance for Payment of Shares Tendered in the Offer

The Merger Agreement provides that, effective upon the Acceptance Time and from time to time thereafter, Applied will be entitled to designate to serve on Semitool's board of directors the number of directors, rounded up to the next whole number, equal to the product of (i) the total number of directors on Semitool's board of directors (giving effect to any increase in the size of Semitool's board of directors effected pursuant to these provisions) and (ii) a fraction having a numerator equal to the aggregate number of shares of Semitool common stock then beneficially owned by Applied or Acquisition Sub (including all shares of Semitool common stock accepted for payment pursuant to the Offer), and having a denominator equal to the total number of shares of Semitool common stock then issued and outstanding. The Merger Agreement provides that in no event will Applied's director designees constitute less than a majority of Semitool's entire board of directors.

Pursuant to the Merger Agreement, Semitool must take all actions necessary to cause Applied's designees to be elected or appointed to Semitool's board of directors, including seeking and accepting resignations of incumbent directors and, if such resignations are not obtained, increasing the size of Semitool's board of directors. Furthermore, from and after the Acceptance Time, to the extent requested by Applied, Semitool must also use its commercially reasonable efforts to: (i) obtain and deliver to Applied the resignation of each individual who is an officer of Semitool or any of its subsidiaries; and (ii) cause individuals designated by Applied to constitute the number of members, rounded up to the next whole number, on each committee of Semitool's board of directors and the board of directors of each subsidiary of Semitool (and each committee thereof), that represents at least the same percentage as Applied's director designees represent on Semitool's board of directors. Notwithstanding such provisions, Semitool is required to use commercially reasonable efforts to ensure that, at all times prior to the effective time of the merger (the "Effective Time"), at least two of the members of Semitool's board of directors are individuals who were directors of Semitool on the date of the Merger Agreement ("Continuing Directors"). However, if at any time prior to the Effective Time there is only one Continuing Director serving as a director of Semitool for any reason, then Semitool's board of directors must cause an individual selected by the remaining Continuing Director to be appointed to serve on Semitool's board of directors (and such individual will be deemed to be a Continuing Director for all purposes). In addition, if at any time prior to the Effective Time, no Continuing Directors remain on Semitool's board of directors, then Semitool's board of directors must appoint two individuals who are not officers, employees or affiliates of Semitool, Applied or Acquisition Sub to serve on Semitool's board of directors (and each such individual will be deemed to be a Continuing Director for all purposes).

The Merger Agreement provides, that following the election or appointment of Applied's designees to Semitool's board of directors and until the Effective Time, the approval of a majority of the Continuing Directors will be required to authorize any of the following actions of Semitool (each, an "Adverse Action"), to the extent the action in question could reasonably be expected to affect adversely Semitool's shareholders (other than Applied or Acquisition Sub): (i) any action by Semitool with respect to any amendment or waiver of any term or condition of the Merger Agreement, the Merger or the articles of incorporation or bylaws of Semitool; (ii) any termination of the Merger Agreement by Semitool; or (iii) any extension by Semitool of the time for the performance of any of the obligations or other acts of Applied or Acquisition Sub, or any waiver or assertion of

any of Semitool's rights under the Merger Agreement. The approval of any Adverse Action by a majority of the Continuing Directors will constitute the valid authorization of Semitool's board of directors with respect to such Adverse Action, and no other action on the part of Semitool or by any other director of Semitool will be required to authorize such Adverse Action.

The Merger

The Merger Agreement provides that, upon the terms and subject to the conditions set forth in the Merger Agreement and in accordance with the MBCA, Acquisition Sub will be merged with Semitool, with the surviving corporation in the Merger continuing to exist as the surviving corporation following the Merger as a wholly-owned subsidiary of Applied and the separate corporate existence of the other party to the Merger will cease.

Conversion of Shares of Semitool Common Stock

Pursuant to the Merger Agreement, at the Effective Time, each share of Semitool common stock then outstanding (other than shares of Semitool common stock held by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool or held in Semitool's treasury) will be converted into the right to receive the Offer Price, upon proper surrender of the certificate representing such share.

Dissenters' Rights

Any share of Semitool common stock that, as of the Effective Time, is held by a holder who is entitled to, and who has properly asserted, dissenters' rights under Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share, and has not waived, withdrawn or otherwise lost such rights, will not be converted into or represent the right to receive the price per share paid in the Offer and the holder of such share will be entitled only to such rights as may be granted to such holder pursuant to Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share. Shares of Semitool common stock held by shareholders who fail to preserve or perfect, or who waive, withdraw or otherwise lose, their rights to payment under Sections 35-1-826 through 35-1-839 of the MBCA, however, will be deemed automatically to have been converted into, at the Effective Time, and to represent only, the right to receive (upon the surrender of the stock certificate representing such share) the price per share paid in the Offer in cash, without interest thereon and less any required withholding tax. Each shareholder holding of record or beneficially owning shares of Semitool common stock that is entitled to and has properly asserted dissenters' rights with respect to such shares, and has not waived, withdrawn or otherwise lost such rights, will receive payment of the estimated fair value for such shares (plus interest determined in accordance with Section 35-1-834 of the MBCA) from Acquisition Sub or from the Depositary, on behalf of Acquisition Sub, pursuant to Sections 35-1-826 through 35-1-839 of the MBCA.

Semitool will give Applied prompt notice upon receipt by Semitool at any time prior to the Effective Time of any demand for payment of the estimated fair value of any shares of Semitool common stock under Sections 35-1-826 through 35-1-839 of the MBCA and of any other demand, notice, withdrawal or other instrument delivered to Semitool prior to such time pursuant to the MBCA. Further, Semitool will give Applied the opportunity to participate in and direct all negotiations and proceedings with respect to any such demand, notice or instrument. Semitool has agreed that it will not, except with the prior written consent of Applied, negotiate, voluntarily make any payment with respect to, or settle or offer to settle, any such demand prior to the Effective Time.

In accordance with applicable Montana law, a separate notice and detailed description of dissenters' rights under Sections 35-1-826 through 35-1-839 of the MBCA for shareholders entitled to assert dissenters' rights under Montana law will be provided to the remaining shareholders of Semitool, together with a copy of such provisions, after completion of the offer.

Treatment of Semitool Stock Options, Restricted Stock Units and Restricted Stock

Applied will not assume any Semitool stock options, restricted stock units or restricted stock. In addition, prior to the Acceptance Time, Semitool must take all action and obtain all consents that may be necessary to

effectuate the provisions of the Merger Agreement described below and to ensure that, from and after the Acceptance Time, holders of Semitool stock options, restricted stock units and restricted stock have no rights with respect thereto other than those described below.

The Merger Agreement provides that each unexercised Semitool stock option, whether vested or unvested, that is outstanding immediately prior to the Acceptance Time will be canceled, with the holder of each such Semitool stock option becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of (i) the excess, if any, of: (A) the Offer Price; over (B) the exercise price per share of Semitool common stock subject to such Semitool stock option; multiplied by (ii) the total number of shares of Semitool common stock subject to the unexercised portion of such Semitool stock option immediately prior to the Acceptance Time. However, if the exercise price per share of Semitool common stock under any such Semitool stock option is equal or greater than the Offer Price, then such Semitool stock option will be canceled for no consideration. All amounts payable with respect to Semitool stock options will be paid as promptly as practicable (and in any event no later than 30 days) following the Acceptance Time, without interest thereon, and less any required withholding tax. From and after the Acceptance Time, any canceled Semitool stock option will entitle the holder thereof only to the aforementioned payment.

The Merger Agreement also provides that each Semitool restricted stock unit that is outstanding immediately prior to the Acceptance Time, to the extent not previously vested and settled in full, will be canceled, with the holder of each such Semitool restricted stock unit becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of (i) the Offer Price; multiplied by (ii) the total number of shares of Semitool common stock subject to the outstanding portion of such Semitool restricted stock unit not previously vested and settled in full as of immediately prior to the Acceptance Time. All amounts payable with respect to Semitool restricted stock units will be paid as promptly as practicable following the Acceptance Time (and in any event no later than 30 days following the Acceptance Time, subject to any delay required to avoid imposition to the award holder of additional tax under Section 409A of the Code), without interest thereon, and less any required withholding tax. From and after the Acceptance Time, any canceled Semitool restricted stock unit will entitle the holder thereof only to the aforementioned payment.

The Merger Agreement further provides that each share of Semitool restricted stock that is outstanding immediately prior to the Acceptance Time will vest in full as of the Acceptance Time, any repurchase option, risk of forfeiture or other condition will lapse, and holders of such Semitool restricted stock will be entitled to receive the Offer Price, without interest thereon and less any required withholding tax.

Representations and Warranties

Semitool made representations and warranties to Acquisition Sub and Applied in the Merger Agreement (many of which are limited by “materiality” and similar qualifiers), including representations and warranties by Semitool relating to:

- its subsidiaries, due organization and good standing;
- its articles of incorporation and bylaws;
- its capitalization;
- its filings with the SEC and financial statements;
- the absence of certain specified changes with respect to it and its business during the period from June 30, 2009 through the date of the Merger Agreement;
- title to its assets;
- its loans, accounts receivable, customers and inventories;
- its equipment, real property and leasehold interests;
- its intellectual property;

- its contracts;
- the sale of its products and performance of its services;
- its liabilities;
- its compliance with legal requirements;
- certain of its business practices;
- governmental authorizations;
- tax matters;
- employee and labor matters, and its benefit plans;
- environmental matters;
- its insurance policies;
- transactions with affiliates;
- legal proceedings and orders;
- its authority to enter into, and the enforceability against it of, the Merger Agreement;
- the inapplicability of anti-takeover statutes to the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement;
- lack of discussions with any other person regarding any Acquisition Proposal or Acquisition Inquiry (as defined below under the caption "Non-Solicitation and Related Provisions");
- the required shareholder approval for the Merger;
- non-contravention of laws and agreements, and absence of required consents;
- the fairness opinion received by Semitool's board of directors;
- the financial advisory fees payable by Semitool; and
- the disclosure of statements of material fact to its shareholders.

Acquisition Sub and Applied made representations and warranties to Semitool in the Merger Agreement, including representations and warranties relating to:

- their valid existence and good standing;
- their authority to enter into, and the enforceability against them of, the Merger Agreement;
- non-contravention of laws and agreements, and absence of required consents;
- the disclosure of statements of material fact to Semitool's shareholders;
- governmental authorizations;
- no ownership of Semitool common stock;
- the financial advisory fees payable by Applied; and
- the sufficiency of the funds held by Applied to consummate the transactions contemplated by the Merger Agreement.

Interim Conduct of Business

The Merger Agreement provides that, during the period from the date of the Merger Agreement through the earlier of the Effective Time or the date of termination of the Merger Agreement (the "Pre-Closing Period"):

- Semitool must (i) ensure that it and each of its subsidiaries conducts its business and operations in the ordinary course and in accordance with past practices, and (ii) exercise its commercially reasonable

efforts to ensure that it and each of its subsidiaries conduct their business and operations in compliance in all material respects with all applicable legal requirements and the requirements of the contracts to which they are parties or by which they or their assets are bound;

- Semitool must use commercially reasonable efforts to ensure that it and each of its subsidiaries preserves intact its current business organization, keeps available the services of its current officers, consultants and employees and maintains its relations and goodwill with all suppliers, customers, producers, strategic partners, landlords, creditors, licensors, licensees, employees and other persons having material business relationships with it or such subsidiary;
- Semitool must keep in full force all insurance policies identified in the Merger Agreement (or reasonably equivalent policies); and
- Semitool must, to the extent reasonably requested by Applied and permitted under applicable legal requirements, cause its officers and the officers of its subsidiaries to report regularly to Applied concerning the status of Semitool's business.

The Merger Agreement further provides that, without limiting the generality of the foregoing, during the Pre-Closing Period, Semitool may not (without the prior written consent of Applied, which in the case of the eighth, ninth, fourteenth and (with respect to settlements, but not commencements, of legal proceedings) sixteenth bullet points immediately below, may not be unreasonably withheld, conditioned or delayed), and will not permit any of its subsidiaries to:

- declare, accrue, set aside or pay any dividend or make any other distribution (whether in cash, stock or otherwise) in respect of any shares of capital stock, or repurchase, redeem or otherwise reacquire any shares of capital stock or other securities or rights, warrants or options to acquire any such shares or securities, other than: (i) the acquisition by Semitool of shares of Semitool common stock in connection with the surrender of shares of Semitool common stock by holders of Semitool stock options in order to pay the exercise price of the Semitool stock options; (ii) the withholding of shares of Semitool common stock to satisfy tax obligations with respect to awards granted pursuant to Semitool's stock option and equity compensation plans; and (iii) the acquisition by Semitool of Semitool stock options or Semitool restricted stock in accordance with their terms in effect as of the date of the Merger Agreement in connection with the forfeiture of such awards;
- sell, issue, grant or authorize the issuance or grant of, or materially amend the terms of: (i) any capital stock or other security; (ii) any option, restricted stock unit, restricted stock award or other equity-based compensation award (whether payable in cash, stock or otherwise), call, warrant or right to acquire any capital stock or other security; or (iii) any instrument convertible into or exchangeable for any capital stock or other security (except that Semitool may issue shares of Semitool common stock upon the valid exercise of Semitool stock options or the vesting of Semitool restricted stock units outstanding as of the date of the Merger Agreement);
- split, divide, subdivide, combine, consolidate or reclassify any of its capital stock or issue or authorize the issuance of any securities in lieu of or in substitution for shares of its capital stock;
- amend or waive any of its rights under, or accelerate the vesting under, any provision of any of Semitool's stock option or equity compensation plans, any provision of any agreement evidencing any outstanding Semitool stock option or restricted stock unit or any restricted stock purchase agreement, or otherwise modify any of the terms of any outstanding equity-based compensation award or other security or any related contract;
- adopt, approve or implement any "poison pill" or similar rights plan or related agreement;
- amend or permit the adoption of any amendment to its articles of incorporation or bylaws or other charter or organizational documents, or effect or become a party to any merger, consolidation, share exchange, business combination, amalgamation, recapitalization or similar transaction;
- form any subsidiary or acquire any equity interest or other interest in any other entity;

- make any capital expenditure (except that it and its subsidiaries may make capital expenditures that, when added to all other capital expenditures made on behalf of it and its subsidiaries during the Pre-Closing Period, do not exceed $500,000 in the aggregate);
- other than in the ordinary course of business and in accordance with past practices, enter into or become bound by, or permit any of the assets owned or used by it to become bound by, any contract with a term of greater than six months or involving obligations on the part of it or any of its subsidiaries in excess of $250,000, or amend, seek to amend, terminate, seek to terminate, or waive or exercise any material right or remedy under, any material contract;
- acquire, lease or license any right or other asset from any other person or sell or otherwise dispose of, or lease or license, any right or other asset to any other person (except in each case for immaterial assets acquired, leased, licensed or disposed of by Semitool in the ordinary course of business and in accordance with past practices), or waive or relinquish any material right;
- (i) incur any indebtedness for borrowed money, issue or sell any debt securities or rights to acquire any debt securities of it or any of its subsidiaries, guarantee any such indebtedness or any debt securities of another person or enter into any “keep well” or other agreement to maintain any financial statement condition of another person, other than: (A) trade payables and similar obligations incurred in the ordinary course of business and in accordance with past practices; (B) other indebtedness incurred, assumed or otherwise entered into in the ordinary course of business and in accordance with past practices (including any borrowings under Semitool’s existing credit facilities and in respect of letters of credit) for additional amounts after the date of the Merger Agreement not in excess of $500,000 in the aggregate; (C) obligations incurred in connection with Semitool’s entry into and performance of the obligations arising in connection with the transactions contemplated by the Merger Agreement; and (D) any such indebtedness incurred in connection with the refinancing of any indebtedness existing on the date of the Merger Agreement or permitted to be incurred, assumed or otherwise entered into under the Merger Agreement; or (ii) other than for accounts receivable and similar arrangements extended in the ordinary course of business and in accordance with past practices, make any loans to any person;
- establish, adopt, terminate or amend any employee plan or any plan, practice, agreement, arrangement or policy that would be an employee plan if it was in existence on the date of the Merger Agreement, pay any bonus or make any profit-sharing or similar payment to or for the benefit of, or increase the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of its current or former directors, officers or employees (except that Semitool may pay customary bonus payments in accordance with past practices and with Semitool’s bonus program);
- hire any employee at the level of Vice President or above, hire any employee with an annual base salary in excess of $100,000 or promote any employee to a management level position except in order to fill a position vacated after the date of the Merger Agreement;
- change in any material respect any of its pricing policies, product return policies, product maintenance policies, service policies, product modification or upgrade policies, personnel policies or other business policies, or any of its methods of accounting or accounting practices in any respect;
- make any material tax election;
- commence or settle any legal proceeding, except with respect to non-material disputes as may arise from time to time in the ordinary course of business;
- enter into any material transaction with any of its affiliates (other than Semitool and any subsidiary of Semitool) other than pursuant to written arrangements in effect on the date of the Merger Agreement and excluding any employment, compensation or similar arrangements otherwise permitted pursuant to this provision; or
- agree or commit to take any of the actions described in the foregoing.

Access and Investigation

During the Pre-Closing Period, Semitool will, and will cause its and its subsidiaries' representatives to, (i) provide Applied and Applied's representatives with reasonable access during normal business hours to the representatives, personnel and assets of Semitool or its subsidiaries and to all existing books and records, tax returns, work papers and other documents and information relating to Semitool or its subsidiaries and (ii) permit Applied's senior officers to meet, upon reasonable notice and during normal business hours, with officers of Semitool responsible for Semitool's financial statements and the internal controls of Semitool and its subsidiaries to discuss such matters as Applied may reasonably deem necessary or appropriate with respect to the satisfaction by Applied or Semitool of its obligations under the Sarbanes-Oxley Act of 2002 and the rules and regulations relating thereto. In addition, Semitool is obligated to provide Applied copies of all books and records, tax returns, work papers and other documents and information (including financial, operating and other data) relating to Semitool and its subsidiaries as Applied may reasonable request.

Notices

During the Pre-Closing Period, Semitool must promptly notify Applied of (i) the occurrence or non-occurrence of any event, condition, fact or circumstance that would be reasonably likely to cause: (A) any representation or warranty made by Semitool or its subsidiaries in the Merger Agreement to be untrue or inaccurate in any material respect at any time during such period; or (B) any of the conditions set forth in Section 13 (Conditions to the Offer) or in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Conditions to the Merger) not to be satisfied; (ii) the failure by Semitool to comply with or satisfy any covenant, condition or agreement to be satisfied by it pursuant to the Merger Agreement; (iii) (A) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the Offer, the Merger, or any of the other transactions contemplated by the Merger Agreement; and (B) any legal proceeding commenced, or (to its knowledge) threatened, against, relating to or involving or otherwise affecting, any of Semitool or its subsidiaries that relates to the Offer, the Merger, or any of the other transactions contemplated by the Merger Agreement; or (iv) any event, condition, fact or circumstance that has had or could reasonably be expected to have or result in a Semitool Material Adverse Effect.

During the Pre-Closing Period, Applied must promptly notify Semitool, orally and in writing, of (i) the occurrence or non-occurrence of any event, condition, fact or circumstance that would be reasonably likely to cause: (A) any representation or warranty made by Applied or Acquisition Sub in the Merger Agreement to be untrue or inaccurate in any material respect at any time during such period; or (B) any of the conditions set forth in the fourth and fifth bullet points in Section 13 (Conditions to the Offer) or in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements — Conditions to the Merger) not to be satisfied; or (ii) the failure by Applied or Acquisition Sub to comply with or satisfy any covenant, condition or agreement to be satisfied by it pursuant to the Merger Agreement.

No notification given to Applied or Semitool, as applicable, pursuant to the foregoing provisions will limit or otherwise affect any of the representations, warranties or covenants of the notifying party contained in the Merger Agreement or any of the remedies available to notified party under the Merger Agreement.

Non-Solicitation and Related Provisions

The Merger Agreement requires Semitool to, and to ensure that each of its subsidiaries and all of its and their respective representatives, immediately cease and cause to be terminated any existing solicitation, encouragement, discussions or negotiations with any person that relate to any offer, proposal, inquiry or indication of interest (other than an offer, proposal, inquiry or indication of interest made or submitted by Applied or any of its affiliates) contemplating or otherwise relating to any transaction or series of related transactions (other than the transactions contemplated by the Merger Agreement) involving:

- any merger, consolidation, amalgamation, share exchange, business combination, joint venture, issuance of securities, acquisition of securities, recapitalization, tender offer, exchange offer or other

similar transaction (i) in which Semitool or any of its subsidiaries is a constituent corporation, (ii) in which a person or "group" (as defined in the Exchange Act and the rules thereunder) of persons directly or indirectly acquires beneficial or record ownership of securities representing 15% or more of the outstanding securities of any class of voting securities (or instruments convertible into or exercisable or exchangeable for 15% or more of any such class) of any of Semitool or its subsidiaries or the surviving entity in a merger or the resulting direct or indirect parent of Semitool or any such subsidiary or surviving entity or (iii) in which any of Semitool or any of its subsidiaries issues securities representing 15% or more of its outstanding securities of any class of voting securities (or instruments convertible into or exercisable or exchangeable for 15% or more of any such class);

- any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 15% or more of the net revenues, net income or assets of any of Semitool or its subsidiaries; or
- any liquidation or dissolution of Semitool or any of its subsidiaries.

Each of the transactions (or any series of related transactions) referred to above is referred to as an "Acquisition Transaction," and any offer, proposal, inquiry or indication of interest (other than an offer, proposal, inquiry or indication of interest made or submitted by Applied or any of its affiliates) relating to a possible Acquisition Transaction is referred to as an "Acquisition Proposal."

In addition, the Merger Agreement requires Semitool to, and to ensure that each of its subsidiaries and its and their respective representatives, immediately cease and cause to be terminated any inquiry, indication of interest or request for information (other than an inquiry, indication of interest or request for information made or submitted by Applied or any of its affiliates) that could reasonably be expected to lead to an Acquisition Proposal (such an inquiry, indication of interest or request for information, an "Acquisition Inquiry").

The Merger Agreement further provides that Semitool may not (and may not resolve or propose to), directly or indirectly, and must ensure that each of its subsidiaries and its and their respective representatives do not (and do not resolve or propose to), directly or indirectly (other than with respect to Applied and Acquisition Sub):

- solicit, initiate, encourage, induce or facilitate the making, submission or announcement of any Acquisition Proposal or Acquisition Inquiry (including by approving any transaction or any person (other than Applied and its affiliates) under or pursuant to any applicable takeover statutes), or take any action that could reasonably be expected to lead to an Acquisition Proposal;
- furnish any information regarding Semitool or any of its subsidiaries to any person in connection with or in response to an Acquisition Proposal or Acquisition Inquiry; or
- engage in discussions or negotiations with any person with respect to any Acquisition Proposal or Acquisition Inquiry.

The Merger Agreement also provides that Semitool may not release or permit the release of any person from, or amend or waive or permit the amendment or waiver of any provision of, any confidentiality, "standstill" or similar agreement to which Semitool or any of its subsidiaries is or becomes a party or under which Semitool or any of its subsidiaries has or acquires any rights, and will use its commercially reasonable efforts to enforce or cause to be enforced each such agreement at the request of Applied. The Merger Agreement provides that Semitool must promptly request each person that has executed a confidentiality agreement in connection with its consideration of a possible Acquisition Proposal or equity investment to return or destroy all confidential information furnished to such person by or on behalf of Semitool or any of its subsidiaries, and prohibit any third party from having access to any physical or electronic data rooms relating to a possible Acquisition Proposal.

However, nothing in the Merger Agreement prohibits Semitool**,** prior to the Acceptance Time, from furnishing non-public information regarding Semitool or any of its subsidiaries to, or entering into discussions or

negotiations with, any person in response to (and in connection with) an unsolicited bona fide Acquisition Proposal that is submitted to Semitool by such person (and not withdrawn) if:

- none of Semitool, its subsidiaries and their respective representatives has breached or taken any action inconsistent with any of these provisions;
- such Acquisition Proposal constitutes a Superior Offer (as defined below);
- Semitool's board of directors determines in good faith, after having taken into account the advice of Semitool's outside legal counsel, that such action is required in order for Semitool's board of directors to comply with its fiduciary obligations to Semitool's shareholders under applicable law;
- at least two business days prior to furnishing any such non-public information to, or entering into discussions or negotiations with, such person, Semitool gives Applied written notice of the identity of such person and of Semitool's intention to furnish non-public information to, or enter into discussions or negotiations with, such person, and Semitool receives from such person an executed confidentiality agreement containing customary limitations on the use and disclosure of all non-public written and oral information furnished to such person by or on behalf of Semitool, customary "standstill" provisions (which may in no event be less favorable to Semitool than the "standstill" provisions included in the confidentiality agreement between Applied and Semitool) and other provisions no less favorable to Semitool than the provisions of such confidentiality agreement; and
- prior to or concurrently with furnishing any such non-public information to such person, Semitool furnishes such non-public information to Applied (to the extent such non-public information has not been previously furnished by Semitool to Applied).

Under the Merger Agreement, Semitool acknowledges and agrees that any action inconsistent with any of the provisions set forth in the preceding sentence that is taken by any representative of Semitool or any of its subsidiaries, whether or not such representative is purporting to act on behalf of Semitool or such subsidiary, will be deemed to constitute a breach of these provisions by Semitool.

The Merger Agreement defines "Superior Offer" as an unsolicited, bona fide Acquisition Proposal that, if consummated, would result in a person or "group" (as defined in the Exchange Act and the rules thereunder) owning, directly or indirectly: (i) 50% or more of the outstanding securities of any class of voting securities (or instruments convertible into or exercisable or exchangeable for 50% or more of such class) of Semitool or of the surviving entity in a merger or the resulting direct or indirect parent of Semitool or such surviving entity; or (ii) 50% or more of the assets of Semitool and its subsidiaries, taken as a whole, which Semitool's board of directors determines in good faith, after taking into account the advice of an independent financial advisor of nationally recognized reputation and Semitool's outside legal counsel, is: (A) more favorable to Semitool's shareholders from a financial point of view than the terms of the Offer or the Merger, taking into account all financial, legal, regulatory and other aspects of such proposal and the person making the proposal (including any changes to the terms of the merger agreement proposed by Applied to Semitool in response to such proposal or otherwise, and any fees payable by Semitool under the merger agreement); and (B) is reasonably likely to be consummated on the terms proposed. Any such Acquisition Proposal will not be deemed to be a "Superior Offer" if it is subject to any financing conditions.

The Merger Agreement also requires that if Semitool or any of its subsidiaries or any of their respective representatives receives an Acquisition Proposal or Acquisition Inquiry or any request for non-public information, then Semitool must promptly (and in no event later than 24 hours after receipt of such Acquisition Proposal, Acquisition Inquiry or request) advise Applied orally and in writing of such Acquisition Proposal, Acquisition Inquiry or request (including the identity of the person making or submitting such Acquisition Proposal, Acquisition Inquiry or request, the material terms and conditions thereof, and, if available, any written documentation received by Semitool or such subsidiary setting forth such terms and conditions). The Merger Agreement further requires Semitool to keep Applied fully informed with respect to the status of any Acquisition

Proposal, Acquisition Inquiry or request and any modification or proposed modification thereto, and to promptly (and in no event later than 24 hours) notify Applied orally and in writing if it determines to begin providing information or to engage in discussions or negotiations concerning an Acquisition Proposal pursuant to these provisions.

Recommendation of Semitool's Board of Directors

Semitool's board of directors has unanimously recommended that Semitool's shareholders accept the Offer and tender their shares of Semitool common stock to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement (the "Semitool Board Recommendation"). The Merger Agreement provides that, except as provided below, neither Semitool's board of directors nor any committee thereof may: (i) (A) withdraw or modify in a manner adverse to Applied or Acquisition Sub, or publicly propose to withdraw or modify in a manner adverse to Applied or Acquisition Sub, the Semitool Board Recommendation, or (B) recommend the approval or adoption of, or approve or adopt, or publicly propose to recommend, approve or adopt, any Acquisition Proposal or resolve, agree or propose to take any of the foregoing actions described under clauses "(A)" or "(B)" (any such actions described in clause "(i)" being referred to as an "Adverse Recommendation Change"); or (ii) approve or recommend, or publicly propose to approve or recommend, or cause or permit Semitool or any of its subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or relating to, or that is intended to, contemplates or is reasonably likely to result in, an Acquisition Transaction, other than a confidentiality agreement described above under the caption "Non-Solicitation and Related Provisions" (an "Acquisition Agreement") or resolve, agree or propose to take any such action. The Merger Agreement clarifies that the Semitool Board Recommendation will be deemed to have been modified in a manner adverse to Semitool if it is no longer unanimous.

The Merger Agreement further provides that, notwithstanding the foregoing, Semitool's board of directors may, at any time prior to the Acceptance Time, make an Adverse Recommendation Change and thereafter may cause Semitool to terminate the Merger Agreement in accordance with the termination right described below in the sixth bullet point under the caption "Termination of the Merger Agreement" and concurrently with such termination cause Semitool to enter into a binding, written, definitive Acquisition Agreement providing for the consummation of the transaction contemplated by the Superior Proposal (a "Specified Definitive Acquisition Agreement") in accordance and subject to compliance with such termination right, if: (i) an unsolicited bona fide, written Acquisition Proposal that did not otherwise result from a breach of the provisions described above under the caption "Non-Solicitation and Related Provisions" is made to Semitool and is not withdrawn; (ii) Semitool's board of directors determines in good faith, after having taken into account the advice of an independent financial advisor of nationally recognized reputation, that such Acquisition Proposal constitutes a Superior Offer; (iii) Semitool's board of directors determines in good faith, after having taken into account the advice of Semitool's outside legal counsel, that, in light of such Superior Offer, an Adverse Recommendation Change is required in order for Semitool's board of directors to comply with its fiduciary obligations to Semitool's shareholders under applicable laws; (iv) prior to effecting such Adverse Recommendation Change, Semitool's board of directors gives Applied at least three days' written notice: (A) that it has received a Superior Offer not in violation of the provisions described above under the caption "Non-Solicitation and Related Provisions"; (B) that it intends to make an Adverse Recommendation Change; and (C) specifying the material terms and conditions of such Superior Offer, including the identity of the person making such offer (and attaching the most current and complete version of any written agreement or other document relating thereto); (v) during any such three day notice period(s), if requested by Applied, Semitool engages in good faith negotiations with Applied to amend the Merger Agreement in such a manner that no Adverse Recommendation Change is legally required as a result of such Superior Offer; and (vi) at the end of any such three day notice period, the failure to make an Adverse Recommendation Change would still constitute a breach of the fiduciary obligations of Semitool's board of directors to Semitool's shareholders under applicable legal requirements in light of such Superior Offer (taking into account any changes to the terms of the Merger Agreement proposed by Applied as a result of the required

negotiations as described above in clause "(v)" or otherwise). The Merger Agreement clarifies that any change to the consideration payable in connection with such Superior Offer or any other material modification thereto will require a new three days' advance written notice by Semitool.

In addition, the Merger Agreement provides that, notwithstanding the first paragraph above under the caption "Recommendation of Semitool's Board of Directors," Semitool's board of directors may, at any time prior to the Acceptance Time, make an Adverse Recommendation Change, if: (i) there occurs or arises after the date of the Merger Agreement a material event, material development or material change in circumstances that relates to Semitool and its subsidiaries but does not relate to any Acquisition Proposal that was not known to Semitool or such subsidiary on the date of the Merger Agreement (or if known, the consequences of which were not known to or reasonably foreseeable by Semitool or such subsidiary as of the date of the Merger Agreement), which event, development or change in circumstance, or any material consequences thereof, becomes known to Semitool or such subsidiary prior to the Acceptance Time (any such material event, material development or material change in circumstances unrelated to an Acquisition Proposal being referred to as an "Intervening Event"); (ii) none of Semitool, its subsidiaries and any of their respective representatives had knowledge, as of the date of the Merger Agreement, that there was a reasonable possibility that such Intervening Event could occur or arise after the date of the Merger Agreement; (iii) Semitool provides Applied, at least two business days prior to any meeting of Semitool's board of directors at which such board of directors will consider and determine whether such Intervening Event may require Semitool to make an Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change, with a written notice specifying the date and time of such meeting, the reasons for holding such meeting and a reasonably detailed description of such Intervening Event; (iv) Semitool's board of directors determines in good faith, after having taken into account the advice of Semitool's outside legal counsel, that, in light of such Intervening Event, an Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change is required in order for Semitool's board of directors to comply with its fiduciary obligations to Semitool's shareholders under applicable legal requirements; (v) no Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change has been made for five business days after receipt by Applied of a written notice from Semitool confirming that Semitool's board of directors has determined that the failure to make such an Adverse Recommendation Change in light of such Intervening Event would constitute a breach of its fiduciary obligations to Semitool's shareholders under applicable legal requirements; (vi) during such five business day notice period, if requested by Applied, Semitool engages in good faith negotiations with Applied to amend the Merger Agreement in such a manner that no such Adverse Recommendation Change is legally required as a result of such Intervening Event; and (vii) at the end of such five business day notice period, the failure to make such Adverse Recommendation Change would still constitute a breach of the fiduciary obligations of Semitool's board of directors to Semitool's shareholders under applicable legal requirements in light of such Intervening Event (taking into account any changes to the terms of the Merger Agreement proposed by Applied as a result of the negotiations required by clause "(vi)" or otherwise).

The Merger Agreement further provides that, subject to the foregoing provisions, Semitool will not be prohibited from (i) taking and disclosing to its shareholders a position contemplated by Rule 14d-9 (relating to recommendations or solicitations by a subject company or others) or Rule 14e-2(a) (relating to the position of a subject company with respect to a tender offer) promulgated under the Exchange Act; or (ii) making any disclosure to its shareholders if the board of directors of Semitool determines in good faith, after having taken into account the advice of Semitool's outside legal counsel, that failure to do so would be a breach of its fiduciary obligations to Semitool's shareholder under applicable legal requirements.

Semitool Shareholders' Meeting

The Merger Agreement provides that as promptly as practicable following the later of the Acceptance Time or the expiration of any subsequent offering period, if the approval of the Merger Agreement by Semitool's shareholders is required by applicable law in order to consummate the Merger, Semitool will take all action necessary or advisable under applicable law to call, give notice of and hold a meeting of the holders of Semitool

common stock to vote on the approval of the Merger Agreement (the "Semitool Shareholders' Meeting"). The Merger Agreement provides that Semitool will ensure that all proxies solicited in connection with the Semitool Shareholders' Meeting are solicited in compliance with applicable law, and Semitool will, through Semitool's board of directors, recommend to its shareholders they give the Required Semitool Shareholder Vote, except to the extent that Semitool's board of directors has made an Adverse Recommendation Change in compliance with the Merger Agreement. The Merger Agreement defines "Required Semitool Shareholder Vote" as the affirmative vote of the holders of two-thirds of the shares of Semitool common stock outstanding on the record date for the Semitool Shareholders' Meeting.

Pursuant to the Merger Agreement, if Acquisition Sub owns, by virtue of the Offer or otherwise, at least 80% of the outstanding shares of Semitool common stock, Applied may, in its discretion, cause the Merger of Semitool into Acquisition Sub to become effective as soon as practicable following the time such ownership is first obtained, without a shareholders' meeting in accordance with Section 35-1-818 of the MBCA.

Furthermore, if approval of the Merger Agreement by Semitool's shareholders is required by applicable law in order to consummate the Merger, the Merger Agreement provides that Applied will cause all shares of Semitool common stock owned by Applied, Acquisition Sub or any other subsidiary of Applied to be voted in favor of the approval of the Merger Agreement at the Semitool Shareholders' Meeting.

Reasonable Efforts to Complete Transactions; Regulatory Approvals

The Merger Agreement provides that each party to the Merger Agreement will use commercially reasonable efforts to file, as soon as practicable after the date of the Merger Agreement, all notices, reports and other documents required to be filed by such party with any governmental body with respect to the Offer, the Merger, the transactions contemplated by the Merger Agreement and the Shareholder Agreements and to submit promptly any additional information requested by any such governmental body. Furthermore, Semitool and Applied must, promptly after the date of the Merger Agreement, prepare and file the notification and report forms required to be filed under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") and any notification or other document required to be filed under any applicable foreign antitrust or competition-related law in connection with the Offer, the Merger, the other transactions contemplated by the Merger Agreement and the Shareholder Agreements. The Merger Agreement provides that Semitool and Applied must respond as promptly as practicable to (i) any inquiries or requests received from the Federal Trade Commission or the Department of Justice for additional information or documentation and (ii) any inquiries or requests received from any state attorney general, foreign antitrust or competition authority or other governmental body in connection with antitrust or related matters. At the request of Applied, Semitool must divest, sell, dispose of, hold separate or take any other action with respect to any of the businesses, product lines or assets of it and its subsidiaries to the extent that any such action is conditioned upon the consummation of the Offer or the Merger.

The Merger Agreement further provides that Applied and Semitool must use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate the Offer and the Merger and make effective the other transactions contemplated by the Merger Agreement, including (i) making all filings (if any) and giving all notices (if any) required to be made and given by such party in connection with the Offer, the Merger and the other transactions contemplated by the Merger Agreement; (ii) using commercially reasonable efforts to obtain each consent (if any) required to be obtained (pursuant to any applicable law or contract, or otherwise) by such party in connection with the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement; and (iii) using commercially reasonable efforts to lift any restraint, injunction or other legal bar to the Offer or the Merger. Neither Applied nor Acquisition Sub, however, will have any obligation under the Merger Agreement: (A) to divest or agree to divest (or cause any of its subsidiaries or Semitool or any of its subsidiaries to divest or agree to divest) any of its respective businesses, product lines or assets, or to take or agree to take (or cause any of its subsidiaries or Semitool or any of its subsidiaries to take or agree to take) any other action or agree (or cause any of its subsidiaries or Semitool or any of its subsidiaries to agree) to any limitation or restriction on any of its respective businesses, product lines or assets; or (B) to contest any legal proceeding relating to the Offer or the Merger or any of the other transactions contemplated by the Merger Agreement.

Employee Benefits Matters

Except as described below, the Merger Agreement prohibits Semitool from taking (or causing or permitting to be taken) any action to terminate any employee benefit plan sponsored by Semitool or any of its subsidiaries (or in which Semitool or any of its subsidiaries participates). However, unless directed otherwise in writing by Applied at least two business days prior to the Acceptance Time, Semitool must take (or cause to be taken) all actions reasonably determined by Applied to be necessary or appropriate to terminate any plan that contains a cash or deferred arrangement intended to qualify under Section 401(k) of the Code (a "401(k) Plan"), with such termination effective as of the day immediately prior to the date on which the Acceptance Time occurs with respect to any such 401(k) Plan. Unless Applied provides such written notice to Semitool, Semitool must provide Applied with evidence that such 401(k) Plan(s) have been terminated (effective as of no later than the day immediately preceding the date on which the Acceptance Time occurs) pursuant to resolutions of Semitool's board of directors or the applicable subsidiary of Semitool, as the case may be. If directed in writing by Applied prior to the Effective Time, Semitool must take (or cause to be taken) all actions reasonably determined by Applied to be necessary or appropriate to terminate any employee benefit plan that is not a 401(k) Plan, with such termination effective as of immediately prior to the Effective Time with respect to any such employee benefit plan. Semitool is also obligated to take such other actions in furtherance of terminating such 401(k) Plan(s) as Applied may reasonably request.

The Merger Agreement further provides, that, subject to any necessary transition period and subject to any applicable plan provisions, contractual requirements or legal requirements: (i) all employees of Semitool and its subsidiaries who continue employment with Applied, the surviving corporation or any subsidiary of the surviving corporation after the Effective Time ("Continuing Employees") will be eligible to participate in Applied's health, paid time off policy and 401(k) plans, to substantially the same extent as similarly situated employees of Applied, as soon as administratively practicable following the closing date of the Merger; and (ii) for purposes of determining a Continuing Employee's eligibility to participate and vest in such plans (except to the extent such service credit will result in benefit accruals under any defined benefit plan or a duplication of benefits), such Continuing Employee shall receive credit under such plans for his or her years of continuous service with Semitool and its subsidiaries or a predecessor company prior to the Effective Time to the same extent as such service was recognized under any analogous employee benefits plan in effect immediately prior to the Effective Time.

Directors' and Officers' Indemnification and Insurance

The Merger Agreement provides that all rights to indemnification by Semitool existing in favor of those persons who are directors and officers of Semitool as of the date of the Merger Agreement (the "Indemnified Persons") for their acts and omissions as directors and officers occurring prior to the Effective Time, as provided in Semitool's articles of incorporation or bylaws (in each case as in effect as of the date of the Merger Agreement) and as provided in any indemnification agreements between Semitool and the Indemnified Persons (as in effect as of the date of the Merger Agreement) made available to Applied prior to the date of the Merger Agreement, will survive the Merger and will continue in full force and effect (to the fullest extent such rights to indemnification are available under and consistent with Montana law) for a period of six years from the Effective Time.

The Merger Agreement provides further that, from the Effective Time until the sixth anniversary of the Effective Time, the surviving corporation must maintain in effect, for the benefit of the Indemnified Persons with respect to their acts and omissions as directors and officers occurring prior to the Effective Time, the existing policy of directors' and officers' liability insurance maintained by Semitool as of the date of the Merger Agreement in the form disclosed by Semitool to Applied prior to the date of the Merger Agreement (the "Existing D&O Policy") to the extent that directors' and officers' liability insurance coverage is available on commercially reasonable terms. However, (i) the surviving corporation may substitute for the Existing D&O Policy a policy or policies of comparable coverage and (ii) the surviving corporation will not be required to pay annual premiums for the Existing D&O Policy (or for any substitute policies) in excess of 200% of the annual

premium paid prior to the date of the Merger Agreement by Semitool for the Existing D&O Policy (the "Maximum Premium"). In the event any future annual premiums for the Existing D&O Policy (or any substitute policies) exceed the Maximum Premium in the aggregate, the Merger Agreement provides that the surviving corporation will be entitled to reduce the amount of coverage of the Existing D&O Policy (or any substitute policies) to the amount of coverage that can be obtained for a premium equal to the Maximum Premium. Applied and the surviving corporation have the right in lieu of the foregoing to purchase a tail policy with substantially the same coverage.

Shareholder Litigation

The Merger Agreement provides that Semitool will give Applied the opportunity to participate in the defense or settlement of any shareholder litigation against Semitool and/or its officers or directors relating to the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement. No such settlement may be agreed to without Applied's prior written consent (which may not be unreasonably withheld or delayed).

Delisting

The Merger Agreement provides that, from the Acceptance Time to the closing date of the Merger, Semitool must cooperate with Applied and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable laws (including the rules and regulations of Nasdaq Stock Market) to enable the de-listing by the surviving corporation of Semitool common stock from Nasdaq and the deregistration of Semitool common stock under the Exchange Act as promptly as practicable after the Effective Time.

Conditions to the Merger

The Merger Agreement provides that the respective obligations of the parties to consummate the Merger are subject to the satisfaction or waiver of the following conditions at or prior to the closing of the Merger:

- if required by applicable law in order to consummate the Merger, the Merger Agreement has been approved by the Required Semitool Shareholder Vote;
- no temporary restraining order, preliminary or permanent injunction or other order preventing the completion of the Merger has been issued by any court or other governmental body of competent jurisdiction and remains in effect, and there is no legal requirement enacted or deemed applicable to the Merger that makes completion of the Merger illegal, except that prior to invoking this provision, a party must have taken all actions required by such party under the Merger Agreement to have any such injunction, order or legal requirement or other prohibition lifted; and
- Acquisition Sub has accepted for payment and has paid for the shares of Semitool common stock validly tendered (and not withdrawn) pursuant to the Offer.

Termination of the Merger Agreement

The Merger Agreement provides that it may be terminated and the Offer and the Merger may be abandoned:

- by mutual written consent of Applied and Semitool at any time prior to the Effective Time, notwithstanding receipt of the Required Semitool Shareholder Vote;
- by either Applied or Semitool at any time prior to the Effective Time (notwithstanding receipt of the Required Semitool Shareholder Vote) if a court or other governmental body of competent jurisdiction has issued a final and non-appealable order, decree or ruling, or has taken any other action, having the effect of: (i) permanently restraining, enjoining or otherwise prohibiting: (A) the acquisition or acceptance for payment of, or payment for, shares of Semitool common stock pursuant to the Offer; or (B) the Merger; or (ii) making the acquisition of or payment for shares of Semitool common stock

pursuant to the Offer, or the consummation of the Merger, illegal, except that a party is not permitted to terminate the Merger Agreement pursuant to this provision if the issuance of such order, decree or ruling or the taking of such action is attributable to the failure of such party to perform any covenant in the Merger Agreement required to be performed by such party at or prior to the Effective Time;

- by either Applied or Semitool at any time prior to the Acceptance Time if the Offer has expired or has been terminated in accordance with the terms of the Merger Agreement (including for failure of the Offer Conditions to be satisfied) without Acquisition Sub having accepted shares of Semitool common stock for payment pursuant to the Offer, except that: (i) a party is not permitted to terminate the Merger Agreement pursuant to this provision if: (A) the failure of Acquisition Sub to accept shares of Semitool common stock for payment pursuant to the Offer is attributable to the failure of an Offer Condition to be satisfied; and (B) the failure of such Offer Condition to be satisfied is attributable to a failure, on the part of the party seeking to terminate the Merger Agreement, to perform any covenant in the Merger Agreement required to be performed by such party at or prior to the Acceptance Time; and (ii) Semitool is not permitted to terminate the Merger Agreement pursuant to this provision unless Semitool has paid any fees and expenses required to be paid to Applied as described below in the first two paragraphs under the caption “Fees and Expenses; Termination Fee; Effect of Termination”; this is referred to as an “Offer Expiration Termination Right”;
- by either Applied or Semitool if the Acceptance Time has not occurred on or prior to March 31, 2010 (the “Outside Date”), except that: (i) a party is not permitted to terminate the Merger Agreement pursuant to this provision if: (A) the failure of the Acceptance Time to occur on or prior to the Outside Date is attributable to the failure of an Offer Condition to be satisfied; and (B) the failure of such Offer Condition to be satisfied is attributable to a failure on the part of such party to perform any covenant in the Merger Agreement required to be performed by such party at or prior to the Acceptance Time; and (ii) Semitool is not permitted to terminate the Merger Agreement pursuant to this provision unless Semitool has paid any fees and expenses required to be paid to Applied as described below in the first two paragraphs under the caption “Fees and Expenses; Termination Fee; Effect of Termination”; this is referred to as an “Outside Date Termination Right”;
- by Applied at any time prior to the Acceptance Time if any of the following have occurred: (i) Semitool’s board of directors or any committee thereof has made an Adverse Recommendation Change; (ii) Semitool has failed to include in the Schedule 14D-9 the Semitool Board Recommendation; (iii) Semitool’s board of directors fails to reaffirm unanimously and publicly its recommendation of the Merger Agreement, the Offer and the Merger, within five business days (or, if earlier, prior to the Acceptance Time) after Applied requests in writing that such recommendation be reaffirmed publicly; (iv) a tender or exchange offer relating to shares of Semitool common stock has commenced by a person other than Applied or its affiliates and, Semitool has not sent to its security holders, within ten business days after the commencement of such tender or exchange offer (or, if earlier, prior to the Acceptance Time), a statement disclosing that Semitool recommends rejection of such competing tender or exchange offer and reaffirming its recommendation of the Merger Agreement, the Offer and the Merger; (v) an Acquisition Proposal is publicly announced by a person other than Applied or its affiliates, and Semitool fails to issue a press release that reaffirms unanimously its recommendation of the Merger Agreement, the Offer and the Merger, within five business days (or, if earlier, prior to the Acceptance Time) after such Acquisition Proposal is publicly announced; (vi) Semitool or any representative of Semitool has breached any of the provisions described above under the caption “Non-Solicitation and Related Provisions” in any material respect; or (vii) any shareholder of Semitool that owns 5% or more of the shares of Semitool common stock, who has executed and delivered a Shareholder Agreement, has materially breached such Shareholder Agreement (any such event, a “Triggering Event”); this is referred to as a “Triggering Event Termination Right”;
- by Semitool at any time prior to the Acceptance Time in order to accept a Superior Offer and enter into a Specified Definitive Acquisition Agreement with respect to such Superior Offer, if: (i) Semitool and

its board of directors have satisfied all of the notice, negotiation and other requirements described above under the caption "Non-Solicitation and Related Provisions" with respect to such Superior Offer and the negotiation period(s) described therein have expired; (ii) Semitool has paid any fees and expenses required to be paid to Applied as described below in the first two paragraphs under the caption "Fees and Expenses; Termination Fee; Effect of Termination" and has paid to Applied the termination fees required to be paid to Applied as described below in the second bullet point of the third paragraph under the caption "Fees and Expenses; Termination Fee; Effect of Termination"; and (iii) concurrently with such termination, Semitool enters into the Specified Definitive Acquisition Agreement upon termination of the Merger Agreement pursuant to this provision; this is referred to as a "Superior Offer Termination Right";

- by Applied at any time prior to the Acceptance Time if: (i) any of Semitool's representations or warranties contained in the Merger Agreement are inaccurate as of the date of the Merger Agreement or have become inaccurate as of a date subsequent to the date of the Merger Agreement (as if made on such subsequent date), such that the condition described below in the first bullet point under Section 13 (Conditions to the Offer) of this Offer to Purchase would not be satisfied (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the date of the Merger Agreement or as of any subsequent date: (A) all materiality qualifications limiting the scope of such representations and warranties are disregarded; and (B) any update of or modification to Semitool's disclosure schedule made or purported to have been made on or after the date of the Merger Agreement are disregarded); or (ii) Semitool fails to perform any of its covenants or agreements contained in the Merger Agreement, such that the condition described below in the second bullet point under Section 13 (Conditions to the Offer) of this Offer to Purchase would not be satisfied, except that if (A) any inaccuracy in any of Semitool's representations or warranties as of a date subsequent to the date of the Merger Agreement or failure to perform any of Semitool's covenants or agreements is curable by Semitool prior to the earlier of the Outside Date or 30 days after the date on which Semitool is notified by Applied in writing of such inaccuracy or failure to perform; and (B) Semitool continues to exercise commercially reasonable efforts to cure such inaccuracy or failure to perform, then Applied may not terminate the Merger Agreement under this provision on account of such inaccuracy or failure to perform (x) during such 30-day (or shorter) period or (y) after such 30-day period, if such inaccuracy or failure to perform has been fully cured, and except that Applied may not terminate the Merger Agreement pursuant to this provision if Applied is then in material breach of any of its representations, warranties, covenants or agreements under the Merger Agreement; this is referred to as an "Applied Breach Termination Right";
- by Semitool at any time prior to the Acceptance Time if: (i) any of Applied's representations or warranties contained in the Merger Agreement are inaccurate as of the date of the Merger Agreement or have become inaccurate as of a date subsequent to the date of the Merger Agreement (as if made on such subsequent date) (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the date of the Merger Agreement or as of any subsequent date, all materiality qualifications limiting the scope of such representations and warranties are disregarded) and such inaccuracy has a material adverse effect on Acquisition Sub's ability to purchase and pay for shares of Semitool common stock validly tendered (and not withdrawn) pursuant to the Offer; or (ii) Applied fails to perform any of its covenants or agreements contained in the Merger Agreement and such failure has a material adverse effect on Acquisition Sub's ability to purchase and pay for the shares of Semitool common stock validly tendered (and not withdrawn) pursuant to the Offer, except that if: (A) any inaccuracy of any of Applied's representations or warranties as of a date subsequent to the date of the Merger Agreement or failure to perform Applied's covenants or agreements is curable by Applied prior to the earlier of the Outside Date or 30 days after the date on which Applied is notified by Semitool in writing of such breach or failure to perform; and (B) Applied continues to exercise commercially reasonable efforts to cure such inaccuracy or failure to perform, then Semitool may not terminate the Merger Agreement under this provision on account of such inaccuracy or failure to perform (x) during such 30-day (or shorter) period or (y) after such 30-day period, if such inaccuracy

or failure to perform has been fully cured, and except that Semitool may not terminate the Merger Agreement pursuant to this provision if Semitool is then in material breach of any of its representations, warranties, covenants or agreements under the Merger Agreement; or

- by Applied at any time prior to the Acceptance Time if: (i) a Semitool Material Adverse Effect has occurred; or (ii) any event has occurred or circumstance has arisen that, in combination with any other events or circumstances, could reasonably be expected to have or result in a Semitool Material Adverse Effect.

The Merger Agreement defines "Semitool Material Adverse Effect" as any effect, change, development, event or circumstance that, considered together with all other effects, changes, developments, events or circumstances, is or could reasonably be expected to have a material adverse effect on: (i) the business, condition (financial or otherwise), assets, liabilities or results of operations of Semitool and its subsidiaries, taken as a whole; or (ii) the ability of Semitool to consummate the Merger or any of the other transactions contemplated by the Merger Agreement or to perform any of its obligations under the Merger Agreement; except that none of the following are deemed, in and of itself, to constitute a Semitool Material Adverse Effect: (A) adverse economic, business, financial or regulatory conditions that generally affect the semiconductor industry and that do not disproportionately affect Semitool and its subsidiaries relative to the other participants in such industry; (B) changes to the economy or financial markets (including credit markets) generally and that do not disproportionately affect Semitool and its subsidiaries relative to other participants in such industry; (C) any change in the stock price or trading volume of Semitool common stock; (D) any loss of employees, customers or suppliers by Semitool that is directly attributable to the announcement of the Merger Agreement; (E) the failure of Semitool to meet securities analysts' published projections of earnings or revenues or (F) any failure on the part of any party (other than Semitool or any of its subsidiaries) to any contract to which Semitool or any of its subsidiaries or by which they or their assets are bound to provide its consent with respect to the transactions contemplated by the Merger Agreement under any anti-assignment, change-in-control or similar clause in such contract, in any case, solely to the extent that the need to obtain such consent arises from the Merger. The Merger Agreement clarifies that, (i) with respect to clause "(C)," the facts or circumstances giving rise to any such change in stock price or trading volume, other than the announcement of the Offer, the identity of Applied, or other disclosures by or concerning the Offer or Applied, may be taken into account in determining whether there has been a Semitool Material Adverse Effect, and (ii) with respect to clause "(E)," the facts or circumstances giving rise to any such failure may be taken into account in determining whether there has been a Semitool Material Adverse Effect

Fees and Expenses; Termination Fee; Effect of Termination

The Merger Agreement provides that, except as otherwise provided below, all fees and expenses incurred in connection with the Merger Agreement and the transactions contemplated by the Merger Agreement are to be paid by the party incurring such expenses, whether or not the Offer or the Merger is consummated, except that Applied and Semitool must share equally all fees and expenses, other than attorneys' fees, incurred in connection with: (i) the filing, printing and mailing of this Offer to Purchase and related materials, the Schedule 14D-9 and Semitool's proxy statement distributed to its shareholders and any amendments or supplements thereto; (ii) the retention of any information agent, depositary or other service provider in connection with the Offer; and (iii) the filing by Applied and Semitool of the premerger notification and report forms relating to the transactions contemplated by the Merger Agreement under the HSR Act and the filing of any notice or other document under any applicable foreign antitrust or competition-related laws.

The Merger Agreement further provides that if the Merger Agreement is terminated: (i)(A) by Applied or Semitool pursuant to the Offer Expiration Termination Right or the Outside Date Termination Right or by Applied pursuant to the Applied Breach Termination Right (in the case of termination of the Merger Agreement due to the inaccuracy of Semitool's representations and warranties described in such termination right, only in the event of a willful breach of Semitool's representations or warranties contained in the Merger Agreement); and (B) at or prior to the time of such termination an Acquisition Proposal has been disclosed, announced,

commenced, submitted or made; or (ii) by Applied pursuant to the Triggering Event Termination Right or by Semitool pursuant to the Superior Offer Termination Right, then (without limiting any obligation of Semitool to pay any termination fee payable pursuant to the two bullet points immediately below), in each case, Semitool must make a non-refundable cash payment to Applied, at the time specified in the Merger Agreement, in an amount equal to $3,640,000 (or, if higher, the aggregate amount of all fees and expenses (including all attorneys' fees, accountants' fees, financial advisory fees and filing fees) that have been paid or that may become payable by or on behalf of Applied in connection with the preparation and negotiation of the Merger Agreement and the Shareholder Agreements and otherwise in connection with the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement and the Shareholder Agreements).

The Merger Agreement further provides that if the Merger Agreement is terminated:

- by Applied or Semitool pursuant to the Offer Expiration Termination Right or the Outside Date Termination Right or by Applied pursuant to the Applied Breach Termination Right (in the case of termination of the Merger Agreement due to the inaccuracy of Semitool's representations and warranties described in such termination right, only in the event of a willful breach of Semitool's representations or warranties contained in the Merger Agreement) and: (i) at or prior to the time of such termination an Acquisition Proposal has been disclosed, announced, commenced, submitted or made; and (ii) within 18 months after the date of any such termination, an Acquisition Transaction (whether or not relating to such Acquisition Proposal) is consummated or a definitive agreement contemplating an Acquisition Transaction (whether or not relating to such Acquisition Proposal) is executed, then Semitool must pay to Applied, in cash at the earlier of the time such Acquisition Transaction is consummated or the time such definitive agreement is executed, a non-refundable fee in the amount of $14,560,000; and
- by Applied pursuant to the Triggering Event Termination Right or by Semitool pursuant to the Superior Offer Termination Right, then Semitool must pay to Applied, in cash at the time specified in the Merger Agreement, a non-refundable fee in the amount of $14,560,000.

Fees payable pursuant to a termination will be paid by Semitool free and clear of all deductions or withholdings. In the event that a deduction or withholding is required by applicable legal requirements, Semitool will pay such additional amount as shall be required to ensure that the net amount received by Applied will equal the full amount which would have been received by it, had no such deduction or withholding been required to be made, and Semitool must indemnify Applied for such withholding or deductions, and interest, additions to tax and penalties thereon.

The Merger Agreement provides that, subject to certain exceptions, if the Merger Agreement is terminated, it will be of no further force or effect. Any such termination, however, will not relieve any party from any liability for any material inaccuracy in any representation or warranty contained in the Merger Agreement or fraud or any deliberate, willful and material breach of any covenant or agreement contained in the Merger Agreement, except that, if it is judicially determined that termination of the Merger Agreement was caused by a deliberate, willful and material breach, then in addition to the other remedies at law or equity for breach of the Merger Agreement, the party to the Merger Agreement found to have deliberately, willfully and materially breached the Merger Agreement will indemnify and hold harmless the other parties to the Merger Agreement for their respective out-of-pocket costs, fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, as well as fees and expenses incident to the negotiation and execution of the Merger Agreement and related documents and the Semitool Shareholders' Meeting and consents obtained in connection with the transactions contemplated by the Merger Agreement. However, (i) any payment made by Semitool pursuant to the second paragraph above under the caption "Fees and Expenses; Termination Fee; Effect of Termination" will be credited against any fees payable pursuant to the two bullet points above and (ii) in the event Semitool is required to make the payment set forth in the second paragraph above under the caption "Fees and Expenses; Termination Fee; Effect of Termination" or pursuant to the first bullet point above, no additional payment of expenses will be due for deliberate, willful or material breach.

The Shareholder Agreements

The following summary does not purport to be a complete description of the terms and conditions of the Shareholder Agreements and is qualified in its entirety by reference to the Shareholder Agreements, copies of which are filed as exhibits to the Tender Offer Statement on Schedule TO that has been filed with the SEC by Acquisition Sub and Applied in connection with the Offer, and is incorporated herein by reference. The Shareholder Agreements may be examined, and copies obtained, by following the procedures described in Section 8 (Certain Information Concerning Semitool) of this Offer to Purchase.

As inducement to Applied to enter into the Merger Agreement, Raymon F. Thompson, Chairman of the Board and Chief Executive Officer of Semitool (and/or related trusts); Ladiene A. Thompson; Howard A. Bateman, Director; Donald P. Bauman, Director; Timothy C. Dodkin, Director and Executive Vice President; Daniel J. Eigeman, Director; Charles P. Grenier, Director; Steven C. Stahlberg, Director; Steven R. Thompson, Director; Larry E. Murphy, President and Chief Operating Officer; Larry A. Viano, Vice President and Chief Financial Officer; James L. Right, Vice President, Manufacturing; Paul M. Siblerud, Vice President, Advanced Packaging; Klaus Pfeifer, Vice President, Copper Interconnect Packaging and BEOL; and Richard C. Hegger, General Counsel and Secretary, have each entered into a Shareholder Agreement with Applied and Acquisition Sub pursuant to which they have agreed, in their capacity as shareholders of Semitool, to tender or cause to be tendered to Acquisition Sub in the Offer all of the shares of Semitool common stock owned beneficially and/or of record by them, as well as any additional shares of Semitool common stock which they may acquire (pursuant to Semitool stock options or otherwise). Such shareholders also have agreed to vote, or cause to be voted, all of such shares of Semitool common stock in favor of the approval of the Merger Agreement (and against any other agreement or transaction that would reasonably be expected to impede, interfere with, prevent, delay or adversely effect in any material way the consummation of the transactions contemplated by the Merger Agreement), to the extent any such shares have not been previously accepted for payment pursuant to the 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 under the MBCA and have agreed not to take any action that Semitool is prohibited from taking under Section 5.3 of the Merger Agreement (described above under the caption "Non-Solicitation and Related Provisions"). As of November 16, 2009, such shareholders held collectively 10,393,693 shares of Semitool common stock, including 160,000 shares of Semitool common stock held by a trust of which Mr. Thompson is the trustee, representing in the aggregate approximately 31.7% of the outstanding shares of Semitool common stock as of such date. In addition, such shareholders beneficially owned an additional 1,116,350 shares of Semitool common stock as of such date, comprised of stock options and other securities. By their terms, the Shareholder Agreements terminate upon the earliest to occur of the Effective Time, the termination of the Shareholder Agreements by Applied, the termination of the Offer by Applied and the termination of the Merger Agreement in accordance with its terms.

13. Conditions to the Offer

The following is a summary of all of the conditions to the Offer, and the Offer is expressly conditioned on the satisfaction of these conditions. The following summary does not purport to be a complete description of the conditions to the Offer contained in the Merger Agreement and is qualified in its entirety by reference to the Merger Agreement, a copy of which is filed as an exhibit to the Tender Offer Statement on Schedule TO that has been filed with the SEC by Acquisition Sub and Applied in connection with the Offer, and is incorporated in herein by reference. The Merger Agreement may be examined, and copies obtained, by following the procedures described in Section 8 (Certain Information Concerning Semitool) of this Offer to Purchase.

The Merger Agreement provides that the obligation of Acquisition Sub to accept for payment and pay for shares of Semitool common stock validly tendered (and not withdrawn) pursuant to the Offer is subject to the satisfaction of the Minimum Condition and the additional conditions set forth in the bullet points below. Accordingly, notwithstanding any other provision of the Offer or the Merger to the contrary, Acquisition Sub is not required to accept for payment or (subject to any applicable rules and regulations of the SEC) pay for, and

may delay the acceptance for payment or (subject to any such rules and regulations) the payment for, any tendered shares of Semitool common stock, and may terminate the Offer at any scheduled Expiration Date or amend or terminate the Offer as otherwise permitted by the Merger Agreement, if (i) the Minimum Condition has not been satisfied by 12:00 midnight, New York City time, on the scheduled Expiration Date, or (ii) any of the following additional conditions has not been satisfied:

- (i) each of the representations and warranties of Semitool contained in the Merger Agreement, other than the representations relating to capitalization (adjusted to reflect any changes in capitalization permitted under the Merger Agreement), inapplicability of state takeover statutes, intention to tender and vote required and fairness opinion (the "Specified Representations"), were accurate in all respects as of the date of the Merger Agreement and as of the scheduled Expiration Date as if made on and as of the scheduled Expiration Date (other than any such representation and warranty made as of a specific earlier date, which must have been accurate in all respects as of such earlier date), except that any inaccuracies in such representations and warranties will be disregarded if the circumstances giving rise to all such inaccuracies (considered collectively) do not constitute a Semitool Material Adverse Effect, except that, for purposes of determining the accuracy of such representations and warranties: (A) all materiality qualifications limiting the scope of such representations and warranties will be disregarded; and (B) any update of or modification to Semitool's disclosure schedule made or purported to have been made on or after the date of the Merger Agreement will be disregarded; and (ii) each of the Specified Representations was accurate in all material respects as of the date of the Merger Agreement and as of the scheduled Expiration Date as if made on and as of the scheduled Expiration Date (other than any such Specified Representation made as of a specific earlier date, which must have been accurate in all material respects as of such earlier date), except that, for purposes of determining the accuracy of any such Specified Representation: (A) all materiality qualifications limiting the scope of such representations and warranties will be disregarded; and (B) any update of or modification to Semitool's disclosure schedule made or purported to have been made on or after the date of the Merger Agreement will be disregarded;
- each covenant or agreement that Semitool is required to comply with or to perform at or prior to the Acceptance Time must have been complied with and performed in all material respects;
- since the date of the Merger Agreement, there must not have been any Semitool Material Adverse Effect;
- the waiting period (or any extension thereof) applicable to the Offer or the Merger under the HSR Act must have expired or been terminated;
- any waiting period applicable to the Offer or the Merger under any applicable foreign antitrust or competition-related legal requirements must have expired or been terminated, and any consent required under any applicable foreign antitrust or competition-related legal requirement in connection with the Offer or the Merger must have been obtained and must be in full force and effect;
- Applied and Semitool must have received a certificate executed by Semitool's Chief Executive Officer and Chief Financial Officer confirming that the conditions set forth in the first three bullet points above have been duly satisfied;
- no temporary restraining order, preliminary or permanent injunction or other order preventing the acquisition of or payment for shares of Semitool common stock pursuant to the Offer or preventing consummation of the Merger or any of the other transactions contemplated by the Merger Agreement or the Shareholder Agreements have been issued by any court of competent jurisdiction or other governmental body and remain in effect, and there must not be any legal requirement enacted or deemed applicable to the Offer or the Merger or any of the other transactions contemplated by the Merger Agreement that makes the acquisition of or payment for shares of Semitool common stock pursuant to the Offer, or the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement or the Shareholder Agreements, illegal;

- there must not be pending or threatened any legal proceedings in which any governmental body is or is threatened to become a party: (i) challenging or seeking to restrain or prohibit the acquisition of or payment for shares of Semitool common stock pursuant to the Offer or the consummation of the Merger or any of the other transactions contemplated by the Merger Agreement or the Shareholder Agreements; (ii) relating to the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement or the Shareholder Agreements and seeking to obtain from Applied, Semitool or any of Semitool's subsidiaries any damages or other relief that may be material to Applied, Semitool or any of Semitool's subsidiaries; (iii) seeking to prohibit or limit in any material respect Applied's ability to vote, transfer, receive dividends with respect to or otherwise exercise ownership rights with respect to the stock of Semitool or any of its subsidiaries; (iv) that could materially and adversely affect the right or ability of Applied, Semitool or any of Semitool's subsidiaries, to own the assets or operate the business of Semitool or any of its subsidiaries; or (v) seeking to compel Semitool or any of its subsidiaries, Applied or any subsidiary of Applied to dispose of or hold separate any shares of Semitool common stock or any material assets as a result of the Offer, the Merger or any of the other transactions contemplated by the Merger Agreement;
- there must not have occurred and be continuing: (i) any general suspension of trading in securities on the New York Stock Exchange or The Nasdaq Global Select Market (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index); (ii) any declaration by a governmental body of a banking moratorium in the United States or in any other jurisdiction in which Applied, Semitool or any of Semitool's subsidiaries has material assets or operations, or any suspension of payments in respect of banks in the United States or in any other jurisdiction in which Applied, Semitool or any of Semitool's subsidiaries has material assets or operations; or (iii) a commencement of war or armed hostilities (other than a continuation of such wars, conflicts or actions in which the United States armed forces were engaged as of the date of the Merger Agreement) directly involving the United States or any other jurisdiction in which Applied, Semitool or any of Semitool's subsidiaries has material assets or operations which constitutes a Semitool Material Adverse Effect or materially or adversely affects or delays the consummation of the Offer;
- no Triggering Event must have occurred;
- Semitool must have filed all statements, reports, schedules, forms and other documents required to be filed with the SEC since the date of the Merger Agreement;
- neither the Chief Executive Officer nor the Chief Financial Officer of Semitool has failed to provide any certification with respect to any document filed by (or required to be filed by) Semitool with the SEC on or after the date of the Merger Agreement;
- Applied must have received a Non-Compete Agreement, duly executed by each of Raymon F. Thompson and Larry E. Murphy, in the form provided by Applied to Messrs. Thompson and Murphy, which must be in full force and effect; and
- the Merger Agreement must not have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of Applied and Acquisition Sub and (except for the Minimum Condition) may be waived by Applied or Acquisition Sub, in whole or in part, at any time and from time to time, in the sole discretion of Applied and Acquisition Sub. The failure by Applied or Acquisition Sub at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time and from time to time.

If the Offer is terminated pursuant to the foregoing provisions, all tendered shares of Semitool common stock will be promptly returned to the tendering shareholders.

14. Certain Legal Matters

Except as described in the Merger Agreement and this Section 14, none of Semitool, Acquisition Sub or Applied is aware of any license or regulatory permit that appears to be material to the business of Semitool that would be adversely affected by Acquisition Sub's acquisition of shares of Semitool common stock in connection with the Offer or the Merger, or of any approval or other action by a domestic or foreign governmental, administrative or regulatory agency or authority that would be required for the acquisition and ownership of shares of Semitool common stock by Acquisition Sub or Applied in connection with the Offer or the Merger. Should any such approval or other action be required, Acquisition Sub and Applied currently contemplate that such approval or other action will be sought. While, except as otherwise described in this Offer to Purchase, Acquisition Sub does not currently intend to delay the acceptance for payment of, or payment for, shares of Semitool common stock that are tendered in the Offer pending the outcome of any such matter, there can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that failure to obtain any such approval or other action might not result in consequences adverse to Semitool's business or that certain parts of Semitool's business might not have to be disposed of or other substantial conditions complied with in the event that such approvals were not obtained or such other actions were not taken or in order to obtain any such approval or other action. If certain types of adverse action are taken with respect to the matters discussed below, Acquisition Sub could decline to accept for payment, or pay for, shares of Semitool common stock that are tendered in the Offer. See Section 13 (Conditions to the Offer) of this Offer to Purchase for certain conditions to the Offer, including conditions with respect to governmental actions.

State Takeover Statutes

A number of states have adopted laws which purport, to varying degrees, to apply to attempts to acquire corporations which have substantial assets, shareholders, principal executive offices or principal places of business or whose business operations otherwise have substantial economic effects in such states. Semitool, directly or through subsidiaries, conducts business in a number of states throughout the United States, some of which may have enacted such laws. Neither Acquisition Sub nor Applied believes that any of these laws will, by their terms, apply to the Offer or the Merger, and neither Acquisition Sub nor Applied has complied with any such laws. To the extent that certain provisions of these laws purport to apply to the Offer or Merger, Acquisition Sub and Applied believe that there are reasonable bases for contesting the application of such laws.

In 1982, in *Edgar v. MITE Corp.*, the Supreme Court of the United States invalidated on constitutional grounds the Illinois Business Takeover Statute which, as a matter of state securities law, made takeovers of corporations meeting certain requirements more difficult. However, in 1987, in *CTS Corp. v. Dynamics Corp. of America*, the Supreme Court held that the State of Indiana could, as a matter of corporate law, constitutionally disqualify a potential acquirer from voting shares of a target corporation without the prior approval of the remaining stockholders where, among other things, the corporation is incorporated, and has a substantial number of stockholders, in the state. Subsequently, in *TLX Acquisition Corp. v. Telex Corp.*, a U.S. federal district court in Oklahoma ruled that the Oklahoma statutes were unconstitutional as applied to corporations incorporated outside Oklahoma in that they would subject such corporations to inconsistent regulations. Similarly, in *Tyson Foods, Inc. v. McReynolds*, a U.S. federal district court in Tennessee ruled that four Tennessee takeover statutes were unconstitutional as applied to corporations incorporated outside Tennessee. This decision was affirmed by the United States Court of Appeals for the Sixth Circuit. In December 1988, a U.S. federal district court in Florida held in *Grand Metropolitan PLC v. Butterworth*, that the provisions of the Florida Affiliated Transactions Act and the Florida Control Share Acquisition Act were unconstitutional as applied to corporations incorporated outside of Florida.

Semitool is incorporated under the laws of the State of Montana. Based on information supplied by Semitool and Semitool's representations in the Merger Agreement, neither Acquisition Sub nor Applied believes that there are any state takeover statutes or regulations under the MBCA or Montana law that apply to the Offer or the Merger. Acquisition Sub reserves the right to challenge the applicability or validity of any state law purportedly

applicable to the Offer or the Merger and nothing in this Offer to Purchase or any action taken in connection with the Offer or the Merger is intended as a waiver of that right. If it is asserted that any state takeover statute is applicable to the Offer or the Merger and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer or the Merger, Acquisition Sub might be required to file certain information with, or receive approvals from, the relevant state authorities, and Acquisition Sub might be unable to accept for payment or pay for shares of Semitool common stock tendered pursuant to the Offer, or be delayed in consummating the Offer or the Merger. In such case, Acquisition Sub might not be obligated to accept for payment or pay for shares of Semitool common stock tendered pursuant to the Offer.

Antitrust

Under the HSR Act, certain acquisition transactions may not be completed unless specified information has been furnished to the Federal Trade Commission (the "FTC") and the Antitrust Division of the Department of Justice (the "Antitrust Division") and certain waiting period requirements have been satisfied. The Offer and the Merger are subject to the filing and waiting period requirements of the HSR Act.

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. The waiting period applicable to the purchase of shares pursuant to the Offer is set to expire at 11:59 p.m., New York City time, on December 2, 2009, 15 calendar days after the date of Applied's filing (unless the waiting period is earlier terminated by the FTC and the Antitrust Division). However, at 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 FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as Acquisition Sub's acquisition of shares of Semitool common stock in connection with the Offer and the Merger. At any time before Acquisition Sub's acquisition of shares of Semitool common stock, the FTC or the Antitrust Division could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin Acquisition Sub's acquisition of shares of Semitool common stock in the Offer, the Merger or otherwise, or seeking the divestiture of substantial assets of Applied, Semitool and/or their respective subsidiaries. At any time after Acquisition Sub's acquisition of shares of Semitool common stock in the Offer and the Merger, the FTC or the Antitrust Division could take such action under the antitrust laws as either deems necessary or desirable in the public interest, including seeking the divestiture of the shares of Semitool common stock acquired by Acquisition Sub in the Offer and the Merger or seeking the divestiture of substantial assets of Applied, Semitool and/or their respective subsidiaries.

Based upon an examination of information available to Acquisition Sub relating to the businesses in which Applied, Acquisition Sub, Semitool and their respective subsidiaries are engaged, Acquisition Sub believes that the Offer and the Merger will not violate United States antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer or the Merger on antitrust grounds will not be made or that, if such a challenge is made, Acquisition Sub will prevail.

Private parties, as well as state governments may also bring legal action under the antitrust laws in certain circumstances. There can be no assurance that a challenge to the Offer or the Merger or other acquisition of shares of Semitool common stock by Acquisition Sub on antitrust grounds will not be made or, if such a challenge is made, of the result. See Section 13 (Conditions to the Offer) of this Offer to Purchase for certain conditions to the Offer, including conditions with respect to litigation and certain governmental actions.

Foreign Approvals

Under German merger control law, the purchase of shares of Semitool common stock in the Offer may not be completed until the expiration of a one month waiting period following the Federal Cartel Office's (the "FCO") receipt of a complete filing by Applied and no decision of the FCO to enter into an in-depth investigation (Hauptprüfverfahren) has been passed or a clearance has been obtained. Applied will file a merger control notification with the FCO as soon as practicable after the date of this Offer to Purchase. If the FCO begins an in-depth investigation prior to the expiration of the one-month waiting period, the waiting period with respect to the Offer and the Merger will be extended until the expiration of four months following the FCO's receipt of the complete notification, unless clearance has been obtained. After expiration of the four month waiting period, the waiting period can be extended only with the consent of Applied and Semitool.

As long as no clearance has been obtained, it is illegal and subject to administrative fines, to consummate the Offer and the Merger. Agreements concluded under German law will be deemed to be invalid. Within its investigation, the FCO determines whether the Merger will result in the formation or strengthening of a market dominant position of the parties in a relevant market. Should the FCO come to the conclusion that this is the case, it may prohibit the Merger or impose remedies which regularly consist of divestitures of certain businesses or parts thereof. If the latter is the case, the Merger may be consummated upon the issuance of a clearance decision (in case of non-conditional remedies which must be fulfilled at a later date within a specified time period) or upon the complete fulfillment of all respective conditions (in case of conditional remedies).

In addition, Applied, Acquisition Sub and/or Semitool will be required to make joint filings under Japanese antitrust laws following the consummation of the transactions contemplated by the Merger Agreement.

According to Semitool's Form 10-K filed with the SEC on December 12, 2008, Semitool conducts business in certain other countries. In connection with the acquisition of shares of Semitool common stock by Acquisition Sub pursuant to the Offer and the Merger, the laws of other countries and jurisdictions may require the filing of information with, or the obtaining of the approval of, governmental authorities in such countries and jurisdictions. The governments in such countries and jurisdictions might attempt to impose additional conditions on Semitool's operations in such countries and jurisdictions as a result of the acquisition of shares of Semitool common stock pursuant to the Offer or the Merger. There can be no assurance that Acquisition Sub will be able to cause Semitool or its subsidiaries to satisfy or comply with such laws or that compliance or noncompliance will not have adverse consequences for Semitool or any of its subsidiaries after purchase of the shares of Semitool common stock pursuant to the Offer or the Merger.

Federal Reserve Board Regulations

Shares of Semitool common stock are currently margin securities under the regulations of the Federal Reserve Board, which has the effect, among other things, of allowing brokers to extend credit on the collateral of shares of Semitool common stock. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, shares of Semitool common stock would no longer constitute margin securities for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers.

15. Fees and Expenses

Morgan Stanley is acting as financial advisor to Applied in connection with their efforts to enter into a business combination with Semitool. Morgan Stanley will receive customary fees in connection with the engagement. Applied has also agreed to reimburse Morgan Stanley for its reasonable expenses, including the reasonable fees and expenses of its legal counsel, resulting from or arising out of its engagement and to indemnify Morgan Stanley and certain related persons against certain liabilities and expenses in connection with its engagement, including certain liabilities under the federal securities laws. Morgan Stanley and its affiliates render various investment banking and other advisory services to Applied and its affiliates and are expected to

continue to render such services, for which Morgan Stanley has received and expects to continue to receive customary compensation from Applied and its affiliates. In the ordinary course of business, Morgan Stanley engages in securities trading, market trading and brokerage activities and may, at any time, hold long or short positions and may trade or otherwise effect transactions in securities of Semitool and/or Applied.

Applied has retained Innisfree M&A Incorporated to act as the Information Agent for the Offer, and BNY Mellon Shareowner Services to serve as the Depositary for the Offer. Each of the Information Agent and the Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with its services, including certain liabilities and expenses under United States federal securities laws.

The Information Agent may contact holders of Semitool common stock by mail, telephone, facsimile, email, telegraph and personal interview and may request brokers, dealers, banks, trust companies and other nominees to forward materials relating to the Offer to beneficial owners of Semitool common stock.

Neither Acquisition Sub nor Applied will pay any fees or commissions to any broker or dealer or other person (other than to the Depositary, to the Information Agent and in the event that the laws of one or more jurisdictions require the Offer to be made by a broker or dealer licensed in such jurisdiction, to such broker or dealer) in connection with the solicitation of tenders of shares of Semitool common stock in connection with the Offer. Upon request, Acquisition Sub will reimburse brokers, dealers, banks, trust companies and other nominees for customary mailing and handling expenses incurred by them in forwarding material to their customers.

16. Miscellaneous

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of shares of Semitool common stock in any jurisdiction in which the making of the Offer or the acceptance of the Offer would not be in compliance with the laws of such jurisdiction. Neither Acquisition Sub nor Applied is aware of any jurisdiction in which the making of the Offer or the acceptance of the Offer would not be in compliance with the laws of such jurisdiction. To the extent that Acquisition Sub or Applied becomes aware of any state law that would limit the class of offerees in the Offer, Acquisition Sub may amend, in its discretion, the Offer and, depending on the timing of such amendment, if any, may extend, in its discretion, the Offer to provide adequate dissemination of such information to holders of shares of Semitool common stock prior to the expiration of the Offer. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of Acquisition Sub and Applied by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by Acquisition Sub.

No person has been authorized to give any information or to make any representation on behalf of Acquisition Sub or Applied that is not contained in this Offer to Purchase or in the Letter of Transmittal and, if given or made, such information or representation must not be relied upon as having been authorized.

Acquisition Sub and Applied have filed with the SEC a Tender Offer Statement on Schedule TO pursuant to Rule 14d-3 under the Exchange Act, together with exhibits, furnishing certain additional information with respect to the Offer, and may file amendments to such document. In addition, Semitool has filed with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 pursuant to Rule 14d-9 under the Exchange Act, together with exhibits, containing its recommendation with respect to the Offer and the reasons for such recommendation and furnishing certain additional information with respect to the Offer. Such documents and any amendments to such documents, including the related exhibits, should be available for inspection and copies should be obtainable in the manner described in Section 8 (Certain Information Concerning Semitool) of this Offer to Purchase.

JUPITER ACQUISITION SUB, INC.

November 19, 2009

SCHEDULE I
DIRECTORS AND EXECUTIVE OFFICERS OF ACQUISITION SUB AND APPLIED

1. Directors and Executive Officers of Acquisition Sub

The name, business address, present principal occupation or employment and material occupations, positions, offices or employment for the past five years of each of the directors and executive officers of Acquisition Sub are set forth below. The business address of each such director and executive officer is Jupiter Acquisition Sub, Inc., c/o Applied Materials, Inc., 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039.

Name and Position	Present Principal Occupation or Employment and Employment History
Thomas T. Edman Director and President	Mr. Edman, age 47, has been Applied's Corporate Vice President and General Manager of Corporate Business Development since July 2006. Mr. Edman previously served as President and Chief Executive Officer of Applied Films Corporation ("AFCO") from May 1998 to July 2006, when AFCO was acquired by Applied. Mr. Edman served as Chief Operating Officer and Executive Vice President of AFCO from June 1996 to May 1998. He was previously General Manager of the High Performance Materials Division of Marubeni Specialty Chemicals, Inc., a subsidiary of a major Japanese trading corporation. Mr. Edman currently serves as a member of the Board of Directors of TTM Technologies, Inc. and as chairman of the FlexTech Alliance Board.
Greg Psihas Director, Vice President, Secretary and Treasurer	Mr. Psihas, age 43, has served as Applied's Vice President, Mergers and Acquisitions since December 2007. Mr. Psihas was Director of Corporate Development at Eaton Corporation from December 2003 to December 2005, when he joined Applied. Mr. Psihas worked for an investment of private equity firm Apollo Management LP from 1999 to 2003 at Clark Retail Group as Director of Mergers and Acquisitions. From 1989 to 1999, he was employed by Shell Oil Company.

2. Directors and Executive Officers of Applied

The name, business address, present principal occupation or employment and material occupations, positions, offices or employment for the past five years of each of the directors and executive officers of Applied are set forth below. The business address of each such director or executive officer is c/o Applied Materials, Inc., 3050 Bowers Avenue, P.O. Box 58039, Santa Clara, California 95052-8039.

Name and Position	Present Principal Occupation or Employment and Employment History
Michael R. Splinter President, Chief Executive Officer and Chairman of the Board of Directors	Mr. Splinter, age 59, has been Applied's Chairman of the Board of Directors since March 2009 and its President, Chief Executive Officer and a member of Applied's Board of Directors since joining Applied in April 2003. Prior to joining Applied, Mr. Splinter worked for nearly 20 years at Intel Corporation, a manufacturer of chips and computer,

Name and Position	Present Principal Occupation or Employment and Employment History
	networking and communications products, most recently as Executive Vice President and Director of the Sales and Marketing Group, responsible for sales and operations worldwide. Mr. Splinter previously held various executive positions at Intel, including Executive Vice President and General Manager of the Technology and Manufacturing Group. Prior to joining Intel, Mr. Splinter worked for 10 years at Rockwell International.
Aart J. de Geus Director	Dr. de Geus, age 55, is a co-founder of Synopsys, Inc., a provider of electronic design automation (EDA) software and related services for semiconductor design companies, and currently serves as Chairman of its Board of Directors and Chief Executive Officer. Since 1986, Dr. de Geus has served as a director of and held various positions at Synopsys, including President, Senior Vice President of Engineering and Senior Vice President of Marketing. From 1982 to 1986, Dr. de Geus was employed by General Electric Company, where he was the Manager of the Advanced Computer-Aided Engineering Group.
Stephen R. Forrest Director	Dr. Forrest, age 59, has served as Vice President for Research at the University of Michigan since January 2006, where he also holds faculty appointments as Professor of Electrical Engineering and Computer Science in the College of Engineering, and as Professor of Physics in the College of Literature, Science and the Arts. Dr. Forrest leads the University's Optoelectronics Components and Materials Group. From 1992 to 2005, Dr. Forrest served in a number of positions at Princeton University, including as Chair of the Electrical Engineering Department, Director of the Center for Photonics and Optoelectronic Materials, and as director of the National Center for Integrated Photonic Technology. Prior to Princeton, Dr. Forrest was a faculty member of the Electrical Engineering and Materials Science Departments at the University of Southern California.
Philip V. Gerdine Director	Dr. Gerdine, age 70, served from 1988 until his retirement in 1998 as Executive Director of Siemens Aktiengesellschaft (AG), a German manufacturer of electrical and electronic equipment and services for the global power generation, medical, information technology, and communications industries. From 1989 until 1998, he was also Managing Director of The Plessey Company, PLC, a British engineering company that manufactured communications, semiconductor and electronics products. Dr. Gerdine previously served from 1973 to 1988 as the Manager of Acquisitions and Mergers for the General Electric Company, and held other management positions with The Boston Consulting Group, GE Venture Capital

Name and Position	Present Principal Occupation or Employment and Employment History
	Fund and Price Waterhouse LLP. He is a certified public accountant and taught accounting and finance at Fordham University Graduate School and the University of New Haven for 10 years.
Thomas J. Iannotti Director	Mr. Iannotti, age 53, has been Senior Vice President and Managing Director, Technology Solutions Group, Americas for Hewlett-Packard Company, a technology solutions provider to consumers, businesses and institutions globally, since February 2008. From 2002 to January 2008, Mr. Iannotti held various executive positions at Hewlett-Packard, including most recently as Senior Vice President and Managing Director, Asia-Pacific and Japan. From 1978 to 2002, Mr. Iannotti worked at Digital Equipment Corporation and at Compaq Computer Corporation after its acquisition of Digital Equipment Corporation.
Alexander A. Karsner Director	Mr. Karsner, age 42, served as Assistant Secretary for Energy Efficiency and Renewable Energy at the U.S. Department of Energy from March 2006 to August 2008. From April 2002 to March 2006, Mr. Karsner was Managing Director of Enercorp LLC, a private company involved in international project development, management and financing of renewable energy infrastructure. Mr. Karsner has also worked with Tondu Energy Systems of Texas, Wartsila Power Development of Finland and other multi-national energy firms and developers.
Gerhard H. Parker Director	Dr. Parker, age 65, served as Executive Vice President, New Business Group, of Intel Corporation, a manufacturer of chips and computer, networking and communications products, from 1998 until his retirement in May 2001. From 1988 to 1998, Dr. Parker was Senior Vice President of Intel's Technology and Manufacturing Group. Dr. Parker is a director of FEI Company and Lattice Semiconductor Corporation.
Dennis D. Powell Director	Mr. Powell, age 61, has served as an Executive Advisor at Cisco Systems, Inc., a provider of networking products and services, since February 2008. He served as Cisco's Chief Financial Officer from May 2003 to February 2008. In that position, Mr. Powell served as Executive Vice President since August 2007 and Senior Vice President since May 2003. Since joining Cisco in 1997, Mr. Powell has served as Senior Vice President, Corporate Finance and Vice President, Corporate Controller. Before joining Cisco, Mr. Powell was employed by Coopers & Lybrand LLP for 26 years, where he was last a senior partner. Mr. Powell currently serves as a member of the board of directors of Intuit, Inc. and VMware, Inc.

Name and Position	Present Principal Occupation or Employment and Employment History
Willem P. Roelandts Director	Mr. Roelandts, age 64, served as Chairman of the Board of Directors of Xilinx, Inc., a supplier of programmable logic solutions, from July 2003 to February 2009 and a director from 1996 to August 2009. Mr. Roelandts served as President and Chief Executive Officer of Xilinx from January 1996 to January 2008. Prior to joining Xilinx, Mr. Roelandts held various executive positions during a 29-year career at Hewlett-Packard Company, where he last served as Senior Vice President and General Manager of Computer Systems Organizations. Mr. Roelandts serves on the Board of Directors of Aruba Networks, Inc. and the Technology Network. He is also a member of the Advisory Board of the Center for Science, Technology and Society at Santa Clara University.
James E. Rogers Director	Mr. Rogers, age 62, has served as Chairman since 2007, and President, Chief Executive Officer and a member of the Board of Directors since 2006, of Duke Energy Corporation, an electric power company that supplies and delivers electricity and natural gas service. Mr. Rogers was Chairman and Chief Executive Officer of Cinergy Corp., a provider of electric and gas service, from 1994 until its merger with Duke Energy in 2006. He was Chairman, President and Chief Executive Officer of PSI Energy, Inc. from 1988 until 1994. Mr. Rogers currently serves as a director of CIGNA Corporation.
Robert H. Swan Director	Mr. Swan, age 49, has served as Senior Vice President, Finance and Chief Financial Officer at eBay Inc., since March 2006. From 2003 to March 2006, Mr. Swan was Chief Financial Officer and Executive Vice President at Electronic Data Systems Corporation. Mr. Swan also served as Executive Vice President and Chief Financial Officer at TRW, Inc. from 2001 to 2003 and held various executive positions at Webvan Group, Inc. from 1999 to 2001. Mr. Swan spent the first 15 years of his career at General Electric Company.
Franz Janker Executive Vice President, Corporate Account Management	Mr. Janker, age 60, has been Applied's Executive Vice President, Corporate Account Management since September 2009. Prior to that he was the head of Sales and Marketing of Applied from May 2003 to September 2009. Beginning in May 2003, he was Senior Vice President, Sales and Marketing, and in December 2004 he was promoted to Executive Vice President, Sales and Marketing. He served as Senior Vice President, Global Operations and Corporate Marketing beginning in December of 2002. From December 1998 to 2002, he served as Group Vice President, Corporate Marketing and Business Management. From 1982 to 1998, Mr. Janker served in a variety of sales and marketing management positions with Applied in the United States and Europe.

Name and Position	Present Principal Occupation or Employment and Employment History
George S. Davis Senior Vice President, Chief Financial Officer	Mr. Davis, age 52, was promoted to Senior Vice President, Chief Financial Officer in December 2006. Mr. Davis was appointed Group Vice President, Chief Financial Officer effective November 1, 2006. Previously, he had been Group Vice President, General Manager, Corporate Business Development since February 2005. From November 1999 to February 2005, Mr. Davis served as Vice President and Corporate Treasurer, where he managed Applied's worldwide treasury operations and was responsible for investments, tax, financial risk management, and trade and export matters. Mr. Davis joined Applied in 1999.
Manfred Kerschbaum Senior Vice President, Chief of Staff	Mr. Kerschbaum, age 55, has been Senior Vice President, Chief of Staff since September 2009. Prior to that he served as Senior Vice President, General Manager, Applied Global Services from January 2005 to September 2009. Mr. Kerschbaum was Senior Vice President, Global Operations from July 2004 to January 2005 and from October 2002 to May 2003. From May 2003 to July 2004, he was Group Vice President, Foundation Engineering and Operations. From January 1996 to October 2002, he held various positions in Applied North America, most recently as Group Vice President, General Manager, Applied North America. Mr. Kerschbaum has served in various other operations, customer service and engineering positions since joining Applied in 1983.
Mark R. Pinto Senior Vice President, General Manager of Energy and Environmental Solutions and Display and Chief Technology Officer	Dr. Pinto, age 49, has served as Senior Vice President since joining Applied in January 2004. His current responsibility is General Manager, Energy and Environmental Solutions and Display as well as the corporate Chief Technology Officer. Prior to joining Applied, Dr. Pinto spent 19 years with Bell Laboratories and the Lucent Microelectronics Group, which later became Agere Systems Inc., where he was most recently a Vice President of the Analog Products Division.
Joseph J. Sweeney Senior Vice President, General Counsel and Corporate Secretary	Mr. Sweeney, age 61, has held the position of Senior Vice President, General Counsel and Corporate Secretary of Applied since July 2005, with responsibility for global legal affairs, intellectual property and security. From April 2002 to July 2005, Mr. Sweeney was Group Vice President, Legal Affairs and Intellectual Property, and Corporate Secretary. Mr. Sweeney joined Applied in 1993.
Randhir Thakur Senior Vice President, General Manager Silicon Systems	Dr. Thakur, age 47, was appointed Senior Vice President, General Manager, Strategic Operations when he returned to Applied in May 2008. He previously was with Applied from 2000 to 2005 in a variety of executive roles including Group Vice President, General Manager for Front End Products. From September 2005 to May 2008, Dr. Thakur

Name and Position	Present Principal Occupation or Employment and Employment History
	served as Executive Vice President of Technology and Fab Operations at SanDisk Corporation and as head of SanDisk's worldwide operations. Prior to joining Applied in 2000, Dr. Thakur served in leadership roles at Steag Electronic Systems and Micron Technology.
Chris Bowers Group Vice President, General Manager of Corporate Services	Mr. Bowers, age 49, has been Group Vice President, General Manager, Corporate Services since March 2008. Prior to joining Applied, Mr. Bowers was a partner at the Hay Group, where he held various business leadership and consulting positions from 1992 to 2008. Most recently, he was Director of Client Services in Europe, the Middle East and Africa, and a member of the Hay Group Global R&D Council.
Ron Kifer Group Vice President, Chief Information Officer	Mr. Kifer, age 58, joined Applied in May 2006 as Group Vice President and Chief Information Officer, Global Information Services. Prior to his appointment, Mr. Kifer spent five years with DHL in various executive management roles, most recently as the Senior Vice President and Chief Information Officer for North America, Asia Pacific and Emerging Markets.
Mary Humiston Corporate Vice President, Global Human Resources	Ms. Humiston, age 44, was appointed Corporate Vice President, Global Human Resources in June 2009. Since joining Applied in July 2008, she has served as the Vice President of Human Resources for both the Energy and Environmental Display SunFab Solar groups. Ms. Humiston was previously Vice President of Human Resources at Honeywell International from October 2002 to June 2008, with responsibility for various corporate and international organizations. She has also held executive positions with PeoplePC, Gap, Inc. and GE.
Charlie Pappis Corporate Vice President, General Manager, Applied Global Services	Mr. Pappis, age 49, was appointed Corporate Vice President and General Manager of Applied Global Services ("AGS") in September 2009. He served as Corporate Vice President and General Manager for the Semiconductor Service Solutions group in AGS from January 2009 to September 2009, and as general manager for Equipment Productivity Services in AGS. He has held various other management positions since joining Applied in 1986.
Yvonne Weatherford Corporate Vice President, Corporate Controller	Ms. Weatherford, age 58, has served as Applied's Corporate Vice President, Corporate Controller since December 2004. Ms. Weatherford was Appointed Vice President, Business Operations Controller from December 2001 to December 2004, and Appointed Vice President, Financial Operations Controller from October 2000 to December 2001. She has held various other finance roles since joining Applied in 1990.

SCHEDULE II
PLAN OF MERGER

PLAN OF MERGER adopted by Jupiter Acquisition Sub, Inc., a business corporation organized under the laws of the State of Montana ("Acquisition Sub"), by resolution of its board of directors on November 16, 2009 and approved by resolution of Applied Materials, Inc., a Delaware corporation ("Parent"), the sole shareholder of Acquisition Sub, on November 16, 2009, and adopted by Semitool, Inc., a business corporation organized under the laws of the State of Montana ("Semitool"), by resolution of its board of directors on November 16, 2009. The names of the corporations planning to merge are Jupiter Acquisition Sub, Inc., a business corporation organized under the laws of the State of Montana, and Semitool, Inc., a business corporation organized under the laws of the State of Montana.

1 **Merger of Acquisition Sub with Semitool.** Pursuant to that certain Agreement and Plan of Merger by and between Semitool, Acquisition Sub and Parent dated November 16, 2009 (the "Merger Agreement") and in accordance with the provisions of the Montana Business Corporation Act (the "MBCA"), at the Effective Time (as defined in Section 3 below), upon the terms and subject to the conditions set forth in the Merger Agreement, Semitool shall be merged with and into Acquisition Sub (the "Merger"). Acquisition Sub shall be the surviving corporation in the Merger (the "Surviving Corporation") and, following the Merger, shall continue to exist, and the separate corporate existence of the other party to the Merger shall cease.

2 **Effect of the Merger.** The Merger shall have the effects set forth in the Merger Agreement and in Section 35-1-817 of the MBCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all of the properties, rights, privileges, immunities, powers and franchises of Semitool and Acquisition Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations and duties of Semitool and Acquisition Sub shall become the debts, liabilities, obligations and duties of the Surviving Corporation.

3 **Closing; Effective Time.** The consummation of the Merger (the "Closing") shall take place at 10:00 a.m. on a date (the "Closing Date"), which shall be no later than the second business day after the satisfaction or (to the extent permitted by applicable law) waiver of the last to be satisfied or waived of certain conditions set forth in the Merger Agreement (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by applicable law) waiver of those conditions), or at such other time and date as shall be agreed in writing by the parties. Subject to the provisions of the Merger Agreement, Parent, Acquisition Sub and Semitool shall cause the Merger to be consummated by: (a) causing Articles of Merger ("Articles of Merger") to be delivered for filing in accordance with Section 35-1-816 of the MBCA to the Secretary of State of the State of Montana on the Closing Date; and (b) making all other filings and recordings required under the MBCA. The Merger shall become effective upon the date and time of the filing of such Articles of Merger, or at such later time as may be mutually agreed in writing by Semitool and Parent and specified in such Articles of Merger (the "Effective Time").

4 **Articles of Incorporation and Bylaws; Directors and Officers.** Unless otherwise determined by Parent prior to the Effective Time:

(a) the Articles of Incorporation of the Surviving Corporation shall be amended in its entirety pursuant to the Merger at the Effective Time or immediately thereafter to conform to the Articles of Incorporation of Acquisition Sub as in effect immediately prior to the Effective Time and, as so amended, shall be the Articles of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law. Immediately after the Effective Time, it is anticipated that the Articles of Incorporation will be further amended to change the name of the Surviving Corporation to "Semitool, Inc.";

(b) the bylaws of the Surviving Corporation shall be amended and restated at the Effective Time or

immediately thereafter to conform to the bylaws of Acquisition Sub as in effect immediately prior to the Effective Time, and, as so amended, shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable law; and

(c) the directors and officers of the Surviving Corporation immediately after the Effective Time shall be the respective individuals who are directors and officers of Acquisition Sub immediately prior to the Effective Time, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

5 **Conversion of Shares; Company Options.**

(a) At the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Acquisition Sub, Semitool or any shareholder of Semitool:

(i) any shares of Semitool common stock then held by Semitool or any wholly owned subsidiary of Semitool (or held in its treasury) shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(ii) any shares of Semitool common stock then held by Parent, Acquisition Sub or any other wholly-owned subsidiary of Parent shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(iii) except as provided in (i) and (ii) above and subject to the limitations described in Sections 6, 7, and 8 below, each share of Semitool common stock, whether vested or unvested, then outstanding shall be converted into the right to receive in cash (upon the proper surrender of the certificate representing such share), an amount equal to $11.00 (the “Merger Price”), without interest thereon and less any required withholding tax; and

(iv) each share of common stock, $0.01 par value per share, of Acquisition Sub then outstanding shall be converted into and become one validly issued, fully paid and non-assessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

(b) If, before the earlier of the Effective Time and the date of termination of the Merger Agreement, the outstanding shares of Semitool common stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event shall occur during such period, then the Merger Price shall be appropriately adjusted.

(c) No options to purchase shares of the common stock of Semitool (each, a “Company Option”), or any share of the restricted stock of Semitool (“Company Restricted Stock”) or right to receive Company Restricted Stock (each such right, a “Company Restricted Stock Unit”) shall be assumed by Parent. The board of directors of Semitool (or, if appropriate, any committee administering any option plan of Semitool) shall adopt such resolutions, obtain such consents and take all other actions necessary so that upon the first time as of which Acquisition Sub accepts any shares of Semitool common stock for payment (the “Acceptance Time”), and without any consent on the part of the holder of any shares of common stock of Semitool or any equity award under a Semitool option plan (whether payable in cash, equity or otherwise) and without any consent on the part of any other person:

(i) each unexercised Company Option, whether vested or unvested, that is outstanding immediately prior to the Acceptance Time shall be canceled, with the holder of each such Company Option becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of: (A) the excess, if any, of: (1) the Merger Price; over (2) the exercise price per share of the common stock of Semitool subject to such Company Option; multiplied by (B) the total number of shares of Semitool’s common stock subject to the unexercised portion of such Company Option immediately prior to the Acceptance

Time; provided, however, that if the exercise price per share of Semitool's common stock under any such Company Option is equal or greater than the Merger Price, then such Company Option shall be cancelled for no consideration;

(ii) each Company Restricted Stock Unit that is outstanding immediately prior to the Acceptance Time, to the extent not previously vested and settled in full, shall be canceled, with the holder of each such Company Restricted Stock Unit becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of (A) the Merger Price; multiplied by (B) the total number of shares of Semitool's common stock subject to the outstanding portion of such Company Restricted Stock Unit not previously vested and settled in full immediately prior to the Acceptance Time; and

(iii) each share of Company Restricted Stock that is outstanding immediately prior to the Acceptance Time shall vest in full as of the Acceptance Time, any repurchase option, risk of forfeiture or other condition shall lapse, and holders of such Company Restricted Stock shall be entitled to receive the Merger Price as provided in Section 5(a)(iii), without interest thereon and less any required withholding tax.

(d) From and after the Acceptance Time, any canceled Company Option and any canceled Company Restricted Stock Unit shall entitle the holder thereof only to the payment determined pursuant to Section 5(c), if any. All amounts payable pursuant to Section 5(c)(i) shall be paid as promptly as practicable (and in any event no later than thirty (30) days) following the Acceptance Time, without interest thereon and less any required withholding tax. All amounts payable pursuant to Section 5(c)(ii) shall be paid as promptly as practicable following the Acceptance Time (and in any event no later than thirty (30) days following such date, subject to any delay required to avoid imposition to the award holder of additional tax under Section 409A of the Internal Revenue Code of 1986, as amended), without interest thereon and less any required withholding tax. Parent shall cause the Surviving Corporation to make such payments in accordance with the foregoing and the terms of Company Options, Company Restricted Stock or Company Restricted Stock Units, as applicable, and Semitool's applicable stock option or equity compensation plan pursuant to which they were issued (as modified, in each case, pursuant to the Merger Agreement). At the Acceptance Time, Parent automatically will succeed to and become entitled to exercise Semitool's rights and remedies under any contract evidencing Company Options, Company Restricted Stock and Company Restricted Stock Units without modification, except as set forth in this Section 5.

(e) Prior to the Acceptance Time, Semitool shall take all action and obtain all consents that may be necessary (under Semitool's option plans and otherwise) to effectuate the provisions of Section 5(c) and to ensure that, from and after the Acceptance Time, holders of Company Options, Company Restricted Stock and Company Restricted Stock Units have no rights with respect thereto other than those specifically provided in this Section 5.

6 **Surrender of Certificates; Stock Transfer Books.**

(a) Prior to the Effective Time, Parent shall designate a bank or trust company (the "Payment Agent") to receive the funds that holders of shares of Semitool common stock become entitled to receive pursuant to Section 5(a)(iii) (the "Payment Fund"). The Payment Fund shall be invested by the Payment Agent as directed by Parent.

(b) As soon as reasonably practicable after the Effective Time, Parent will instruct the Payment Agent to mail to the persons who, immediately prior to the Effective Time, were record holders of certificates representing shares of Semitool common stock ("Stock Certificates"): (i) a letter of transmittal in customary form and containing such provisions as Parent may reasonably specify (including a provision confirming that delivery of Stock Certificates shall be effected, and risk of loss and title to Stock Certificates shall pass, only upon delivery of such Stock Certificates to the Payment Agent); and (ii) instructions for use in effecting the surrender of Stock Certificates. Upon surrender of a Stock Certificate to the Payment Agent for exchange, together with a duly executed letter of transmittal and such other documents as may be reasonably required by the Payment Agent or Parent: (A) the holder of such Stock Certificate shall be entitled to receive in exchange therefor the cash amount

payable to such holder pursuant to Section 5(a)(iii) in full satisfaction of all rights pertaining to the shares of Semitool common stock formerly represented by such Stock Certificate; and (B) the Stock Certificate so surrendered shall be canceled. In the event of a transfer of ownership of any shares of Semitool common stock which are not registered in the transfer records of Semitool, payment of the Merger Price may be made to a person other than the holder in whose name the Stock Certificate so surrendered is registered, if any such Stock Certificate shall be properly endorsed or otherwise be in proper form for transfer, and such holder shall pay any fiduciary or surety bonds or any transfer or other similar taxes required by reason of the payment of the Merger Price to a person other than such holder or establish to the reasonable satisfaction of Parent that such tax has been paid or is not applicable. Until surrendered as contemplated by this Section, each Stock Certificate shall be deemed, from and after the Effective Time, to represent solely the right to receive the Merger Price for each share of Semitool common stock formerly evidenced by such Stock Certificate. If any Stock Certificate shall have been lost, stolen or destroyed, Parent may, in its discretion and as a condition to the payment of any cash amount pursuant to Section 5(a)(iii), require the owner of such lost, stolen or destroyed Stock Certificate to provide an appropriate affidavit and to deliver a bond (in customary form and amount) as indemnity against any claim that may be made against the Payment Agent, Parent or the Surviving Corporation with respect to such Stock Certificate. No interest shall be paid or will accrue on any cash payable to holders of Stock Certificates pursuant to the provisions of this Section 6.

(c) Any portion of the Payment Fund that remains undistributed to holders of Stock Certificates as of the date 180 days after the date on which the Merger becomes effective shall be delivered to Parent upon demand, and any holders of Stock Certificates who have not theretofore surrendered their Stock Certificates in accordance with this Section 6 shall thereafter look only to Parent for satisfaction of their claims for payment pursuant to Section 5(a)(iii). None of Parent, Acquisition Sub, Semitool, the Surviving Corporation and the Payment Agent shall be liable to any holder or former holder of Semitool common stock or to any other person with respect to any cash amounts delivered to any public official pursuant to any applicable abandoned property law, escheat law or similar law.

(d) At the Effective Time, holders of Stock Certificates that were outstanding immediately prior to the Effective Time shall cease to have any rights as shareholders of Semitool, and the stock transfer books of Semitool shall be closed with respect to all shares of Semitool common stock outstanding immediately prior to the Effective Time. No further transfer of any such shares of Semitool common stock shall be made on such stock transfer books after the Effective Time. If, after the Effective Time, a valid Stock Certificate is presented to the Surviving Corporation or Parent, such Stock Certificate shall be canceled and shall be exchanged as provided in this Section 6.

(e) Parent, Acquisition Sub and the Surviving Corporation shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any holder or former holder of Semitool common stock pursuant to this Agreement such amounts as Parent, Acquisition Sub or the Surviving Corporation determines may be required to be deducted or withheld therefrom under the Internal Revenue Code of 1986, as amended, or any provision of state, local or foreign tax law or under any other law. To the extent any such amounts are so deducted or withheld, such amounts shall be treated for all purposes under the Merger Agreement as having been paid to the person to whom such amounts would otherwise have been paid.

(f) If any Stock Certificate has not been surrendered by the earlier of: (i) the fifth anniversary of the date on which the Merger becomes effective; or (ii) the date immediately prior to the date on which the cash amount that such Stock Certificate represents the right to receive would otherwise escheat to or become the property of any governmental entity, then such cash amount shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of any claim or interest of any person previously entitled thereto.

7 **Dissenters' Rights.** Notwithstanding anything to the contrary contained in this Agreement, any share of Semitool common stock that, as of the Effective Time, is held by a holder who, as of the Effective Time, is entitled to and has asserted such holder's dissenter's rights under Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share, shall not be converted into or represent the right to receive the Merger Price in

accordance with Section 5(a)(iii), and the holder of such share shall instead be entitled only to such rights as may be granted to such holder pursuant to Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share; provided, however, that if such dissenters' rights shall not be perfected or the holder of such share shall waive, withdraw or otherwise lose such holder's dissenters' rights with respect to such share, then such share shall be deemed automatically to have been converted into, at the Effective Time, and to represent only, the right to receive (upon the surrender of the Stock Certificate representing such share) the Merger Price in accordance with Section 5(a)(iii).

8 **Further Action**. If, at any time after the Effective Time, any further action is determined by Parent to be necessary or desirable to carry out the purposes of the Merger Agreement or to vest the Surviving Corporation with full right, title and possession of and to all rights and property of Acquisition Sub and Semitool, the officers and directors of the Surviving Corporation and Parent shall be fully authorized (in the name of Acquisition Sub, in the name of Semitool and otherwise) to take such action.

Manually signed photocopies of the Letter of Transmittal will be accepted. The Letter of Transmittal, certificates for shares of Semitool common stock and any other required documents should be sent or delivered by each shareholder of Semitool or such shareholder's broker, dealer, bank, trust company or other nominee to the Depositary at one of its addresses set forth below.

BNY MELLON SHAREOWNER SERVICES

If delivering by mail:

BNY Mellon Shareowner Services Corporate Action Division P.O. Box 3301
South Hackensack, NJ 07606

By Overnight Courier:

BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

If delivering by hand or courier:

BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

By Facsimile Transmission:
(For Eligible Institutions Only) (201) 680-4626

To Confirm Facsimile Transmissions:
(201) 680-4860
(For Confirmation Only)

Questions regarding the Offer, and requests for assistance in connection with the Offer, may be directed to the Information Agent at the address and telephone numbers listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery or any other materials related to the Offer may be obtained from the Information Agent. You may also contact your broker, dealer, bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

501 Madison Avenue, 20th Floor
New York, New York 10022
Shareholders May Call Toll Free: (877) 717-3936
Banks and Brokers May Call Collect: (212) 750-5833

LETTER OF TRANSMITTAL

To Tender Shares of Common Stock

of

Semitool, Inc.

Pursuant to the Offer to Purchase dated November 19, 2009

to

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

THE OFFER (AS DEFINED HEREIN) AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE OF THE OFFER.

The Depositary for the Offer is:
BNY MELLON SHAREOWNER SERVICES

If delivering by mail:
BNY Mellon Shareowner Services
Corporate Action Division
P.O. Box 3301
South Hackensack, NJ 07606

By Overnight Courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

If delivering by hand or courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

By Facsimile Transmission:
(For Eligible Institutions Only)
(201) 680-4626

To Confirm Facsimile Transmissions: (201) 680-4860 (For Confirmation Only)

YOU SHOULD READ CAREFULLY THIS LETTER OF TRANSMITTAL, INCLUDING THE ACCOMPANYING INSTRUCTIONS, BEFORE YOU COMPLETE IT. FOR THIS LETTER OF TRANSMITTAL TO BE VALIDLY DELIVERED, IT MUST BE RECEIVED BY THE DEPOSITARY AT ONE OF THE ABOVE ADDRESSES BEFORE OUR OFFER EXPIRES (IN ADDITION TO THE OTHER REQUIREMENTS DETAILED IN THIS LETTER OF TRANSMITTAL AND ITS INSTRUCTIONS). DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY TO THE DEPOSITARY FOR THE OFFER. DELIVERIES TO APPLIED MATERIALS, INC., JUPITER ACQUISITION SUB, INC., THE INFORMATION AGENT OR THE BOOK-ENTRY TRANSFER FACILITY WILL NOT BE FORWARDED TO THE DEPOSITARY AND WILL NOT CONSTITUTE VALID DELIVERY.

YOU MUST SIGN THIS LETTER OF TRANSMITTAL IN THE APPROPRIATE SPACE PROVIDED BELOW, WITH SIGNATURE GUARANTEE IF REQUIRED, AND COMPLETE THE SUBSTITUTE FORM W-9 SET FORTH BELOW.

SHAREHOLDERS WHO HAVE ALREADY TENDERED SHARES PURSUANT TO THE OFFER USING A PREVIOUSLY DISTRIBUTED (BLUE) LETTER OF TRANSMITTAL OR (YELLOW) NOTICE OF GUARANTEED DELIVERY NEED NOT TAKE ANY FURTHER ACTION IN ORDER TO RECEIVE THE OFFER PRICE IF SHARES ARE ACCEPTED FOR PAYMENT AND PAID FOR BY JUPITER ACQUISITION SUB, INC. PURSUANT TO THE OFFER, EXCEPT AS MAY BE REQUIRED BY THE GUARANTEED DELIVERY PROCEDURES, IF SUCH PROCEDURES WERE UTILIZED.

Description of Shares Tendered			
Name(s) and Address(es) of Registered Holder(s) (Please Fill In, if Blank, Exactly as Name(s) and Addresses Appear(s) on Share Certificate(s))	**Shares Tendered (Attach Additional Signed List If Necessary)**		
	Share Certificate Number(s)*	**Total Number of Shares Represented by Share Certificate(s)***	**Number of Shares Tendered****
	Total Shares		

* Need not be completed if transfer is made by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all shares represented by the listed certificates are being tendered. See Instruction 4. IF ANY OF THE CERTIFICATES REPRESENTING SHARES THAT YOU OWN HAVE BEEN LOST OR DESTROYED, SEE INSTRUCTION 10.

This Letter of Transmittal is to be used either if certificates for Shares (as defined herein) are to be delivered herewith or, unless an Agent's Message (as defined in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase, which is defined herein) is utilized, if delivery of Shares is to be made pursuant to the procedures for book-entry transfer described in Section 2 of the Offer to Purchase to an account maintained by the Depositary (as defined herein) at the Book-Entry Transfer Facility (as defined in Section 2 of the Offer to Purchase). Shareholders whose certificates for Shares are not immediately available or who cannot deliver either the certificates for, or a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) with respect to, their Shares, and all other documents required hereby, to the Depositary prior to the Expiration Date (as defined in Section 1 (Terms of the Offer) of the Offer to Purchase) of the Offer must tender their Shares in accordance with the guaranteed delivery procedures described in Section 2 of the Offer to Purchase. See Instruction 2.

☐ CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING (ONLY PARTICIPANTS IN THE BOOK-ENTRY TRANSFER FACILITY MAY DELIVER SHARES BY BOOK-ENTRY TRANSFER):

Name of Tendering Institution: _____

Account Number: _____ Transaction Code Number: _____

☐ CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY, ENCLOSE A PHOTOCOPY OF SUCH NOTICE OF GUARANTEED DELIVERY AND COMPLETE THE FOLLOWING:

Name (s) of Registered Owner (s): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution that Guaranteed Delivery: _____

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), the above described shares of common stock, no par value per share ("Shares"), of Semitool, Inc., a Montana corporation ("Semitool"), upon the terms and subject to the conditions set forth in Acquisition Sub's Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase"), and this Letter of Transmittal (which, together with any amendments or supplements thereto or hereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged.

Upon the terms of the Offer, subject to, and effective upon, acceptance for payment of, and payment for, the Shares tendered herewith in accordance with the terms of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, Acquisition Sub all right, title and interest in and to all the Shares that are being tendered herewith (and any and all dividends, distributions, other Shares or other securities or rights issued or issuable in respect thereof on or after November 19, 2009 (collectively, "Distributions")) and irrevocably constitutes and appoints BNY Mellon Shareowner Services (the "Depositary") the true and lawful agent and attorney-in-fact of the undersigned, with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to the full extent of the undersigned's rights with respect to such Shares (and any and all Distributions) (i) to deliver certificates for such Shares (and any such other Shares or securities or rights) or transfer ownership of such Shares (and any and all Distributions) on the account books maintained by the Book-Entry Transfer Facility together, in any such case, with all accompanying evidences of transfer and authenticity to, or upon the order of, Acquisition Sub, (ii) to present such Shares (and any and all Distributions) for transfer on Semitool's books and (iii) to receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares (and any and all Distributions), all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered herewith (and any and all Distributions) and, when the same are accepted for payment by Acquisition Sub, Acquisition Sub will acquire good title thereto, free and clear of all liens, restrictions, claims and encumbrances, and the same will not be subject to any adverse claim. The undersigned will, upon request, execute any additional documents deemed by the Depositary or Acquisition Sub to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered herewith (and any and all Distributions). In addition, the undersigned shall remit and transfer promptly to the Depositary for the account of Acquisition Sub any and all Distribution in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer, and, pending such remittance and transfer or appropriate assurance thereof, Acquisition Sub shall be entitled to all rights and privileges as owner of each such Distribution and may withhold the entire purchase price of the Shares tendered hereby or deduct from such purchase price, the amount of value of such Distribution as determined by Acquisition Sub in its sole discretion.

All authority conferred or agreed to be conferred pursuant to this Letter of Transmittal shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. Except as described in the Offer to Purchase, this tender is irrevocable. Acquisition Sub reserves the right to require that, in order for the Shares or other securities to be deemed validly tendered, immediately upon Acquisition Sub's acceptance for payment of such Shares, Acquisition Sub must be able to exercise full voting, consent and other rights with respect to such Shares (and any and all Distributions), including voting at any meeting of Semitool's shareholders.

By executing this Letter of Transmittal, the undersigned hereby irrevocably appoints each of Mr. Scott Harlan and Mr. Greg Psihas as an attorney-in-fact and proxy of the undersigned, each with full power of substitution and resubstitution, to vote at any annual, special, adjourned or postponed meeting of Semitool's shareholders or otherwise in such manner

as each such attorney-in-fact and proxy (or his or her substitute) shall in his or her sole discretion deem proper with respect to, to execute any written consent concerning any matter as each such attorney-in-fact and proxy (or his or her substitute) shall in his or her sole discretion deem proper with respect to, and to otherwise act as each such attorney-in-fact and proxy (or his or her substitute) shall in his or her sole discretion deem proper with respect to, the Shares tendered herewith that have been accepted for payment by Acquisition Sub prior to the time any such action is taken and with respect to which the undersigned is entitled to vote (and any and all Distributions). This appointment is effective only when, and only to the extent that, Acquisition Sub accepts for payment and pays for such Shares as provided in the Offer to Purchase. This power of attorney and proxy are irrevocable and are granted in consideration of the acceptance for payment of such Shares in accordance with the terms of the Offer. Upon such acceptance for payment, all prior powers of attorney, proxies and consents given by the undersigned with respect to the Shares tendered herewith (and any and all Distributions) will, without further action, be revoked and no subsequent powers of attorney, proxies, consents or revocations may be given (and, if given, will not be deemed effective) by the undersigned in respect of such Shares.

The undersigned understands that the valid tender of Shares pursuant to any of the procedures described in the Offer to Purchase and in the Instructions hereto will constitute a binding agreement between the undersigned and Acquisition Sub upon the terms of and subject to the conditions to the Offer (and if the Offer is extended or amended, the terms or conditions of any such extension or amendment).

Unless otherwise indicated herein in the box labeled “Special Payment Instructions,” please issue the check for the purchase price and/or return any certificate(s) for Shares not tendered or accepted for payment in the name(s) of the registered holder(s) indicated herein in the box labeled “Description of Shares Tendered” on the cover page of this Letter of Transmittal. Similarly, unless otherwise indicated herein in the box labeled “Special Delivery Instructions,” please mail the check for the purchase price and/or return any certificates for Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) indicated herein in the box labeled “Description of Shares Tendered” on the cover page of this Letter of Transmittal. In the event that both of the boxes herein labeled “Special Payment Instructions” and “Special Delivery Instructions,” respectively, are completed, please issue the check for the purchase price and/or return any certificate(s) for Shares not tendered or accepted for payment (and any accompanying documents, as appropriate) in the name of, and deliver such check and/or return such certificates (and any accompanying documents, as appropriate) to, the person or persons indicated therein. Please credit any Shares tendered herewith by book-entry transfer that are not accepted for payment by crediting the account at the Book-Entry Transfer Facility. The undersigned recognizes that Acquisition Sub has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered holder(s) thereof if Acquisition Sub does not accept for payment any of the Shares so tendered.

IF ANY OF THE CERTIFICATES REPRESENTING SHARES THAT YOU OWN HAVE BEEN LOST OR DESTROYED, SEE INSTRUCTION 10.

SPECIAL PAYMENT INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificate(s) for Shares not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment is/are to be issued in the name of someone other than the undersigned.

Issue ☐ check ☐ certificates to:

Name _____
(Please Print)

Address _____

_____

_____
(Include Zip Code)

_____
(Employer Identification or Social Security Number)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 1, 5, 6 and 7)

To be completed ONLY if certificate(s) for Shares not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment is/are to be mailed to someone other than the undersigned or to the undersigned at an address other than that listed above.

Issue ☐ check ☐ certificates to:

Name _____
(Please Print)

Address _____

_____
(Include Zip Code)

_____
(Employer Identification or Social Security Number)

(Also complete Substitute Form W-9 below)

SIGN HERE
(Also Complete Substitute Form W-9 Below)

Signature _____

(Signature(s) of Shareholder(s))

Dated: _____, 2009

(Must be signed by registered holder(s) as name(s) appear(s) on the certificate(s) for the Shares or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, please provide the following information and see Instruction 5.)

Name (s) _____

(Please Print)

Capacity (Full Title) _____

Address _____

(Include Zip Code)

Daytime Area Code and Telephone Number _____

Taxpayer Identification or Social Security Number _____

(See Substitute Form W-9)

GUARANTEE OF SIGNATURE(S)
(If Required—See Instructions 1 and 5)

FOR USE BY FINANCIAL INSTITUTIONS ONLY. PLACE MEDALLION GUARANTEE IN SPACE BELOW.

Authorized Signature _____
Name _____
(Please Print)

Title _____

Name of Firm _____

Address _____

(Include Zip Code)

Daytime Area Code and Telephone Number _____

Dated: _____, 2009 _____

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. *Guarantee of Signatures*. No signature guarantee is required on this Letter of Transmittal if (i) this Letter of Transmittal is signed by the registered holder(s) of Shares tendered herewith, unless such registered holder(s) has completed either the box labeled "Special Payment Instructions" or the box labeled "Special Delivery Instructions" on this Letter of Transmittal or (ii) such Shares are tendered for the account of a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each, an "Eligible Institution"). For purposes of this Instruction, a registered holder of Shares includes any participant in the Book-Entry Transfer Facilities system whose name appears on a security position listing as the owner of the Shares. In all other cases, all signatures on this Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 5. If certificates representing Shares being tendered in the Offer are registered in the name of a person other than the signer of this Letter of Transmittal, or if payment is to be made, or certificates representing Shares not being tendered or not accepted for payment are to be returned, to a person other than the registered holder of the certificates surrendered, the tendered certificates must be endorsed or accompanied by appropriate stock powers, in either case, signed exactly as the name or names of the registered holders or owners appear on such certificates, with the signatures on such certificates or stock powers guaranteed as aforesaid. See Instruction 5.

2. *Requirements of Tender*. This Letter of Transmittal is to be completed by shareholders either if certificates are to be tendered herewith or, unless an Agent's Message is utilized, if delivery of Shares is to be made pursuant to the procedures for book-entry transfer described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase to an account maintained by the Depositary at the Book Entry Transfer Facility. For a shareholder to validly tender Shares in the Offer, either (i) the certificate(s) representing the tendered Shares, together with this Letter of Transmittal (or a photocopy of this Letter of Transmittal), properly completed and duly executed, together with any required signature guarantees and any other required documents, must be received by the Depositary at one of its addresses listed herein prior to the Expiration Date, (ii) in the case of a tender effected pursuant to a book-entry transfer (a) either this Letter of Transmittal (or a photocopy of this Letter of Transmittal), properly completed and duly executed, together with any required signature guarantees, or an Agent's Message, and any other required documents, must be received by the Depositary at one of its addresses listed herein prior to the Expiration Date and (b) the Shares to be tendered must be delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase and a Book-Entry Confirmation must be received by the Depositary prior to the Expiration Date or (iii) the tendering shareholder must comply with the guaranteed delivery procedures described in Section 2 of the Offer to Purchase prior to the Expiration Date.

If a shareholder desires to tender Shares in the Offer and such shareholder's certificates representing such Shares are not immediately available, or the book-entry transfer procedures described in Section 2 of the Offer to Purchase cannot be completed on a timely basis, or time will not permit all required documents to reach the Depositary prior to the Expiration Date, such shareholder may tender such Shares if all the following conditions are met: (i) such tender is made by or through an Eligible Institution; (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by Acquisition Sub, is received by the Depositary at one of its addresses listed herein prior to the Expiration Date; and (iii) either (a) the certificates representing such Shares, together with this Letter of Transmittal (or a photocopy of this Letter of Transmittal), properly completed and duly executed, and any required signature guarantees, and any other required documents, are received by the Depositary at one of its addresses listed herein within three trading days (as described below) after the date of execution of such Notice of Guaranteed Delivery, or (b) in the case of a book-entry transfer effected pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase, (1) either this Letter of Transmittal (or a photocopy of this Letter of Transmittal), properly completed and duly executed, and any required signature guarantees, or an Agent's Message, and any other required documents, are received by the Depositary at one of its addresses listed herein and (2) such Shares are delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase and a Book-Entry Confirmation is received by the Depositary, in each case within three trading days after the date of execution of such Notice of Guaranteed Delivery. For purposes of the foregoing, a trading day is any day on which The Nasdaq Global Select Market is open for business.

The method of delivery of Shares to be tendered in the Offer, this Letter of Transmittal and all other required documents, including delivery through the Book-Entry Transfer Facility, is at the election and risk of the tendering shareholder. Shares to be tendered in the Offer, will be deemed delivered only when actually received by the Depositary (including, in the case of a book-entry transfer, by Book-Entry Confirmation). If delivery of Shares is by mail, registered mail with return receipt requested, properly insured, is recommended. In all cases, sufficient time should be allowed to ensure timely delivery.

No alternative, conditional or contingent tenders will be accepted and no fractional Shares will be accepted for payment. All tendering shareholders, by execution of this Letter of Transmittal (or a photocopy of this Letter of Transmittal), waive any right to receive any notice of the acceptance of their Shares for payment.

3. *Inadequate Space*. If the space provided herein is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate schedule attached hereto and separately signed on each page in the same manner as this Letter of Transmittal.

4. *Partial Tenders (Applicable to Certificate Shareholders Only*). If fewer than all the Shares evidenced by any certificate submitted are to be tendered herewith, fill in the number of Shares that are to be tendered in the box entitled "Number of Shares Tendered." In any such case, new certificate(s) for the remainder of the Shares that were evidenced by the old certificate(s) will be sent to the registered holder(s), unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the acceptance of payment of, and payment for, the Shares tendered herewith. All Shares represented by certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. *Signatures on Letter of Transmittal, Stock Powers and Endorsements*. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered herewith, the signature(s) must correspond with the name(s) as written on the face of the certificate(s) without any change whatsoever.

If any of the Shares tendered herewith are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of certificates.

If this Letter of Transmittal or any certificates or stock powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing and proper evidence, satisfactory to Acquisition Sub, of their authority so to act must be submitted.

When this Letter of Transmittal is signed by the registered owner(s) of the Shares tendered herewith, no endorsements of certificates or separate stock powers are required unless payment is to be made to, or certificates for Shares not tendered or accepted for payment are to be issued to, a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered owner(s) of certificate(s) listed on the cover page, such certificate(s) must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered owner(s) appear on such certificate(s) and the signatures on such certificates or stock powers must be guaranteed by an Eligible Institution.

6. *Stock Transfer Taxes*. Except as otherwise provided in this Instruction 6, Acquisition Sub will pay any stock transfer taxes with respect to the transfer and sale of Shares to it or its order in the Offer. If, however, payment of the

purchase price is to be made to, or if certificates for Shares not to be tendered or not accepted for payment are to be registered in the name of, any person(s) other than the registered owner(s), or if tendered certificate(s) are registered in the name of any person(s) other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered owner(s) or such person(s)) payable on account of the transfer to such person(s) will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes, or exemption therefrom, is submitted.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the certificate(s) listed in this Letter of Transmittal.

7. *Special Payment and Delivery Instructions*. If a check is to be issued in the name of, and/or certificates for Shares not accepted for payment are to be returned to, a person other than the person signing this Letter of Transmittal, or if a check is to be sent and/or such certificates are to be returned to a person other than the person signing this Letter of Transmittal or to an address other than that shown above, the appropriate boxes on this Letter of Transmittal must be completed.

8. *Waiver of Conditions*. Subject to the terms and conditions of the Merger Agreement (as defined in the Offer to Purchase), Acquisition Sub reserves the absolute right in its sole discretion to waive any of the specified conditions (other than the Minimum Condition (as defined in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase) which may be waived by Acquisition Sub only with the prior written consent of Semitool) of the Offer, in whole or in part, in the case of any Shares to be tendered herewith.

9. *Backup Withholding*. In order to avoid backup withholding of United States federal income tax at a rate of 28% on payments of cash in the Offer, a shareholder tendering Shares in the Offer who is a United States citizen, a United States resident alien or a business entity organized within the United States must, unless an exemption applies, provide the Depositary with such shareholder's correct taxpayer identification number ("TIN") on Substitute Form W-9 included below in this Letter of Transmittal and certify under penalties of perjury that such TIN is correct and that such shareholder is not subject to backup withholding. If a shareholder fails to provide a correct TIN, the shareholder may be subject to penalties imposed by the Internal Revenue Service (the "IRS") may impose a penalty on such shareholder.

Backup withholding is not an additional tax. Rather, the amount of the backup withholding can be credited against the Federal income tax liability of the person subject to the backup withholding, provided that the required information is given to the IRS. If backup withholding results in an overpayment of tax, a refund can be obtained by the shareholder upon filing an income tax return.

The shareholder is required to give the Depositary the TIN (i.e., social security number or employer identification number) of the shareholder of the Shares tendered herewith. If such Shares are held in more than one name, or are not in the name of the actual owner(s), consult the enclosed Instructions for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report.

The box in Part 3 of the Substitute Form W-9 may be checked if the tendering shareholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked, the shareholder or other payee must also complete the Certificate of Awaiting Taxpayer Identification Number below in order to avoid backup withholding. Notwithstanding that the box in Part 3 is checked and the Certificate of Awaiting Taxpayer Identification Number is completed, the Depositary will withhold 28% on all payments made prior to the time a properly certified TIN is provided to the Depositary. However, such amounts will be refunded to such shareholder if a TIN is provided to the Depositary within 60 days.

Certain shareholders (including, among others, all corporations and certain foreign individuals and entities) are exempt from backup withholding. Tendering shareholders who are individuals and not United States citizens or United States resident aliens or are business entities organized outside the United States should complete and sign the main signature form and a Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (or other appropriate Form W-8), copies of which may be obtained from the Depositary, in order to avoid backup withholding.

Shareholders that are not described in this section or otherwise have questions about whether they should execute a Form W-8 or Substitute Form W-9 should consult their tax advisors. Shareholders should also consult their tax advisors about qualifying for exemption from backup withholding and the procedure for obtaining such exemption.

See the enclosed Instructions for Certification of Taxpayer Identification Number on Substitute Form W-9 for more instructions.

10. *Lost, Destroyed or Stolen Certificates*. If any certificate representing Shares has been lost, destroyed or stolen, the shareholder should promptly notify the transfer agent for Semitool common stock, Registrar and Transfer Company, at 1-800-866-1340. The shareholder will then be instructed by Registrar and Transfer Company as to the steps that must be taken in order to replace such certificate. This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed certificates have been completed.

IMPORTANT: IN ORDER TO TENDER YOUR SHARES, THIS LETTER OF TRANSMITTAL (OR A MANUALLY SIGNED PHOTOCOPY OF IT) TOGETHER WITH ANY SIGNATURE GUARANTEES, OR IN THE CASE OF A BOOK-ENTRY TRANSFER, AN AGENT'S MESSAGE, AND ANY OTHER REQUIRED DOCUMENTS, MUST BE RECEIVED BY THE DEPOSITARY PRIOR TO THE EXPIRATION DATE AND EITHER CERTIFICATES FOR TENDERED SHARES MUST BE RECEIVED BY THE DEPOSITARY OR SHARES MUST BE DELIVERED PURSUANT TO THE PROCEDURES FOR BOOK-ENTRY TRANSFER DESCRIBED IN SECTION 2 OF THE OFFER TO PURCHASE, IN EACH CASE PRIOR TO THE EXPIRATION DATE, OR THE TENDERING SHAREHOLDER MUST COMPLY WITH THE PROCEDURES FOR GUARANTEED DELIVERY DESCRIBED IN SECTION 2 OF THE OFFER TO PURCHASE.

PAYERS NAME: BNY MELLON SHAREOWNER SERVICES		
Name:		
Please check the appropriate box indicating your status: ☐ **Individual/Sole proprietor** ☐ **Corporation** ☐ **Partnership** ☐ **Other** ☐ **Exempt from backup withholding**		
Address (number, street, and apt. or suite no.)		
City, State, and ZIP code		
SUBSTITUTE **Form W-9** **Department of the Treasury, Internal Revenue Service** **Payers Request for Taxpayer Identification Number (TIN)**	**Part 1** PLEASE PROVIDE YOUR TIN IN THE BOX AT THE RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	Social Security Number(s) OR Employer Identification Number
	Part 2 *Certification.* Under penalties of perjury, I certify that: (1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued for me) and (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends or (c) the IRS has notified me that I am no longer subject to backup withholding. (3) I am a U.S. person (including a U.S. nonresident alien).	
	Certification Instructions You must cross out item (2) in Part 2 above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax returns. However, if after being notified by the IRS that you are subject to backup withholding, you received another notification from the IRS stating that you are no longer subject to backup withholding, do not cross out such item (2). If you are exempt from backup withholding, check the box in Part 4 above.	**Part 3** Awaiting TIN ☐ **Part 4** Exempt Payee ☐
	Signature: _____ Date: _____	

NOTE: **Failure to complete and return this Substitute Form W-9 may result in backup withholding at a rate of 28% on any payments made to you in the Offer. Please review the enclosed Instructions for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional information.**

You must complete the following certificate if you checked the box in part 3 of Substitute Form W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number to the Depositary, 28% of all reportable payments made to me will be withheld, but will be refunded to me if I provide a certified taxpayer identification number within 60 days.

Signature: _____ Date: _____, 2009

Manually signed photocopies of this Letter of Transmittal will be accepted. This Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each shareholder or such shareholder's broker, dealer, bank, trust company or other nominee to the Depositary at one of its addresses listed below.

BNY MELLON SHAREOWNER SERVICES

If delivering by mail:
BNY Mellon Shareowner Services
Corporate Action Division
P.O. Box 3301
South Hackensack, NJ 07606

By Overnight Courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

If delivering by hand or courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

By Facsimile Transmission:
(For Eligible Institutions Only)
(201) 680-4626

To Confirm Facsimile Transmissions:
(201) 680-4860
(For Confirmation Only)

Questions regarding the Offer, and requests for assistance in connection with the Offer, may be directed to the Information Agent at its address and telephone number listed below. Additional copies of the Offer to Purchase, this Letter of Transmittal, the Notice of Guaranteed Delivery or any other materials related to the Offer may be obtained from the Information Agent and will be furnished promptly free of charge. You may also contact your broker, dealer, bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor
New York, New York 10022

Shareholders May Call Toll Free: (877) 717-3936

Banks and Brokers May Call Collect: (212) 750-5833

Notice of Guaranteed Delivery

for

Tender of Shares of Common Stock

of

Semitool, Inc.

to

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

(not to be used for signature guarantees)

THE OFFER (AS DEFINED HEREIN) AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE OF THE OFFER.

This Notice of Guaranteed Delivery, or a form substantially equivalent hereto, must be used to accept the Offer (as defined below) being made by Jupiter Acquisition Sub, Inc. ("Acquisition Sub") if (i) certificates ("Share Certificates") representing shares of common stock, no par value per share ("Shares") of Semitool, Inc., a Montana corporation, are not immediately available, (ii) Share Certificates and all other required documents cannot be delivered to BNY Mellon Shareowner Services, the depositary for the Offer (the "Depositary") or (iii) the procedures for book-entry transfer described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of Acquisition Sub's Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase") cannot be completed on a timely basis. This form may be transmitted by facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution (as defined below). See Section 2 of the Offer to Purchase.

The Depositary for the Offer is:
BNY MELLON SHAREOWNER SERVICES

If delivering by mail:
BNY Mellon Shareowner Services
Corporate Action Division P.O. Box 3301
South Hackensack, NJ 07606

By Overnight Courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

If delivering by hand or courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

By Facsimile Transmission:
(For Eligible Institutions Only)
(201) 680-4626

To Confirm Facsimile Transmissions:
(201) 680-4860
(For Confirmation Only)

Delivery of this Notice of Guaranteed Delivery to an address other than as set forth above or transmission of instructions via a facsimile to a number other than as set forth above will not constitute a valid delivery to the Depositary. Deliveries to Semitool, Inc. or Innisfree M&A Incorporated, the Information Agent for the Offer, will not be forwarded to the Depositary and therefore will not constitute valid delivery.

This form is not to be used to guarantee signatures. If a signature on a Letter of Transmittal for the Offer is required to be guaranteed by an Eligible Institution (as defined below) under the Instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on such Letter of Transmittal.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal or an Agent's Message (as defined below) and shares to the Depositary in the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

The guarantee on the reverse side must be completed to accept the Offer as described above.

Ladies and Gentlemen:

The undersigned hereby tenders to Applied Materials, Inc., a Montana corporation and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares set forth below, all pursuant to the guaranteed delivery procedures set forth in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase.

Number of Shares: _____

Certificate Nos. (if available): _____

(Check box if Shares will be tendered by book-entry transfer) ☐

The Depository Trust Company Account Number _____

Dated _____

Name(s) of Record Holder(s): _____

_____

Please Print

Address(es): _____

_____

(Zip Code)

Daytime Area Code and Tel. No.: _____

Signature(s): _____

_____

_____

GUARANTEE
(not to be used for signature guarantee)

The undersigned, a firm that is a participant in the Securities Transfer Agents Medallion Program, the Stock Exchanges Medallion Program or an eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (each being referred to as an "Eligible Institutions" herein and in the Offer to Purchase), hereby guarantees to deliver to the Depositary either the certificates representing the Shares tendered herewith, in proper form for transfer, or a Book-Entry Confirmation (as defined in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase) with respect to such Shares, in any such case together with a properly completed and duly executed Letter of Transmittal for the Offer (or a photocopies of a form of the Letter of Transmittal), with any required signature guarantees, or an Agent's Message (as defined Section 2 of the Offer to Purchase), and any other required documents, within three trading days (as described in the Letter of Transmittal for the Offer) after the date hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver a Letter of Transmittal for the Offer or an Agent's Message and certificates for Shares to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm _____

Address(es): _____

_____

(Zip Code)

Area Code and Tel. No.: _____

_____

Authorized Signature

Name: _____

_____

Please Type or Print

Title: _____

Dated: _____

NOTE: DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE. SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL FOR THE OFFER.

Letter to Brokers and Dealers with respect to the

Offer to Purchase for Cash

All Outstanding Shares of Common Stock

of

Semitool, Inc.

by

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

THE OFFER (AS DEFINED HEREIN) AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE OF THE OFFER.

November 19, 2009

To Brokers, Dealers, Banks,
Trust Companies and other Nominees:

We have been engaged by Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), to act as the information agent (the "Information Agent") in connection with Acquisition Sub's offer to purchase all of the outstanding shares of common stock, no par value per share ("Shares") of Semitool, Inc., a Montana corporation ("Semitool"), at a purchase price of $11.00 per share, net to the seller in cash, without interest thereon and less any required withholding tax (the "Offer Price"), upon the terms and subject to the conditions set forth in Acquisition Sub's Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase"), and in the related Letter of Transmittal (which, together with any amendments or supplements thereto, collectively constitute the "Offer"). Please furnish copies of the enclosed materials to those of your clients for whom you hold Shares that are registered in your name or in the name of your nominee.

Holders of Shares who wish to tender their Shares but whose certificates for such Shares (the "Share Certificates") are not immediately available, who cannot complete the book-entry transfer procedures described in the Offer to Purchase on a timely basis, or who cannot deliver all other required documents to BNY Mellon Shareowner Services (the "Depositary") prior to the Expiration Date (as defined in Section 1 (Terms of the Offer) of the Offer to Purchase) must tender their Shares according to the guaranteed delivery procedure set forth in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase.

Enclosed herewith are copies of the following documents:

1. The Offer to Purchase dated November 19, 2009;
2. The Letter of Transmittal to be used by shareholders of Semitool to tender Shares in the Offer (manually signed photocopies of the Letter of Transmittal may also be used to tender Shares);
3. A letter to shareholders of Semitool from the Chief Executive Officer of Semitool accompanied by Semitool's Solicitation/Recommendation Statement on Schedule 14D-9 filed with the

Securities and Exchange Commission by Semitool, which includes the recommendation of Semitool's board of directors that Semitool shareholders accept the Offer and tender their Shares to Acquisition Sub pursuant to the Offer;

4. A printed form of letter that may be sent to your clients for whose account you hold Shares that are registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

5. Notice of Guaranteed Delivery to be used to accept the Offer if Share Certificates are not immediately available or if such certificates and all other required documents cannot be delivered to the Depositary or if the procedures for book-entry transfer cannot be completed on a timely basis;

6. Instructions for Certification of Taxpayer Identification Number on Substitute Form W-9; and

7. Return envelope addressed to BNY Mellon Shareowner Services as the Depositary for the Offer.

We urge you to contact your clients promptly. Please note that the Offer and withdrawal rights will expire at 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, unless the Offer is extended.

The Offer is conditioned upon, among other things, there being validly tendered in accordance with the terms of the Offer and not withdrawn prior to the Expiration Date, Shares (other than Shares tendered by guaranteed delivery where actual delivery has not occurred) that, together with any Shares owned by Applied or Acquisition Sub immediately prior to the first time of acceptance by Acquisition Sub of any Shares for payment pursuant to the Offer (the "Acceptance Time"), represent more than 66 2/3% of the sum of (i) the aggregate number of Shares issued and outstanding immediately prior to the Acceptance Time, plus (ii) an additional number of shares up to (but not exceeding) the aggregate number of Shares issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, Shares that are outstanding immediately prior to the Acceptance Time and that are vested or will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option (as defined in Section 1 (Terms of the Offer) of the Offer to Purchase)). The foregoing condition is referred to as the "Minimum Condition" in the Offer to Purchase. The Offer is also subject to other conditions described in Section 13 (Conditions to the Offer) of the Offer to Purchase. The Offer is not subject to any financing contingencies.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool (the "Merger Agreement"), pursuant to which, following the satisfaction or waiver of certain conditions and the purchase by Acquisition Sub of Shares in the Offer, Acquisition Sub will be merged with Semitool (the "Merger"), with the surviving corporation in the Merger continuing to exist as a wholly-owned subsidiary of Applied. As a result of the Merger, each outstanding Share (other than Shares owned by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool, or held in Semitool's treasury, or Shares owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law) will be converted into the right to receive the Offer Price, without interest thereon and less any required withholding tax.

The Semitool board of directors has unanimously: (1) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to and in the best interests of Semitool's shareholders; (2) approved and adopted the Merger Agreement and approved the transactions contemplated thereby, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act; (3) declared the advisability of the Merger Agreement; and (4) resolved to recommend that Semitool's shareholders accept the Offer and tender their Shares to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement.

Upon the terms of and subject to the conditions to the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), promptly after the Expiration Date, Acquisition Sub will accept for payment and pay for all Shares that are validly tendered prior to the Expiration Date and are not withdrawn prior to such date in accordance with the procedures for withdrawal described in Section 3 (Withdrawal Rights) of the Offer to Purchase. For purposes of the Offer, Acquisition Sub will be deemed to have accepted for payment, and thereby purchased, Shares that are validly tendered in the Offer and not withdrawn prior to the Expiration Date as, if and when Acquisition Sub gives oral or written notice to the Depositary of Acquisition Sub's acceptance for payment of such shares. Subject to the conditions to the Offer, payment for Shares that are accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for shareholders tendering shares in the Offer for the purpose of receiving payment from Acquisition Sub and transmitting payment to such shareholders whose Shares have been accepted for payment pursuant to the Offer. For a shareholder to validly tender Shares in the Offer: (i) the certificate(s) representing the tendered Shares, together with the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date; (ii) in the case of a tender effected pursuant to the book-entry transfer procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase (a) either the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message (as defined in Section 2 of the Offer to Purchase), and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date and (b) the Shares to be tendered must be delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase and a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) must be received by the Depositary prior to the Expiration Date or (iii) the tendering shareholder must comply with the guaranteed delivery procedures described in Section 2 of the Offer to Purchase prior to the Expiration Date.

Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for Shares that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

Neither Acquisition Sub nor Applied will pay any fees or commissions to any broker or dealer or other person (other than the Depositary and the Information Agent) in connection with the solicitation of tenders of Shares in connection with the Offer. You will be reimbursed by Acquisition Sub upon request for customary mailing and handling expenses incurred by you in forwarding the enclosed materials to your customers. Acquisition Sub will pay or cause to be paid all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

Questions regarding the Offer, and requests for additional copies of the enclosed material, may be directed to the Information Agent at its address and telephone number listed on the back cover of the Offer to Purchase.

Very truly yours,

Innisfree M&A Incorporated

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY OTHER PERSON THE AGENT OF ACQUISITION SUB, APPLIED, THE DEPOSITARY OR THE INFORMATION AGENT OR AUTHORIZE YOU OR ANY OTHER PERSON TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF ANY OF THEM WITH RESPECT TO THE OFFER NOT CONTAINED IN THE OFFER TO PURCHASE OR THE LETTER OF TRANSMITTAL FOR THE OFFER.

Letter to Clients with respect to the

Offer to Purchase for Cash

All Outstanding Shares of Common Stock

of

Semitool, Inc.

by

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

THE OFFER (AS DEFINED HEREIN) AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE OF THE OFFER.

November 19, 2009

To Our Clients:

Enclosed for your consideration is the Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase"), and the Letter of Transmittal (which, together with amendments or supplements thereto, collectively constitute the "Offer") relating to the Offer by Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), to purchase all of the outstanding shares of common stock, no par value per share ("Shares"), of Semitool, Inc., a Montana corporation ("Semitool"), 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 and the related Letter of Transmittal. Also enclosed for your consideration is a letter to the shareholders of Semitool from the Chairman and Chief Executive Officer of Semitool, accompanied by Semitool's Solicitation/Recommendation Statement on Schedule 14D-9.

Holders of Shares who wish to tender their Shares but whose certificates for such Shares are not immediately available, who cannot complete the book-entry transfer procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase on a timely basis, or who cannot deliver all other required documents to BNY Mellon Shareowner Services (the "Depositary") prior to the Expiration Date (as defined below) must tender their Shares according to the guaranteed delivery procedure set forth in Section 2 of the Offer to Purchase.

We (or our nominees) are the holder of record of Shares held by us for your account. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The enclosed Letter of Transmittal is furnished to you for your information only and cannot be used to tender Shares held by us for your account.

We request instructions as to whether you wish to tender any or all of the Shares held by us for your account pursuant to the terms and conditions set forth in the Offer.

Your attention is directed to the following:

1. The offer price for the Offer is $11.00 per Share, net to the seller in cash, without interest thereon and less any required withholding tax (the "Offer Price"), upon the terms of and subject to the conditions to the Offer.

2. The Offer is being made for all outstanding Shares.

3. The Offer is conditioned upon, among other things, there being validly tendered in accordance with the terms of the Offer and not withdrawn prior to the Expiration Date, Shares (other than Shares tendered by guaranteed delivery where actual delivery has not occurred) that, together with any Shares owned by Applied or Acquisition Sub immediately prior to the first time of acceptance by Acquisition Sub of any Shares for payment pursuant to the Offer (the "Acceptance Time"), represent more than 66 2/3% of the sum of (i) the aggregate number of Shares issued and outstanding immediately prior to the Acceptance Time, plus (ii) an additional number of Shares up to (but not exceeding) the aggregate number of Shares issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, Shares that are outstanding immediately prior to the Acceptance Time and that are vested or will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option (as defined in Section 1 (Terms of the Offer) of the Offer to Purchase)). The foregoing condition is referred to as the "Minimum Condition" in the Offer to Purchase. The Offer is also subject to other conditions described in Section 13 (Conditions to the Offer) of the Offer to Purchase. The Offer is not subject to any financing contingencies.

4. The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool (the "Merger Agreement"), pursuant to which, following the satisfaction or waiver of certain conditions and the purchase by Acquisition Sub of Shares in the Offer, Acquisition Sub will be merged with Semitool (the "Merger"), with the surviving corporation in the Merger continuing to exist as a wholly-owned subsidiary of Applied. As a result of the Merger, each outstanding Share (other than Shares owned by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool, or held in Semitool's treasury, or Shares owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law) will be converted into the right to receive the Offer Price, without interest thereon and less any required withholding tax.

5. **The Semitool board of directors has unanimously: (1) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to and in the best interests of Semitool's shareholders; (2) approved and adopted the Merger Agreement and approved the transactions contemplated thereby, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act; (3) declared the advisability of the Merger Agreement; and (4) resolved to recommend that Semitool's shareholders accept the Offer and tender their Shares to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement.**

6. **For purposes of the Offer and as used herein and in the Offer to Purchase, the term "Expiration Date" means 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, unless and until Acquisition Sub extends the period of time during which the Offer is open in accordance with the terms of the Merger Agreement, in which event the term "Expiration Date" will mean the latest time and date at which the Offer, as so extended by Acquisition Sub, will expire.**

7. Any stock transfer taxes applicable to a sale of Shares to Acquisition Sub will be borne by Acquisition Sub, except as otherwise set forth in Instruction 6 of the Letter of Transmittal.

8. Tendering shareholders will not be obligated to pay brokerage fees or commissions to the Depositary or the Information Agent, or except as set forth in Instruction 6 of the Letter of Transmittal for the Offer, transfer taxes on the purchase of Shares by Acquisition Sub in the Offer. However, federal income tax backup withholding at a rate of 28% may be required, unless the required taxpayer identification information is provided or an exemption is available. See the Letter of Transmittal for the Offer for more information.

Your instructions to us should be forwarded promptly to permit us to submit a tender on your behalf prior to the Expiration Date. If you wish to have us tender any or all of the Shares held by us for your account, please so instruct us by completing, executing and returning to us the instruction form. An envelope to return your instructions to us is enclosed. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the detachable part hereof. **Your instructions should be forwarded to us in ample time to permit us to submit a tender on your behalf prior to the Expiration Date.**

Upon the terms of and subject to the conditions to the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), promptly after the Expiration Date, Acquisition Sub will accept for payment and pay for all Shares that are validly tendered prior to the Expiration Date and are not withdrawn prior to such date in accordance with the procedures for withdrawal described in Section 3 (Withdrawal Rights) of the Offer to Purchase. For purposes of the Offer, Acquisition Sub will be deemed to have accepted for payment, and thereby purchased, Shares that are validly tendered in the Offer and not withdrawn prior to the Expiration Date as, if and when Acquisition Sub gives oral or written notice to the Depositary of Acquisition Sub's acceptance for payment of such shares. Subject to the conditions to the Offer, payment for Shares that are accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for shareholders tendering shares in the Offer for the purpose of receiving payment from Acquisition Sub and transmitting payment to such shareholders whose Shares have been accepted for payment pursuant to the Offer. For a shareholder to validly tender Shares in the Offer: (i) the certificate(s) representing the tendered Shares, together with the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date; (ii) in the case of a tender effected pursuant to the book-entry transfer procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase (a) either the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message (as defined in Section 2 of the Offer to Purchase), and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date and (b) the shares to be tendered must be delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase and a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) must be received by the Depositary prior to the Expiration Date or (iii) the tendering shareholder must comply with the guaranteed delivery procedures described in Section 2 of the Offer to Purchase prior to the Expiration Date.

Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for Shares that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of Shares in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction or any administrative or judicial action pursuant thereto. Acquisition Sub may, in its discretion, take such action as it may deem necessary to make the Offer in any jurisdiction and extend the Offer to holders of Shares in such jurisdiction. In those jurisdictions where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of Acquisition Sub and Applied by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by Acquisition Sub.

INSTRUCTIONS WITH RESPECT TO THE OFFER TO PURCHASE FOR CASH ALL OUTSTANDING SHARES OF COMMON STOCK OF SEMITOOL, INC.

The undersigned acknowledge(s) receipt of your letter, the Offer to Purchase of Jupiter Acquisition Sub, Inc., dated November 19, 2009 (the "Offer to Purchase"), and the Letter of Transmittal relating to shares of common stock, no par value per share (the "Shares"), of Semitool, Inc., a Montana corporation.

This will instruct you to tender the number of Shares indicated below (or, if no number is indicated below, all shares) held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer to Purchase and Letter of Transmittal.

Number of Shares to be Tendered (1):

_____ Shares

SIGN HERE

Signature(s)

Please Type or Print Name(s)

Please Type or Print Address(es)

Area Code and Telephone Number

Taxpayer Identification or Social Security No.

Dated: _____, 2009

(1) Unless otherwise indicated, it will be assumed that all of your Shares are to be tendered.

INSTRUCTIONS FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Instructions for Determining the Proper Identification Number to Give the Payer. Social Security numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the number to give the Payer.

For this type of account:	Give the SOCIAL SECURITY NUMBER of:
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account(1)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, the first individual on the account(1)
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(4)
7. a. Theusual revocable savings trust (grantor is also trustee)	The grantor-trustee(1)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
8. Sole proprietorship or disregarded entity owned by an individual	The owner(5)

For this type of account:	Give the TAXPAYER IDENTIFICATION NUMBER of:
9. Disregarded entity not owned by an individual	The owner
10. A valid trust, estate, or pension trust	Legal entity(3)
11. Corporate or LLC electing corporate status on Form 8832	The corporation
12. Partnership or multi-member LLC	The partnership
13. Association, club, religious, charitable, educational or other tax-exempt organization	The organization
14. A broker or registered nominee	The broker or nominee
15. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the identifying number of the personal representative or trustee unless the legal entity is not designated in the account title.)
(4) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(5) You must show your individual name, but you may also enter your business or "doing business as" name. You may either use your Social Security Number or Employer Identification Number (if you have one).

NOTE: If no name is circled when there is more than one name listed, the number will be considered to be that of the first name listed.

INSTRUCTIONS FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

Section references are to the Internal Revenue Code of 1986, as amended (the "Code").

Obtaining a Number

If you don't have a Taxpayer Identification Number or you do not know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS"), from www.irs.gov or by calling 1-800-TAX-FORM and apply for a number.

Payees Exempt from Backup Withholding

The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions and patronage dividends.

(1) A corporation.

(2) An organization exempt from tax under section 501(a) , or an individual retirement plan ("IRA"), or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2).

(3) The United States or any of its agencies or instrumentalities.

(4) A State, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the United States, the District of Columbia, or a possession of the United States.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or custodian.

(15) A trust exempt from tax under section 664 or described in section 4947.

EXEMPT PAYEES DESCRIBED ABOVE SHOULD FILE SUBSTITUTE FORM W-9 TO AVOID POSSIBLE ERRONEOUS BACKUP WITHHOLDING. FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT" ON THE FACE OF THE FORM IN PART II, SIGN AND DATE THE FORM, AND RETURN IT TO THE PAYOR.

Privacy Act Notice. Section 6109 requires you to give your correct Taxpayer Identification Number to persons who must report the payments to the IRS. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. The IRS may also provide this information to the Department of Justice for civil and criminal litigation, and to cities, states, and the District of Columbia to carry out their tax laws. The IRS may also disclose this information to other countries under a tax treaty, or to federal or state agencies to enforce federal non-tax criminal laws and to combat terrorism. You must provide your Taxpayer Identification Number whether or not you are required to file a tax return. Payers must generally withhold a certain percentage (currently, 28%) of taxable interest, dividends, and certain other payments to a payee who does not furnish a Taxpayer Identification Number to a payer. Certain penalties may also apply.

Penalties

(1) **Penalty for Failure to Furnish Taxpayer Identification Number**. If you fail to furnish your Taxpayer Identification Number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) **Civil Penalty for False Information with Respect to Withholding**. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a $500 penalty.

(3) **Criminal Penalty for Falsifying Information**. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

(4) **Misuse of Taxpayer Identification Numbers.** If the payer discloses or uses Taxpayer Identification Numbers in violation of federal law, the payer may be subject to civil and criminal penalties.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

Exhibit (a)(8)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell shares of Semitool, Inc. common stock. The Offer (as defined below) described herein is made solely by the Offer to Purchase, dated November 19, 2009, and the related Letter of Transmittal, each of which is being delivered to holders of shares of Semitool common stock. The Offer is not being made to (nor will tenders be accepted from or on behalf of) holders of shares of Semitool common stock in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction or any administrative or judicial action pursuant thereto. Acquisition Sub (as defined below) may, in its discretion, take such action as it may deem necessary to make the Offer in any jurisdiction and extend the Offer to holders of shares of Semitool common stock in such jurisdiction. In those jurisdictions where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer will be deemed to be made on behalf of Acquisition Sub by one or more registered brokers or dealers licensed under the laws of such jurisdiction to be designated by Acquisition Sub.

Notice of Offer to Purchase for Cash All Outstanding Shares of Common Stock

of

Semitool, Inc.

by

Jupiter Acquisition Sub, Inc.,

a wholly-owned subsidiary of

Applied Materials, Inc.

at

$11.00 Net per Share

Jupiter Acquisition Sub, Inc., a Montana corporation ("Acquisition Sub") and a wholly-owned subsidiary of Applied Materials, Inc., a Delaware corporation ("Applied"), is offering to purchase all of the outstanding shares of common stock, no par value per share, of Semitool, Inc., a Montana corporation ("Semitool"), at a purchase price of $11.00 per share, net to the seller in cash, without interest thereon and less any required withholding tax (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase, dated November 19, 2009 (the "Offer to Purchase"), and the related Letter of Transmittal, which, together with any amendments or supplements thereto, collectively constitute the "Offer" described herein. Tendering Semitool shareholders whose shares of Semitool common stock are registered in their own names and who tender their shares directly to BNY Mellon Shareowner Services (the "Depositary") will not be obligated to pay brokerage fees or commissions in connection with the Offer or, except as set forth in Instruction 6 to the Letter of Transmittal, transfer taxes on the sale of shares in the Offer. Shareholders of Semitool who hold their shares of Semitool common stock through brokers, dealers, banks, trust companies or other nominees should consult with such institutions to determine whether they will charge any service fees for tendering such shareholder's shares to Acquisition Sub in the Offer. Acquisition Sub is offering to acquire all of the shares of Semitool common stock as a first step in acquiring the entire equity interest in, and thus control of, Semitool. Following the purchase of shares of Semitool common stock in the Offer, Acquisition Sub intends to consummate the Merger described below to acquire all of the outstanding shares of Semitool common stock that are not tendered to, and accepted for payment by, Acquisition Sub in the Offer.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT (ONE MINUTE AFTER 11:59 P.M.), NEW YORK CITY TIME, ON DECEMBER 17, 2009, UNLESS THE OFFER IS EXTENDED. SHARES TENDERED PURSUANT TO THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE OF THE OFFER.

The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn in accordance with the terms of the Offer and not withdrawn prior to the Expiration Date (as defined below) shares of Semitool common stock (other than shares of Semitool common stock tendered by guaranteed delivery where actual delivery has not occurred) that, together with any shares of Semitool common stock owned by Applied or Acquisition Sub immediately prior to the first time of acceptance by Acquisition Sub of any shares of Semitool common stock for payment pursuant to the Offer (the "Acceptance Time"), represent more than 66 2/3% of the sum of (i) the aggregate number of shares of Semitool common stock issued and outstanding immediately prior to the Acceptance Time, plus (ii) an additional number of shares up to (but not exceeding) the aggregate number of shares of Semitool common stock issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, shares of Semitool common stock that are outstanding immediately prior to the Acceptance Time and that are vested or will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option (as defined in Section 1 (Terms of the Offer) of the Offer to Purchase)). The foregoing condition is referred to as the "Minimum Condition" in this Notice of Offer. The Offer is also subject to the other conditions described in Section 13 (Conditions to the Offer) of the Offer to Purchase. The Offer is not subject to any financing contingencies.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 16, 2009, by and among Applied, Acquisition Sub and Semitool (the "Merger Agreement"), pursuant to which, following the satisfaction or waiver of certain conditions and the purchase by Acquisition Sub of shares of Semitool common stock in the Offer, Acquisition Sub will be merged with Semitool (the "Merger"), with the surviving corporation in the Merger continuing to exist as a wholly-owned subsidiary of Applied. As a result of the Merger, each outstanding share of Semitool common stock (other than shares owned by Applied, Acquisition Sub, Semitool or any wholly-owned subsidiary of Applied or Semitool, or held in Semitool's treasury, or shares owned by any shareholder of Semitool who is entitled to and properly asserts dissenters' rights under Montana law) will be converted into the right to receive the Offer Price, without interest thereon and less any required withholding tax.

The Semitool board of directors has unanimously: (i) determined that the Merger Agreement and the transactions contemplated thereby, including the Offer and the Merger, are fair to and in the best interests of Semitool's shareholders; (ii) approved and adopted the Merger Agreement and approved the transactions contemplated thereby, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act; (iii) declared the advisability of the Merger Agreement; and (iv) resolved to recommend that Semitool's shareholders accept the Offer, tender their shares of Semitool common stock to Acquisition Sub pursuant to the Offer and, if required to consummate the Merger, approve the Merger Agreement.

Upon the terms of and subject to the conditions to the Offer (including, if the Offer is extended or amended, the terms and conditions of such extension or amendment), promptly after the Expiration Date, Acquisition Sub will accept for payment and pay for all shares of Semitool common stock that are validly tendered prior to the Expiration Date and not theretofore withdrawn prior to such date in accordance with the procedures for withdrawal described in Section 3 (Withdrawal Rights) of the Offer to Purchase. For purposes of the Offer, Acquisition Sub will be deemed to have accepted for payment, and thereby purchased, shares of Semitool common stock that are validly tendered in the Offer and not withdrawn prior to the Expiration Date as, if and when Acquisition Sub gives oral or written notice to the Depositary of Acquisition Sub's acceptance for payment of such shares. Subject to the conditions to the Offer, payment for shares of Semitool common stock that are accepted for payment pursuant to the Offer will be made by deposit of the purchase price therefor with the Depositary, which will act as agent for shareholders tendering shares in the Offer for the purpose of receiving payment from Acquisition Sub and transmitting payment to such shareholders whose shares of Semitool common stock have been accepted for payment pursuant to the Offer. For a shareholder to validly tender shares of Semitool common stock in the Offer: (i) the certificate(s) representing the tendered shares, together with the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date; (ii) in the case of a tender effected pursuant to the book-

entry transfer procedures described in Section 2 (Procedures for Tendering Shares of Semitool Common Stock in the Offer) of the Offer to Purchase (a) either the Letter of Transmittal, properly completed and duly executed, together with any required signature guarantees, or an Agent's Message (as defined in Section 2 of the Offer to Purchase), and any other required documents, must be received by the Depositary at one of its addresses listed on the back cover of the Offer to Purchase prior to the Expiration Date and (b) the shares to be tendered must be delivered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase and a Book-Entry Confirmation (as defined in Section 2 of the Offer to Purchase) must be received by the Depositary prior to the Expiration Date or (iii) the tendering shareholder must comply with the guaranteed delivery procedures described in Section 2 of the Offer to Purchase prior to the Expiration Date.

Under no circumstances will interest be paid by Acquisition Sub on the Offer Price for shares of Semitool common stock that are tendered in the Offer, regardless of any extension of, or amendment to, the Offer or any delay in making payment for such shares.

For purposes of the Offer and as used herein and in the Offer to Purchase, the term "Expiration Date" means 12:00 midnight (one minute after 11:59 p.m.), New York City time, on December 17, 2009, unless and until Acquisition Sub extends the period of time during which the Offer is open in accordance with the terms of the Merger Agreement, in which event the term "Expiration Date" will mean the latest time and date at which the Offer, as so extended by Acquisition Sub, will expire.

Under the terms of the Merger Agreement, Acquisition Sub may, in its discretion and without the consent of Semitool or any other person, extend the Offer beyond the Expiration Date (i) on one or more occasions for an additional period of up to 20 business days (but no later than March 31, 2010) in order to permit all of the conditions to the Offer to be satisfied to the extent that any such condition has not been satisfied or waived as of the Expiration Date and (ii) from time to time for any period required by any rule or regulation of the Securities and Exchange Commission applicable to the Offer. Subject to the parties' respective termination rights under the Merger Agreement (as described in Section 12 (Purpose of the Offer and the Merger; Plans for Semitool; The Merger Agreement; The Shareholder Agreements) of the Offer to Purchase), if requested in writing by Semitool at least two business days prior to the scheduled Expiration Date, Acquisition Sub must extend the Offer beyond the scheduled Expiration Date for an additional period of 20 business days in the event that, as of the scheduled Expiration Date, (a) the Minimum Condition or any of the conditions relating to the expiration or termination of the waiting period applicable to the acquisition of shares of Semitool common stock in connection with the Offer under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any applicable foreign antitrust or competition-related legal requirements, have not been satisfied or waived, as applicable and (b) each of the other conditions to the Offer described in Section 13 (Conditions to the Offer) of the Offer to Purchase have been satisfied or waived, or Acquisition Sub reasonably determines that such conditions will be satisfied within 15 business days after such scheduled Expiration Date. However, Acquisition Sub is not required to extend the Offer to a date later than March 31, 2010.

If Acquisition Sub extends the Offer, Acquisition Sub will inform the Depositary of that fact and will make a public announcement of the extension not later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. During any such extension, all shares of Semitool common stock previously tendered and not withdrawn will remain subject to the Offer, subject to the right of a tendering shareholder to withdraw such shares. Shares of Semitool common stock that are tendered in the Offer may be withdrawn pursuant to the procedures described in the Offer to Purchase at any time prior to the Expiration Date, and shares that are tendered may also be withdrawn at any time after January 18, 2010, 60 days after commencement of the Offer, unless accepted for payment on or before that date as provided in the Offer to Purchase. In the event that Acquisition Sub, in its discretion, provides for a subsequent offering period (as described below) following the acceptance of shares of Semitool common stock for payment pursuant to the Offer, no withdrawal rights will apply to shares that were previously tendered in the Offer and accepted for payment or that are tendered during such subsequent offering period.

For a withdrawal of shares of Semitool common stock previously tendered in the Offer to be effective, a written or facsimile transmission notice of withdrawal must be timely received by the Depositary prior to the Expiration Date at one of its addresses listed on the back cover of the Offer to Purchase, specifying the name of the person who tendered the shares to be withdrawn, the number of shares to be withdrawn and the name of the registered holder of the shares to be withdrawn, if different from the name of the person who tendered the shares. If certificates for shares have been delivered or otherwise identified to the Depositary, then, prior to the physical release of such certificates, the serial numbers shown on such certificates must be submitted to the Depositary and, unless such shares have been tendered by a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the Stock Exchange Medallion Program or by any other eligible guarantor institution, as such term is defined in Rule 17Ad-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act," and each such institution, an "Eligible Institution"), any and all signatures on the notice of withdrawal must be guaranteed by an Eligible Institution. If shares have been tendered pursuant to the book-entry transfer procedures described in Section 2 of the Offer to Purchase, any notice of withdrawal must also specify the name and number of the account at the Book-Entry Transfer Facility (as defined in Section 2 of the Offer to Purchase) to be credited with the withdrawn shares and otherwise comply with the Book-Entry Transfer Facility's procedures. Withdrawals of shares of Semitool common stock may not be rescinded, and any shares withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn shares may be re-tendered in the Offer, however, at any time prior to the Expiration Date by following one of the procedures described in Section 2 of the Offer to Purchase. All questions as to the form and validity (including time of receipt) of any notice of withdrawal will be determined by Acquisition Sub in its sole discretion, which determination will be final and binding. None of Acquisition Sub, Applied, Semitool, the Depositary, Innisfree M&A Incorporated, the information agent for the Offer, (the "Information Agent") or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

Subject to the conditions described in the Offer to Purchase, Acquisition Sub may, in its discretion (and without the consent of Semitool or any other person), elect to provide for a subsequent offering period (and one or more extensions of such period), immediately following the Expiration Date, of not fewer than three business days in length in accordance with Rule 14d-11 of the Exchange Act, unless Applied has become the owner, directly or indirectly, of 80% or more of the outstanding shares of Semitool common stock. If provided, a subsequent offering period would be an additional period of time, following the Expiration Date and the acceptance for payment of, and the payment for, any shares of Semitool common stock that are validly tendered in the Offer and not withdrawn prior to the Expiration Date, during which holders of shares of Semitool common stock that were not previously tendered in the Offer may tender such shares to Acquisition Sub in exchange for the Offer Price on the same terms that applied to the Offer. A subsequent offering period is not the same as an extension of the Offer, which will have been previously completed if a subsequent offering period is provided. Acquisition Sub will promptly accept for payment, and pay for, all shares of Semitool common stock that are validly tendered to Acquisition Sub during a subsequent offering period (or any extension of such period), if provided, for the same price paid to holders of shares of Semitool common stock that were validly tendered in the Offer and not withdrawn prior to the Expiration Date, net to the holders thereof in cash, without interest thereon and less any required withholding tax. Holders of shares of Semitool common stock that are validly tendered to Acquisition Sub during a subsequent offering period, if provided (or extension thereof), will not have the right to withdraw such tendered shares.

Semitool has provided Acquisition Sub with a list and security position listings of Semitool's shareholders for the purpose of disseminating the Offer to holders of shares of Semitool common stock. The Offer to Purchase and the Letter of Transmittal and other materials related to the Offer will be mailed to record holders of shares of Semitool common stock and will be furnished to brokers, dealers, banks, trust companies and other nominees whose names, or the names of whose nominees, appear on the list of Semitool's shareholders, or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of shares of Semitool common stock.

The receipt of cash in exchange for shares of Semitool common stock pursuant to the Offer or the Merger will be a taxable transaction for United States federal income tax purposes under the Internal Revenue Code of 1986, as amended, and may also be a taxable transaction under applicable state, local or foreign income or other tax laws. Generally, this means that a Semitool shareholder will recognize gain or loss for United States federal income tax purposes equal to the difference between (i) the amount of cash the shareholder receives in the Offer or the Merger and (ii) the shareholder's adjusted tax basis in the common stock surrendered therefor. If such gain or loss is a capital gain or capital loss, the gain or loss will be long-term capital gain or long-term capital loss if the holder has held Semitool common stock for more than one year as of the date of the sale of such Semitool common stock by such holder in the Offer or the Merger. Semitool shareholders should consult their own tax advisors with respect to the particular tax consequences to them of the Offer and the Merger to them, including the applicable federal, state, local and foreign tax consequences. For a more complete description of certain material United States federal income tax consequences of the Offer and the Merger, see Section 5 (Certain Material United States Federal Income Tax Consequences) of the Offer to Purchase.

Acquisition Sub expressly reserves the right (but is not obligated under the terms of the Merger Agreement or for any other reason) to increase the Offer Price and to waive any condition to the Offer or to make any other changes in the terms of and conditions to the Offer, subject to the terms of the Merger Agreement, which provides that the Minimum Condition may not be waived and certain other modifications to the Offer may not be made without the prior written consent of Semitool.

The information required to be disclosed by paragraph (d)(1) of Rule 14d-6 of the General Rules and Regulations under the Exchange Act is contained in the Offer to Purchase and is incorporated herein by reference.

The Offer to Purchase and Letter of Transmittal contain important information about the Offer and should be read carefully and in their entirety before any decision is made with respect to the Offer.

Questions regarding the Offer, and requests for assistance in connection with the Offer, may be directed to the Information Agent as set forth below. Requests for copies of the Offer to Purchase, the Letter of Transmittal and all other materials related to the Offer may be directed to the Information Agent, as set forth below, or brokers, dealers, banks, trust companies or other nominees, and copies will be furnished promptly at Acquisition Sub's expense. No fees or commissions will be payable to brokers, dealers or other persons for soliciting tenders of shares of Semitool common stock in the Offer.

The Information Agent for the Offer is:

501 Madison Avenue, 20th Floor
New York, New York 10022

Shareholders May Call Toll Free: (877) 717-3936

Banks and Brokers May Call Collect: (212) 750-5833

November 19, 2009

The Depositary for the Offer is:
BNY MELLON SHAREOWNER SERVICES

If delivering by mail:
BNY Mellon Shareowner Services
Corporate Action Division
P.O. Box 3301
South Hackensack, NJ 07606

By Overnight Courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

If delivering by hand or courier:
BNY Mellon Shareowner Services
Corporate Action Division
27th Floor
480 Washington Blvd.
Jersey City, NJ 07310

By Facsimile Transmission:
(For Eligible Institutions Only)
(201) 680-4626

To Confirm Facsimile Transmissions: (201) 680-4860 (For Confirmation Only)

APPLIED MATERIALS COMMENCES TENDER OFFER
FOR ALL OUTSTANDING SHARES OF SEMITOOL, INC.

SANTA CLARA, Calif., November 19, 2009 — Applied Materials, Inc. (Nasdaq: AMAT) today announced the commencement of its tender offer for all outstanding shares of common stock of Semitool, Inc. (Nasdaq: SMTL) for $11.00 per share, net to the seller in cash, without interest and less any required withholding tax. The tender offer is being made in connection with the Agreement and Plan of Merger among Applied Materials, its wholly owned subsidiary, Jupiter Acquisition Sub, Inc., and Semitool, announced on November 17, 2009, and pursuant to an Offer to Purchase dated November 19, 2009.

The tender offer is scheduled to expire at 12:00 midnight, Eastern Standard Time, on December 17, 2009, unless extended. Following completion of the tender offer and, if required, receipt of approval by Semitool's shareholders, Applied Materials expects to cause its acquisition subsidiary to consummate a merger with Semitool. In this merger, any remaining Semitool shareholders (other than shareholders who properly assert dissenters' rights under Montana law) will receive the same $11.00 cash purchase price per share, without interest and less any required withholding tax, as paid in the tender offer. The tender offer is subject to the conditions described in the Offer to Purchase, including the acquisition by Jupiter Acquisition Sub of more than 66 2/3 percent of Semitool's outstanding stock on a fully diluted basis, regulatory approval and other customary closing conditions.

The Semitool board of directors has unanimously determined that the tender offer and the merger are fair to, and in the best interests of, Semitool's shareholders and has approved and adopted the merger agreement and approved the tender offer and the merger. The Semitool board of directors unanimously recommends that Semitool's shareholders tender their shares pursuant to the tender offer and, if required to consummate the merger, approve the merger agreement.

Applied Materials today will file with the Securities and Exchange Commission ("SEC") a Tender Offer Statement on Schedule TO, including the Offer to Purchase, setting forth in detail the terms and conditions of the tender offer. Semitool today will file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 setting forth in detail, among other things, the recommendation of Semitool's board of directors that Semitool shareholders accept the tender offer and tender their shares pursuant to the tender offer.

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 Materials' anticipated acquisition of Semitool. Forward-looking statements may contain words such as "expect," "believe," "may," "can," "should," "will," "forecast," "anticipate" or similar expressions, 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 Hart-Scott-Rodino Antitrust Improvements Act or the antitrust laws of Germany are not obtained, or other closing conditions are not satisfied; and other risks described in Applied Materials' filings with the SEC. All forward-looking statements are based on managements' estimates, projections and assumptions as of the date hereof, and neither Applied Materials nor Semitool assume any obligation to update any such statement.

About Applied Materials

Applied Materials (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 Semitool, we apply Nanomanufacturing Technology to improve the way people live. Learn more at www.appliedmaterials.com.

About Semitool

Semitool designs, manufactures and supports highly engineered, multi-chamber, single-wafer and batch wet chemical processing equipment used in the fabrication of semiconductor devices. The company's primary suites of equipment include electrochemical deposition systems for electroplating copper, gold, solder and other metals; surface preparation systems for cleaning, stripping and etching silicon wafers; and wafer transport container cleaning systems. The company's equipment is used in semiconductor fabrication front-end and back-end processes, including wafer-level packaging.

Headquartered in Kalispell, Montana, Semitool maintains sales and support centers in the United States, Europe and Asia. The company's stock trades on the Nasdaq National Market under the symbol SMTL. For more information, please visit the company's website at www.semitool.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 will contain important information that holders of Semitool securities should consider before making any decision regarding tendering their securities. Applied Materials 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 Materials file annual and special reports and other information with the SEC. You may read and copy any reports or other information filed by Applied Materials 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 Materials' 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 http://www.sec.gov.

Contacts

David Miller (business media) 408.563.9582
Betty Newboe (technical media) 408.563.0647
Michael Sullivan (financial community) 408.986.7977

AGREEMENT AND PLAN OF MERGER

among:

APPLIED MATERIALS, INC.,
a Delaware corporation;

JUPITER ACQUISITION SUB, INC.,
a Montana corporation; and

SEMITOOL, INC.,
a Montana corporation

Dated as of November 16, 2009

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EXHIBITS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER ("Agreement") is made and entered into as of November 16, 2009, by and among: **APPLIED MATERIALS, INC.**, a Delaware corporation ("Parent"); **JUPITER ACQUISITION SUB, INC.**, a Montana corporation and a wholly owned subsidiary of Parent ("Acquisition Sub"); and **SEMITOOL, INC.**, a Montana corporation (the "Company"). Certain capitalized terms used in this Agreement are defined in Exhibit A.

RECITALS

A. Parent, Acquisition Sub and the Company have determined that it is in the best interests of their respective shareholders for Parent to acquire the Company upon the terms and subject to the conditions set forth in this Agreement.

B. In furtherance of the contemplated acquisition of the Company by Parent, it is proposed: (a) that Acquisition Sub make a cash tender offer (such cash tender offer, as it may be amended from time to time, being referred to in this Agreement as the "Offer") to acquire all of the issued and outstanding shares of Company Common Stock at a price of $11.00 per share, net to the seller in cash, without interest thereon and subject to any required Tax withholding (such dollar amount, or any different dollar amount per share paid pursuant to the Offer, being referred to in this Agreement as the "Offer Price"); and (b) that, after acquiring shares of Company Common Stock pursuant to the Offer, Acquisition Sub merge with the Company upon the terms and subject to the conditions set forth in this Agreement (the merger of Acquisition Sub with the Company being referred to in this Agreement as the "Merger").

C. In order to induce Parent and Acquisition Sub to enter into this Agreement and to consummate the Contemplated Transactions, concurrently with the execution and delivery of this Agreement certain shareholders of the Company are executing and delivering tender and voting agreements in favor of Parent and Acquisition Sub (the "Shareholder Agreements").

AGREEMENT

The parties to this Agreement, intending to be legally bound, agree as follows:

Section 1. THE OFFER

1.1 Conduct of the Offer.

(a) Subject to the proviso contained in the following sentence, Acquisition Sub shall commence (within the meaning of Rule 14d-2 under the Exchange Act) the Offer as promptly as reasonably practicable after the date of this Agreement. Without limiting the preceding sentence, if the Company: (i) shall have fully cooperated with Parent in connection with the Offer and the preparation of the Offer Documents (as defined in Section 1.1(e)), including by promptly providing to Parent any comments regarding the Offer Documents from the advisors to the Company; and (ii) shall be prepared to file with the SEC, and to disseminate to holders of Company Common Stock, the Schedule 14D-9 (as defined in Section 1.2(b)) on the date Parent files the Offer Documents with the SEC, then Parent shall cause Acquisition Sub to, and Acquisition Sub shall, commence the Offer within seven business days after the date of this Agreement; *provided, however*, that Acquisition Sub shall not be required to commence the Offer if (i) any of the conditions set forth in clauses "(a)," "(b)," "(c)," "(g)," "(h)," "(i)," "(j)," "(k)", "(l)," "(m)" and "(n)" of Exhibit B shall not be satisfied, or (ii) the Company shall not be prepared to file immediately with the SEC, and to disseminate to holders of shares of Company Common Stock, the Schedule 14D-9. (The date on which Acquisition Sub commences the Offer, within the meaning of Rule 14d-2 under the Exchange Act, is referred to in this Agreement as the "Offer Commencement Date.")

(b) The obligation of Acquisition Sub (and the obligation of Parent to cause Acquisition Sub) to accept for payment, and pay for, shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer shall be subject to the satisfaction or (if permitted) waiver of: (i) the condition (the "Minimum Condition") that there shall be validly tendered (and not withdrawn) a number of shares of Company Common Stock that, together with any shares of Company Common Stock owned by Parent or Acquisition Sub immediately prior to the Acceptance Time, represents more than 66 2/3% of the Adjusted Outstanding Share Number (as defined below); and (ii) the other conditions set forth in Exhibit B. (The Minimum Condition and the other conditions set forth in Exhibit B are referred to collectively as the "Offer Conditions.") For purposes of this Agreement, the "Adjusted Outstanding Share Number" shall be the sum of: (A) the aggregate number of shares of Company Common Stock issued and outstanding immediately prior to the Acceptance Time; *plus* (B) an additional number of shares up to (but not exceeding) the aggregate number of shares of Company Common Stock issuable upon the conversion, exchange or exercise, as applicable, of all options, warrants and other rights to acquire, or securities convertible into or exchangeable for, Company Common Stock that are outstanding immediately prior to the Acceptance Time and that are vested or that will be vested immediately after such time (other than potential (but not actual) dilution attributable to the Top-Up Option).

(c) Acquisition Sub expressly reserves the right, in its sole discretion to: (i) increase the Offer Price; and (ii) waive any Offer Condition or make any other changes to the terms and conditions of the Offer; *provided*, *however*, that without the prior written consent of the Company: (A) the Minimum Condition may not be amended or waived; and (B) no change may be made to the Offer that: (1) changes the form of consideration to be delivered by Acquisition Sub pursuant to the Offer; (2) decreases the Offer Price or the number of shares of Company Common Stock sought to be purchased by Acquisition Sub in the Offer; (3) imposes conditions to the Offer in addition to the Offer Conditions; or (4) except as provided in Section 1.1(d), extends the expiration date of the Offer. Subject to the terms and conditions of the Offer and this Agreement, Acquisition Sub shall, and Parent shall cause Acquisition Sub to: (x) accept for payment all shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer as soon as practicable after Acquisition Sub is permitted to do so under applicable Legal Requirements; and (y) pay the Offer Price in exchange for each share of Company Common Stock accepted for payment pursuant to the Offer.

(d) The Offer shall initially be scheduled to expire 20 business days following the Offer Commencement Date (calculated as set forth in Rule 14d-1(g)(3) and Rule 14e-1(a) under the Exchange Act) (the "Initial Expiration Date"; such date or such subsequent date to which the expiration of the Offer is extended in accordance with the terms of this Agreement, the "Expiration Date"). Notwithstanding anything to the contrary contained in this Agreement, but subject to the parties' respective termination rights under Section 8.1: (i) if, as of the scheduled Expiration Date, any Offer Condition is not satisfied and has not been waived, Acquisition Sub may, in its discretion (and without the consent of the Company or any other Person), extend the Offer on one or more occasions, for an additional period of up to 20 business days per extension (but no later than the Outside Date), to permit such Offer Condition to be satisfied; (ii) Acquisition Sub may, in its discretion (and without the consent of the Company or any other Person), extend the Offer from time to time for any period required by any rule or regulation of the SEC applicable to the Offer; and (iii) Acquisition Sub may, in its discretion (and without the consent of the Company or any other Person), elect to provide for a "subsequent offering period" (and one or more extensions thereof) in accordance with Rule 14d-11 under the Exchange Act (unless Parent has become the owner, directly or indirectly, of 80% or more of the outstanding shares of Company Common Stock). Subject to the parties' respective termination rights under Section 8.1, if: (A) each of the Offer Conditions set forth in clauses "(a)," "(b)," "(c)," "(g)," "(h)," "(i)," "(j)," "(k)," "(l)," "(m)" and "(n)" of Exhibit B is satisfied or has been waived as of the scheduled Expiration

Date, or Acquisition Sub reasonably determines that all of such Offer Conditions are likely to be satisfied within 15 business days after such date; and (B) any of the other Offer Conditions is not satisfied and has not been waived on such date, then, to the extent requested in writing by the Company no less than two business days prior to such date, Acquisition Sub shall extend the Offer beyond such date for an additional period of up to 20 business days, provided that in no event shall Acquisition Sub be required to extend the Offer to a date later than the Outside Date.

(e) On the Offer Commencement Date, Parent and Acquisition Sub shall: (i) cause to be filed with the SEC a Tender Offer Statement on Schedule TO (the "Schedule TO") with respect to the Offer, which shall be in compliance in all material respects with all applicable provisions of and regulations under the Exchange Act and other Legal Requirements, and which shall contain or incorporate by reference: (A) Acquisition Sub's offer to purchase shares of Company Common Stock pursuant to the Offer (the "Offer to Purchase"); and (B) forms of the related letter of transmittal and summary advertisement; and (ii) cause the Offer to Purchase and related documents to be disseminated to holders of shares of Company Common Stock. Parent and Acquisition Sub shall use commercially reasonable efforts to cause such Tender Offer Statement on Schedule TO and all exhibits, amendments and supplements thereto (collectively, the "Offer Documents") to comply in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder. The Company and its legal counsel shall be given reasonable opportunity to review and comment on the Offer Documents (including all amendments and supplements thereto) prior to the filing thereof with the SEC. Parent and Acquisition Sub shall promptly provide the Company and its legal counsel with a copy or a description of any comments received by Parent, Acquisition Sub or their legal counsel from the SEC or its staff with respect to the Offer Documents. Each of Parent, Acquisition Sub and the Company: (1) shall use commercially reasonable efforts to respond promptly to any comments of the SEC or its staff with respect to the Offer Documents or the Offer; and (2) to the extent required by the applicable requirements of the Exchange Act and the rules and regulations thereunder, shall use commercially reasonable efforts to correct promptly any information provided by it for use in the Offer Documents to the extent such information shall be or shall have become false or misleading in any material respect and Parent and Acquisition Sub shall take all steps reasonably necessary to cause the Offer Documents, as supplemented or amended to correct such information, to be filed with the SEC and, to the extent required by applicable Legal Requirements, to be disseminated to holders of shares of Company Common Stock. The Company shall promptly furnish to Parent and Acquisition Sub all information concerning the Acquired Corporations and the Company's shareholders that may be required or reasonably requested in connection with any action contemplated by this Section 1.1(e).

(f) If, between the date of this Agreement and the date on which any particular share of Company Common Stock is accepted for payment pursuant to the Offer, the outstanding shares of Company Common Stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event shall occur during such period, then the Offer Price shall be appropriately adjusted.

1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer and represents and warrants to Parent and Acquisition Sub that the Company's board of directors, at a meeting duly called and held, has by the unanimous vote of all directors of the Company: (i) determined that this Agreement and the Contemplated Transactions, including the Offer and the Merger, are fair to and in the best interests of the Company's shareholders; (ii) approved and adopted this Agreement and approved the Contemplated Transactions, including the Offer and the Merger, in accordance with the requirements of the Montana Business Corporation Act ("MBCA");

(iii) declared the advisability of this Agreement; (iv) resolved to recommend that the shareholders of the Company accept the Offer and tender their shares of Company Common Stock to Acquisition Sub pursuant to the Offer and, to the extent required to consummate the Merger, approve this Agreement (the unanimous recommendation of the Company's board of directors that the shareholders of the Company accept the Offer and tender their shares of Company Common Stock pursuant to the Offer and approve this Agreement being referred to as the "Company Board Recommendation"); (v) to the extent necessary, adopted a resolution having the effect of causing the Company not to be subject to any "fair price," "moratorium," "control share acquisition," "interested shareholder," "business combination" or similar restriction set forth in any state takeover law or other Legal Requirement that might otherwise apply to the Shareholder Agreements, the Offer, the Merger or any of the other Contemplated Transactions; and (vi) directed that the approval of this Agreement be submitted to the shareholders of the Company, as promptly as practicable after the Acceptance Time, if required to consummate the Merger under the MBCA. Subject to Section 5.3, the Company consents to the inclusion of the Company Board Recommendation in the Offer Documents.

(b) Contemporaneously with the filing by Parent and Acquisition Sub of the Schedule TO, or as promptly as practicable thereafter on the Offer Commencement Date, the Company shall file with the SEC and (following or contemporaneously with the dissemination of the Offer to Purchase and related documents) disseminate to holders of shares of Company Common Stock a Solicitation/Recommendation Statement on Schedule 14D-9 (together with any amendments or supplements thereto, the "Schedule 14D-9") that shall reflect the terms and conditions of this Agreement and the information required by Section 1.3(b) and, subject only to Section 5.3, shall reflect the Company Board Recommendation. The Company shall cause the Schedule 14D-9 and the filing and dissemination thereof to comply in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder and with all other applicable Legal Requirements. Parent and its legal counsel shall be given reasonable opportunity to review and comment on the Schedule 14D-9 (including any amendment or supplement thereto) prior to the filing thereof with the SEC. The Company shall promptly provide Parent and its legal counsel with a copy or a description of any comments received by the Company or its legal counsel from the SEC or its staff with respect to the Schedule 14D-9, and the Company shall respond promptly to any such comments. To the extent required by the applicable requirements of the Exchange Act and the rules and regulations thereunder or by other Legal Requirements: (i) each of Parent, Acquisition Sub and the Company shall use commercially reasonable efforts to promptly correct any information provided by it for use in the Schedule 14D-9 to the extent that such information shall be or shall have become false or misleading in any material respect; and (ii) the Company shall take all steps reasonably necessary to cause the Schedule 14D-9, as supplemented or amended to correct such information, to be filed with the SEC and, to the extent required by applicable Legal Requirements, to be disseminated to holders of shares of Company Common Stock. Parent and Acquisition Sub shall promptly furnish to the Company all information concerning Parent, Acquisition Sub and the Offer that may be required or reasonably requested in connection with any action contemplated by this Section 1.2(b).

(c) The Company shall promptly provide to Parent: (i) a list of the Company's shareholders, non-objecting beneficial owners, mailing labels and any available listing or computer file containing the names and addresses of all record holders of shares of Company Common Stock and lists of securities positions of shares of Company Common Stock held in stock depositories, in each case accurate and complete as of the most recent practicable date; and (ii) such additional information (including updated lists of shareholders, non-objecting beneficial owners, mailing labels and lists of securities positions) and such other assistance as Parent may reasonably request in connection with the Offer or the Merger.

1.3 Directors.

(a) Effective upon the Acceptance Time and from time to time thereafter, Parent shall be entitled to designate, to serve on the Company's board of directors, the number of directors, rounded up to the next whole number, determined by multiplying: (i) the total number of directors on the Company's board of directors (giving effect to any increase in the size of the Company's board of directors effected pursuant to this Section 1.3(a)); *by* (ii) a fraction having a numerator equal to the aggregate number of shares of Company Common Stock then beneficially owned by Parent or Acquisition Sub (including all shares of Company Common Stock accepted for payment pursuant to the Offer), and having a denominator equal to the total number of shares of Company Common Stock then issued and outstanding (provided that, in no event shall Parent's director designees constitute less than a majority of the entire board of directors of the Company). The Company shall take all action necessary to cause Parent's designees to be elected or appointed to the Company's board of directors, including seeking and accepting resignations of incumbent directors and, if such resignations are not obtained, increasing the size of the Company's board of directors. From and after the Acceptance Time, to the extent requested by Parent, the Company shall also use its commercially reasonable efforts to: (A) obtain and deliver to Parent the resignation of each individual who is an officer of any of the Acquired Corporations; and (B) cause individuals designated by Parent to constitute the number of members, rounded up to the next whole number, on: (1) each committee of the Company's board of directors; and (2) the board of directors of each Subsidiary of the Company (and each committee thereof) that represents at least the same percentage as individuals designated by Parent represent on the board of directors of the Company. Notwithstanding the provisions of this Section 1.3, the Company shall use commercially reasonable efforts to ensure that, at all times prior to the Effective Time, at least two of the members of the Company's board of directors are individuals who were directors of the Company on the date of this Agreement ("Continuing Directors"); *provided*, *however*, that: (x) if at any time prior to the Effective Time there shall be only one Continuing Director serving as a director of the Company for any reason, then the Company's board of directors shall cause an individual selected by the remaining Continuing Director to be appointed to serve on the Company's board of directors (and such individual shall be deemed to be a Continuing Director for all purposes under this Agreement); and (y) if at any time prior to the Effective Time no Continuing Directors remain on the Company's board of directors, then the Company's board of directors shall appoint two individuals who are not officers, employees or Affiliates of the Company, Parent or Acquisition Sub to serve on the Company's board of directors (and such individuals shall be deemed to be Continuing Directors for all purposes under this Agreement).

(b) In connection with the performance of its obligations to cause Parent's designees to be elected or appointed to the Company's board of directors, the Company shall promptly take all actions, and shall include in the Schedule 14D-9 such information with respect to the Company and its officers and directors, as Section 14(f) of the Exchange Act and Rule 14f-1 thereunder require (subject to the Company's receipt of the information with respect to Parent and its nominees, officers, directors and Affiliates required by Section 14(f) of the Exchange Act and Rule 14f-1 thereunder). The provisions of this Section 1.3 are in addition to, and shall not limit, any right that Acquisition Sub, Parent or any Affiliate of Acquisition Sub or Parent may have (with respect to the election of directors or otherwise) under applicable Legal Requirements as a holder or beneficial owner of shares of Company Common Stock.

(c) Following the election or appointment of Parent's designees to the Company's board of directors pursuant to Section 1.3(a) and until the Effective Time, the approval of a majority of the Continuing Directors shall be required to authorize any of the following actions of the Company (each, an "Adverse Action"), to the extent the action in question could reasonably be expected to affect adversely the holders of shares of Company Common Stock (other than Parent or Acquisition Sub): (i) any action by the Company with respect to any amendment or waiver of any term or condition of this Agreement, the Merger or the articles of incorporation or bylaws of the Company; (ii) any termination of this Agreement by the Company; or (iii) any extension by the Company of the time for the performance of any of the obligations or other acts of Parent or Acquisition Sub, or any waiver or

assertion of any of the Company's rights under this Agreement. The approval of any Adverse Action by a majority of the Continuing Directors shall constitute the valid authorization of the Company's board of directors with respect to such Adverse Action, and no other action on the part of the Company or by any other director of the Company shall be required to authorize such Adverse Action.

1.4 Top-Up Option.

(a) The Company hereby grants to Parent and Acquisition Sub an assignable and irrevocable option (the "Top-Up Option") to purchase from the Company the number of newly-issued, fully paid and non-assessable shares of Company Common Stock (the "Top-Up Shares") equal to the lesser of: (i) the number of shares of Company Common Stock that, when added to the number of shares of Company Common Stock owned by Parent or Acquisition Sub at the time of exercise of the Top-Up Option, constitutes 80% of the number of shares of Company Common Stock that would be outstanding on a fully-diluted basis immediately after the issuance of all shares of Company Common Stock subject to the Top-Up Option; or (ii) the aggregate number of shares of Company Common Stock that the Company is authorized to issue under its articles of incorporation but that are not issued and outstanding (and are not subscribed for or otherwise committed to be issued or reserved for issuance) at the time of exercise of the Top-Up Option.

(b) The Top-Up Option may be exercised by Parent or Acquisition Sub, in whole or in part, at any time at or after the Acceptance Time. The aggregate purchase price payable for the shares of Company Common Stock being purchased by Parent or Acquisition Sub pursuant to the Top-Up Option shall be determined by multiplying the number of such shares by the Offer Price. Such purchase price may be paid by Parent or Acquisition Sub, 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.

(c) In the event Parent or Acquisition Sub wishes to exercise the Top-Up Option, Parent or Acquisition Sub shall deliver to the Company a notice setting forth: (i) the number of shares of Company Common Stock that Parent or Acquisition Sub intends to purchase pursuant to the Top-Up Option; (ii) the manner in which Parent or Acquisition Sub intends to pay the applicable exercise price; and (iii) the place and time at which the closing of the purchase of such shares of Company Common Stock by Parent or Acquisition Sub is to take place. The Company shall, as soon as practicable following receipt of such notice, notify Acquisition Sub of the number of shares of Company Common Stock then outstanding, the number of shares of Company Common Stock then outstanding on a fully-diluted basis and the number of Top-Up Shares. At the closing of the purchase of such shares of Company Common Stock, Parent or Acquisition Sub shall cause to be delivered to the Company the consideration required to be delivered in exchange for such shares, and the Company shall cause to be issued to Parent or Acquisition Sub (as the case may be) a certificate representing such shares. The parties shall cooperate to ensure that the issuance of the Top-Up Shares is effected pursuant to an exemption from registration under the Securities Act.

Section 2. THE MERGER

2.1 Merger of Acquisition Sub into the Company. At the Effective Time, upon the terms and subject to the conditions set forth in this Agreement and in accordance with the MBCA, Acquisition Sub shall be merged with the Company. Following the Merger, the surviving corporation in the Merger (the "Surviving Corporation") shall continue to exist, and the separate corporate existence of the other party to the Merger shall cease.

2.2 Effect of the Merger. The Merger shall have the effects set forth in this Agreement and in Section 35-1-817 of the MBCA. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all of the properties, rights, privileges, immunities, powers and franchises of the Company and Acquisition Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations and duties of the Company and Acquisition Sub shall become the debts, liabilities, obligations and duties of the Surviving Corporation.

2.3 Closing; Effective Time. The consummation of the Merger (the "Closing") shall take place at the offices of Dewey & LeBoeuf LLP, 1950 University Avenue, Suite 500, East Palo Alto, California, at 10:00 a.m. on a date (the "Closing Date"), which shall be no later than the second business day after the satisfaction or (to the extent permitted by applicable Legal Requirements) waiver of the last to be satisfied or waived of the conditions set forth in Section 7 (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by applicable Legal Requirements) waiver of those conditions), or at such other place, time and date as shall be agreed in writing by the parties. Subject to the provisions of this Agreement, Parent, Acquisition Sub and the Company shall cause the Merger to be consummated by: (a) causing Articles of Merger ("Articles of Merger") to be delivered for filing in accordance with Section 35-1-816 of the MBCA to the Secretary of State of the State of Montana on the Closing Date; and (b) making all other filings and recordings required under the MBCA. The Merger shall become effective upon the date and time of the filing of such Articles of Merger, or at such later time as may be mutually agreed in writing by the Company and Parent and specified in such Articles of Merger (the "Effective Time").

2.4 Articles of Incorporation and Bylaws; Directors and Officers. Unless otherwise determined by Parent prior to the Effective Time:

(a) the Articles of Incorporation of the Surviving Corporation shall be amended in its entirety pursuant to the Merger at the Effective Time or immediately thereafter to conform to the Articles of Incorporation of Acquisition Sub as in effect immediately prior to the Effective Time, except that the name of the Surviving Corporation shall be "Semitool, Inc." and, as so amended, shall be the Articles of Incorporation of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Legal Requirements;

(b) the bylaws of the Surviving Corporation shall be amended and restated at the Effective Time or immediately thereafter to conform to the bylaws of Acquisition Sub as in effect immediately prior to the Effective Time, and, as so amended, shall be the bylaws of the Surviving Corporation until thereafter changed or amended as provided therein or by applicable Legal Requirements; and

(c) the directors and officers of the Surviving Corporation immediately after the Effective Time shall be the respective individuals who are directors and officers of Acquisition Sub immediately prior to the Effective Time, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

2.5 Conversion of Shares; Company Options.

(a) At the Effective Time, by virtue of the Merger and without any further action on the part of Parent, Acquisition Sub, the Company or any shareholder of the Company:

(i) any shares of Company Common Stock then held by the Company or any wholly owned Subsidiary of the Company (or held in the Company's treasury) shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(ii) any shares of Company Common Stock then held by Parent, Acquisition Sub or any other wholly owned Subsidiary of Parent shall be canceled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor;

(iii) except as provided in clauses "(i)" and "(ii)" above and subject to Sections 2.5(b), 2.5(c) and 2.7, each share of Company Common Stock, whether vested or unvested, then outstanding shall be converted into the right to receive, in cash (upon the proper surrender of the certificate representing such share), an amount equal to the Offer Price (the "Merger Price"), without interest; and

(iv) each share of the common stock, $0.01 par value per share, of Acquisition Sub then outstanding shall be converted into and become one validly issued, fully paid and non-assessable share of common stock, par value $0.01 per share, of the Surviving Corporation.

(b) If, during the Pre-Closing Period, the outstanding shares of Company Common Stock are changed into a different number or class of shares by reason of any stock split, division or subdivision of shares, stock dividend, reverse stock split, consolidation of shares, reclassification, recapitalization or other similar transaction, or if a record date with respect to any such event shall occur during such period, then the Merger Price shall be appropriately adjusted.

(c) No Company Options, Company Restricted Stock Units or Company Restricted Stock shall be assumed by Parent. As soon as reasonably practicable following the date of this Agreement, the board of directors of the Company (or, if appropriate, any committee administering any Company Option Plan) shall adopt such resolutions, obtain such consents and take all other actions necessary so that upon the Acceptance Time, and without any consent on the part of the holder of any shares of Company Common Stock or any equity award under a Company Option Plan (whether payable in cash, equity or otherwise) and without any consent on the part of any other Person:

(i) each unexercised Company Option, whether vested or unvested, that is outstanding immediately prior to the Acceptance Time shall be canceled, with the holder of each such Company Option becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of: (A) the excess, if any, of: (1) the Merger Price; over (2) the exercise price per share of Company Common Stock subject to such Company Option; *multiplied by* (B) the total number of shares of Company Common Stock subject to the unexercised portion of such Company Option immediately prior to the Acceptance Time; *provided, however*, that if the exercise price per share of Company Common Stock under any such Company Option is equal or greater than the Merger Price, then such Company Option shall be cancelled for no consideration;

(ii) each Company Restricted Stock Unit that is outstanding immediately prior to the Acceptance Time, to the extent not previously vested and settled in full, shall be canceled, with the holder of each such Company Restricted Stock Unit becoming entitled to receive a payment in cash, in consideration of such cancellation and in settlement therefor, in an amount equal to the product of (A) the Merger Price; *multiplied by* (B) the total number of shares of Company Common Stock subject to the outstanding portion of such Company Restricted Stock Unit not previously vested and settled in full immediately prior to the Acceptance Time; and

(iii) each share of Company Restricted Stock that is outstanding immediately prior to the Acceptance Time shall vest in full as of the Acceptance Time, any repurchase option, risk of forfeiture or other condition shall lapse, and holders of such Company Restricted Stock shall be entitled to receive the Merger Price as provided in Section 2.5(a)(iii), without interest, and less any required Tax withholding.

(d) From and after the Acceptance Time, any canceled Company Option and any canceled Company Restricted Stock Unit shall entitle the holder thereof only to the payment determined pursuant to Section 2.5(c), if any. All amounts payable pursuant to Section 2.5(c)(i) shall be paid as promptly as practicable (and in any event no later than thirty (30) days) following the Acceptance Time, without interest, and less any required Tax withholding. All amounts payable pursuant to Section 2.5(c)(ii) shall be paid as promptly as practicable following the Acceptance Time (and in any event no later than thirty (30) days following such date, subject to any delay required to avoid imposition to the award holder of additional tax under Section 409A of the Code), without interest, and less any required Tax withholding. Parent shall cause the Surviving Corporation to make such payments in accordance with the foregoing and the terms of the Company Options, Company Restricted Stock or Company Restricted Stock Units, as applicable, and the applicable Company Option Plan pursuant to which they were issued (as modified, in each case, pursuant to this Agreement). At the Acceptance Time, Parent automatically will succeed to and become entitled to exercise the Company's rights and remedies under any Contract evidencing the Company Options, Company Restricted Stock and Company Restricted Stock Units without modification, except as set forth in this Section 2.5.

(e) Prior to the Acceptance Time, the Company shall take all action and obtain all consents that may be necessary (under the Company Option Plans and otherwise) to effectuate the provisions of Section 2.5(c) and to ensure that, from and after the Acceptance Time, holders of Company Options, Company Restricted Stock and Company Restricted Stock Units have no rights with respect thereto other than those specifically provided in this Section 2.5.

2.6 Surrender of Certificates; Stock Transfer Books.

(a) Prior to the Effective Time, Parent shall designate a bank or trust company (the "Payment Agent") to receive the funds that holders of shares of Company Common Stock become entitled to receive pursuant to Section 2.5(a)(iii) (the "Payment Fund"). The Payment Fund shall be invested by the Payment Agent as directed by Parent.

(b) As soon as reasonably practicable after the Effective Time, Parent will instruct the Payment Agent to mail to the Persons who, immediately prior to the Effective Time, were record holders of certificates representing shares of Company Common Stock ("Stock Certificates"): (i) a letter of transmittal in customary form and containing such provisions as Parent may reasonably specify (including a provision confirming that delivery of Stock Certificates shall be effected, and risk of loss and title to Stock Certificates shall pass, only upon delivery of such Stock Certificates to the Payment Agent); and (ii) instructions for use in effecting the surrender of Stock Certificates. Upon surrender of a Stock Certificate to the Payment Agent for exchange, together with a duly executed letter of transmittal and such other documents as may be reasonably required by the Payment Agent or Parent: (A) the

holder of such Stock Certificate shall be entitled to receive in exchange therefor the cash amount payable to such holder pursuant to Section 2.5(a)(iii) in full satisfaction of all rights pertaining to the shares of Company Common Stock formerly represented by such Stock Certificate; and (B) the Stock Certificate so surrendered shall be canceled. In the event of a transfer of ownership of any shares of Company Common Stock which are not registered in the transfer records of the Company, payment of the Merger Price may be made to a Person other than the holder in whose name the Stock Certificate so surrendered is registered, if any such Stock Certificate shall be properly endorsed or otherwise be in proper form for transfer, and such holder shall pay any fiduciary or surety bonds or any transfer or other similar Taxes required by reason of the payment of the Merger Price to a Person other than such holder or establish to the reasonable satisfaction of Parent that such Tax has been paid or is not applicable. Until surrendered as contemplated by this Section 2.6(b), each Stock Certificate shall be deemed, from and after the Effective Time, to represent solely the right to receive the Merger Price for each share of Company Common Stock formerly evidenced by such Stock Certificate. If any Stock Certificate shall have been lost, stolen or destroyed, Parent may, in its discretion and as a condition to the payment of any cash amount pursuant to Section 2.5(a)(iii), require the owner of such lost, stolen or destroyed Stock Certificate to provide an appropriate affidavit and to deliver a bond (in customary form and amount) as indemnity against any claim that may be made against the Payment Agent, Parent or the Surviving Corporation with respect to such Stock Certificate. No interest shall be paid or will accrue on any cash payable to holders of Stock Certificates pursuant to the provisions of this Section 2.

(c) Any portion of the Payment Fund that remains undistributed to holders of Stock Certificates as of the date 180 days after the date on which the Merger becomes effective shall be delivered to Parent upon demand, and any holders of Stock Certificates who have not theretofore surrendered their Stock Certificates in accordance with this Section 2.6 shall thereafter look only to Parent for satisfaction of their claims for payment pursuant to Section 2.5(a)(iii). None of Parent, Acquisition Sub, the Company, the Surviving Corporation and the Paying Agent shall be liable to any holder or former holder of Company Common Stock or to any other Person with respect to any cash amounts delivered to any public official pursuant to any applicable abandoned property law, escheat law or similar Legal Requirement.

(d) At the Effective Time, holders of Stock Certificates that were outstanding immediately prior to the Effective Time shall cease to have any rights as shareholders of the Company, and the stock transfer books of the Company shall be closed with respect to all shares of Company Common Stock outstanding immediately prior to the Effective Time. No further transfer of any such shares of Company Common Stock shall be made on such stock transfer books after the Effective Time. If, after the Effective Time, a valid Stock Certificate is presented to the Surviving Corporation or Parent, such Company Stock Certificate shall be canceled and shall be exchanged as provided in this Section 2.6.

(e) Parent, Acquisition Sub and the Surviving Corporation shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any holder or former holder of Company Common Stock pursuant to this Agreement such amounts as Parent, Acquisition Sub or the Surviving Corporation determines may be required to be deducted or withheld therefrom under the Code or any provision of state, local or foreign Tax law or under any other Legal Requirement. To the extent any such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(f) If any Stock Certificate has not been surrendered by the earlier of: (i) the fifth anniversary of the date on which the Merger becomes effective; or (ii) the date immediately prior to the date on which the cash amount that such Stock Certificate represents the right to receive would otherwise escheat to or become the property of any Governmental Body, then such cash amount shall, to the extent permitted by applicable Legal Requirements, become the property of the Surviving Corporation, free and clear of any claim or interest of any Person previously entitled thereto.

2.7 Dissenters' Rights.

(a) Notwithstanding anything to the contrary contained in this Agreement, any share of Company Common Stock that, as of the Effective Time, is held by a holder who, as of the Effective Time, is entitled to and has asserted such holder's dissenter's rights under Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share, shall not be converted into or represent the right to receive the Merger Price in accordance with Section 2.5(a)(iii), and the holder of such share shall instead be entitled only to such rights as may be granted to such holder pursuant to Sections 35-1-826 through 35-1-839 of the MBCA with respect to such share; *provided, however,* that if such dissenters' rights shall not be perfected or the holder of such share shall waive, withdraw or otherwise lose such holder's dissenters' rights with respect to such share, then such share shall be deemed automatically to have been converted into, at the Effective Time, and to represent only, the right to receive (upon the surrender of the Stock Certificate representing such share) the Merger Price in accordance with Section 2.5(a)(iii).

(b) The Company shall give Parent: (i) prompt notice of: (A) any written demand for payment received by the Company prior to the Effective Time to require the Company to pay estimated fair value for shares of Company Common Stock pursuant to Sections 35-1-826 through 35-1-839 of the MBCA; and (B) any other demand, notice, withdrawal or other instrument delivered to the Company prior to the Effective Time pursuant to the MBCA; and (ii) the opportunity to participate in and direct all negotiations and proceedings with respect to any such demand, notice or instrument. Without limiting the generality of the foregoing, the Company shall not make any payment or settlement offer prior to the Effective Time with respect to any such demand unless, prior thereto, Parent shall have consented in writing to such payment or settlement offer.

2.8 Further Action. If, at any time after the Effective Time, any further action is determined by Parent to be necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Corporation with full right, title and possession of and to all rights and property of Acquisition Sub and the Company, the officers and directors of the Surviving Corporation and Parent shall be fully authorized (in the name of Acquisition Sub, in the name of the Company and otherwise) to take such action.

Section 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in any Company SEC Document filed with the SEC on or after December 12, 2008 and prior to the date of this Agreement and publicly available on EDGAR (excluding any disclosures set forth in any section of any Company SEC Document entitled "Risk Factors" or "Forward-Looking Statements" or any other disclosures included in such document that are general cautionary, predictive or forward-looking in nature) or as set forth in the Disclosure Schedule (prepared in accordance with Section 9.6), the Company represents and warrants to Parent and Acquisition Sub as follows:

3.1 Subsidiaries; Due Organization; Etc.

(a) The Company has no Subsidiaries except for the Company Subsidiaries; and neither the Company nor any of the Company Subsidiaries owns any capital stock of, or any equity interest of any nature in, any other Entity, other than the Entities identified in Part 3.1(a) of the Disclosure Schedule. None of the Acquired Corporations has agreed or is obligated to make any future investment in or capital contribution to any other Entity. None of the Acquired Corporations has, at any time, been a general partner of, or has otherwise been liable for any of the debts or other obligations of, any general partnership, limited partnership or other Entity.

(b) Each of the Acquired Corporations is duly organized, validly existing and in good standing (in jurisdictions that recognize that concept) under the laws of the jurisdiction of its incorporation and has all necessary power and authority: (i) to conduct its business in the manner in which its business is currently being conducted; (ii) to own and use its assets in the manner in which its assets are currently owned and used; and (iii) to perform its obligations under all Contracts by which it is bound.

(c) Each of the Acquired Corporations is qualified to do business and is in good standing (in jurisdictions that recognize such concept) under the laws of all jurisdictions where the nature of its business requires such qualification, except where the failure to be so qualified could not reasonably be expected to result in a Company Material Adverse Effect.

3.2 Articles of Incorporation and Bylaws. The Company has Made Available to Parent accurate and complete copies of the articles of incorporation, bylaws and other charter and organizational documents of the respective Acquired Corporations, including all amendments thereto.

3.3 Capitalization, Etc.

(a) The authorized capital stock of the Company consists of: (i) 75,000,000 shares of Company Common Stock, of which 32,751,356 shares (including 170,420 shares of Company Restricted Stock) have been issued and are outstanding as of the date of this Agreement; and (ii) 5,000,000 shares of Company Preferred Stock, no par value per share, of which no shares have been issued or are outstanding. The Company does not hold any shares of its capital stock in its treasury. All of the outstanding shares of Company Common Stock have been duly authorized and validly issued, and are fully paid and non-assessable. There are no shares of Company Common Stock held by any Subsidiary of the Company. None of the outstanding shares of Company Common Stock is entitled or subject to any preemptive right, right of participation, right of maintenance or any similar right. None of the outstanding shares of Company Common Stock is subject to any right of first refusal in favor of the Company. There is no Company Contract relating to the voting or registration of, or restricting any Person from purchasing, selling, pledging or otherwise disposing of (or granting any option or similar right with respect to), any shares of Company Common Stock. None of the Acquired Corporations is under any obligation to repurchase, redeem or otherwise acquire any outstanding shares of Company Common Stock. Part 3.3(a)(ii) of the Disclosure Schedule describes all repurchase rights held by the Company with respect to shares of Company Common Stock (whether such shares were issued pursuant to the exercise of Company Options or otherwise).

(b) As of the date of this Agreement, 1,279,851 shares of Company Common Stock are subject to issuance pursuant to Company Options (whether granted and outstanding under the Company Option Plans or otherwise). Part 3.3(b)(i) of the Disclosure Schedule sets forth the following information with respect to each Company Option outstanding as of the date of this Agreement: (i) the particular Company Option Plan or non-plan arrangement pursuant to which such Company Option was granted, if applicable; (ii) the name of the optionee; (iii) the number of shares of Company Common Stock subject to such Company Option; (iv) the exercise price of such Company Option; (v) the date on which such Company Option was granted; (vi) whether the Company Option is intended to qualify as an “incentive stock option” under section 422 of the Code; (vii) the applicable vesting schedule, and the extent to which such Company Option is vested and exercisable as of the date of this Agreement; and (viii) the date on which such Company Option expires. Each grant of a Company Option was duly authorized no later than the date on which the grant of such Company Option was by its terms to be effective (the “Grant Date”) by all necessary corporate action, including, as applicable,

approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required shareholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, each such grant was made in accordance with the terms of the applicable compensation plan or arrangement of the Company and all other applicable Legal Requirements, the per share exercise price of each Company Option was equal to the fair market value of a share of Company Common Stock on the applicable Grant Date and each such grant was properly accounted for in accordance with generally accepted accounting principles in the United States in the financial statements (including the related notes) of the Company. The Company has Made Available to Parent accurate and complete copies of all stock option and equity-based compensation plans pursuant to which any of the Acquired Corporations has granted stock options, restricted stock, restricted stock units or other forms of equity-based compensation (whether payable in equity, cash or otherwise) currently outstanding or exercised since January 1, 2004, and the forms of all equity-based award agreements evidencing such options, restricted stock, restricted stock units or other forms of equity-based compensation (whether payable in equity, cash or otherwise). As of the date of this Agreement, 170,420 shares of Company Restricted Stock have been issued or are outstanding. Part 3.3(b)(ii) of the Disclosure Schedule sets forth the following information with respect to each share of Company Restricted Stock outstanding as of the date of this Agreement: (A) the particular Company Option Plan or non-plan arrangement pursuant to which such share of Company Restricted Stock was issued, if applicable; (B) the name of the holder thereof; (C) the number of shares of Restricted Company Stock held by such holder; (D) the date on which such Company Restricted Stock was issued; and (E) the applicable vesting schedule, and the extent to which such Restricted Company Stock is vested as of the date of this Agreement. As of the date of this Agreement, Company Restricted Stock Units covering 10,050 shares of Company Common Stock are outstanding. Part 3.3(b)(iii) of the Disclosure Schedule sets forth the following information with respect to each Company Restricted Stock Unit outstanding as of the date of this Agreement: (1) the particular Company Option Plan or non-plan arrangement pursuant to which such Company Restricted Stock Unit was issued, if applicable; (2) the name of the holder thereof; (3) the number of shares of Company Common Stock covered under such outstanding Company Restricted Stock Unit held by such holder; (4) the date on which such Company Restricted Stock Unit was granted; and (5) the applicable vesting schedule, and the extent to which such Restricted Company Stock Unit is vested as of the date of this Agreement.

(c) There is no: (i) outstanding equity-based compensation award, subscription, option, call, warrant or right (whether or not currently exercisable) to acquire any shares of the capital stock or other securities of any of the Acquired Corporations; (ii) outstanding security, instrument or obligation that is or may (given the lapse of time or the satisfactions of conditions therein or otherwise) become convertible into or exchangeable for any shares of the capital stock or other securities of any of the Acquired Corporations; (iii) shareholder rights plan (or similar plan commonly referred to as a “poison pill”) or Contract under which any of the Acquired Corporations is or may (given the lapse of time or the satisfaction of conditions therein or otherwise) become obligated to sell or otherwise issue any shares of its capital stock or any other securities; or (iv) condition or circumstance that provides a reasonable basis for the assertion of a claim by any Person to the effect that such Person is entitled to acquire or receive any shares of capital stock or other securities of any of the Acquired Corporations.

(d) All outstanding shares of Company Common Stock, options, equity-based compensation awards (whether payable in equity, cash or otherwise) and other securities of the Acquired Corporations have been issued and granted in compliance with: (i) all applicable securities laws, the Code and all other applicable Legal Requirements; and (ii) all requirements set forth in applicable Contracts.

(e) All of the outstanding shares of capital stock of each of the Company’s Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and free of preemptive rights and are owned beneficially and of record by the Company, free and clear of any Encumbrances.

3.4 SEC Filings; Financial Statements.

(a) The Company has Made Available to Parent (to the extent not available on EDGAR) accurate and complete copies of all Company SEC Documents filed since January 1, 2007, as well as all comment letters received by the Company from the SEC and all responses to such comment letters provided to the SEC by or on behalf of the Company since such date. All statements, reports, schedules, forms and other documents required to have been filed by the Company or its officers with the SEC since January 1, 2007 have been so filed on a timely basis, including any certification or statement required by: (i) the SEC's Order dated June 27, 2002 pursuant to Section 21(a)(1) of the Exchange Act (File No. 4-460); (ii) Rule 13a-14 or Rule 15d-14 under the Exchange Act; or (iii) Section 906 of the Sarbanes-Oxley Act with respect to any report filed with the SEC. None of the Company Subsidiaries is required to file any documents with the SEC. As of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (A) each of the Company SEC Documents complied in all material respects with the applicable requirements of the Securities Act or the Exchange Act (as the case may be); and (B) none of the Company SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each of the certifications and statements required by: (1) Rule 13a-14 or Rule 15d-14 under the Exchange Act (and Section 302 of the Sarbanes-Oxley Act); (2) 18 U.S.C. §1350 (Section 906 of the Sarbanes-Oxley Act); or (3) any other rule or regulation promulgated by the SEC or applicable to the Company SEC Documents filed on or after January 1, 2007 (collectively, the "Certifications") are accurate and complete, and comply as to form and content with all applicable Legal Requirements. As used in this Agreement, the term "file" and variations thereof, when used in reference to the SEC, shall be broadly construed to include any manner in which a document or information is furnished, supplied or otherwise delivered to the SEC.

(b) The Company maintains a system of "internal controls over financial reporting" (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) and a system of "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Part 3.4(b) of the Disclosure Schedule lists, and the Company has Made Available to Parent copies of, all written descriptions of, and all policies, manuals and other documents promulgating, such disclosure controls and procedures. Since January 1, 2007, each director and officer of the Company has filed with or furnished to the SEC (on a timely basis) all statements required by Section 16(a) of the Exchange Act and the rules and regulations thereunder.

(c) The financial statements (including any related notes) contained in the Company SEC Documents filed on or after January 1, 2007, including the Company Financial Statements: (i) complied as to form in all material respects with the published rules and regulations of the SEC applicable thereto; (ii) were prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods covered (except as may be indicated in the notes to such financial statements or, in the case of unaudited statements, as permitted by Form 10-Q of the SEC, and except that the unaudited financial statements may not contain footnotes and are subject to normal and recurring year-end adjustments that will not, individually or in the aggregate, be material in amount); and (iii) fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries as of the respective dates thereof and the consolidated results of operations and cash flows of the Company and its Subsidiaries for the periods covered thereby.

(d) The Company has Made Available to Parent (to the extent not available on EDGAR) accurate and complete copies of the Company Financial Statements.

(e) Neither the Company nor any of its Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract relating to any transaction or relationship between or among the Company and any of its Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any "off-balance sheet arrangements" (as defined in Item 303(a) of Regulation S-K of the Securities Act)), where the result, purpose or effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of its Subsidiaries in the Company's or its Subsidiaries' published financial statements or any of the Company's SEC Documents. Part 3.4(e) of the Disclosure Schedule lists, and the Company has Made Available to Parent copies of the documentation creating or governing, all securitization transactions and "off-balance sheet arrangements" (as defined above) effected by any of the Acquired Corporations that are in effect at the date of this Agreement.

(f) Since January 1, 2007, none of the Acquired Corporations, the Company's independent accountants, the board of directors or audit committee of the board of directors of the Company, or any officer of the Company, has received: (i) any oral or written notification of any: (A) "significant deficiency" in the internal controls over financial reporting of the Company; (B) "material weakness" in the internal controls over financial reporting of the Company; or (C) fraud, whether or not material, that involves management or other employees of the Company who have a significant role in the internal controls over financial reporting of the Company; or (ii) any material complaint, allegation, assertion or claim alleging, asserting or claiming that the accounting or auditing practices, procedures, methodologies or methods of the Company, any Subsidiary of the Company or their respective internal accounting controls fail to comply with generally accepted accounting principles, generally accepted auditing standards or applicable Legal Requirements. For purposes of this Agreement, the terms "significant deficiency" and "material weakness" shall have the meanings assigned to them by the Public Company Accounting Oversight Board in Auditing Standard No. 2.

(g) Since January 1, 2007, no attorney representing any of the Acquired Corporations, whether or not employed thereby, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by the Company or any of its officers, directors, employees or agents to the board of directors of the Company or any committee thereof or to the General Counsel of the Company.

(h) Grant Thornton LLP, which has expressed its opinion with respect to the financial statements (including any related notes) contained in the Company SEC Documents, is and has been throughout the periods covered by the applicable financial statements: (i) a registered public accounting firm (as defined in Section 2(a)(12) of the Sarbanes-Oxley Act); (ii) "independent" with respect to the Company within the meaning of Regulation S-X under the Exchange Act; and (iii) in compliance with subsections (g) through (l) of Section 10A of the Exchange Act and the rules and regulations promulgated by the SEC thereunder and the Public Company Accounting Oversight Board. Part 3.4(h) of the Disclosure Schedule lists all non-audit services performed by Grant Thornton LLP for the Acquired Corporations since January 1, 2007.

3.5 Absence of Changes. Since June 30, 2009 and through the date of this Agreement:

(a) there has not been any Company Material Adverse Effect;

(b) there has not been any material loss, damage or destruction to, or any material interruption in the use of, any of the assets of any of the Acquired Corporations that constitutes a Company Material Adverse Effect;

(c) other than intercompany distributions between the Company and its Subsidiaries, or among the Subsidiaries, none of the Acquired Corporations has: (i) declared, accrued, set aside or paid any dividend or made any other distribution (whether in cash, stock or otherwise) in respect of any shares of capital stock; or (ii) repurchased, redeemed or otherwise reacquired any shares of capital stock or other securities;

(d) none of the Acquired Corporations has sold, issued or granted, or authorized the issuance of: (i) any capital stock or other security (except for Company Common Stock issued upon the valid exercise of outstanding Company Options); (ii) any option, warrant or right to acquire any capital stock or any other security (except for shares of Company Restricted Stock and Company Options identified in Part 3.3(b) of the Disclosure Schedule); or (iii) any instrument convertible into or exchangeable for any capital stock or other security;

(e) the Company has not amended or waived any of its rights under, or permitted the acceleration of vesting under any provision of any Employee Plan;

(f) none of the Acquired Corporations has made any capital expenditure which, when added to all other capital expenditures made on behalf of the Acquired Corporations since June 30, 2009, exceeds $250,000 in the aggregate;

(g) none of the Acquired Corporations has: (i) acquired, leased or licensed any material right or other material asset from any other Person; (ii) sold or otherwise disposed of, or leased or licensed, any material right or other material asset to any other Person; or (iii) waived or relinquished any material right, except in each case for rights or other assets acquired, leased, licensed or disposed of in the ordinary course of business and in accordance with past practices;

(h) none of the Acquired Corporations has written off as uncollectible, or established any extraordinary reserve with respect to, any material account receivable or other indebtedness;

(i) none of the Acquired Corporations has made any pledge of any of its assets or otherwise permitted any of its assets to become subject to any Encumbrance, except for pledges of immaterial assets made in the ordinary course of business and in accordance with past practices;

(j) other than for trade payables and receivables and similar arrangements in the ordinary course of business and in accordance with past practices, none of the Acquired Corporations has: (i) lent money to any Person; or (ii) incurred or guaranteed any indebtedness for borrowed money;

(k) none of the Acquired Corporations has: (i) adopted, established or entered into any Employee Plan; (ii) caused or permitted any Employee Plan to be amended in any material respect or terminated; or (iii) paid any bonus or made any profit-sharing or similar payment to, or materially increased the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, or granted any rights to receive severance, termination, retention or tax gross-up compensation or benefits to, any of its current or former directors, officers or employees;

(l) none of the Acquired Corporations has changed any of its methods of accounting or accounting practices or internal controls (including internal controls over financial reporting) in any material respect;

(m) none of the Acquired Corporations has made any material Tax election;

(n) none of the Acquired Corporations has commenced or settled any Legal Proceeding; and

(o) none of the Acquired Corporations has agreed or is committed to take any of the actions referred to in clauses "(c)" through "(n)" above.

3.6 Title to Assets. Except with respect to real property (which is covered by Section 3.8) and Intellectual Property (which is covered by Section 3.9), the Acquired Corporations own, and have good and valid title to or a valid leasehold interest in, all material assets and properties purported to be owned or used by them, including: (a) all assets (whether or not material) reflected on the Most Recent Balance Sheet (except for inventory or used or obsolete equipment sold or otherwise disposed of in the ordinary course of business since June 30, 2009) or acquired after the date thereof; and (b) all other material assets and properties reflected in the books and records of the Acquired Corporations as being owned by the Acquired Corporations. All of said assets and properties which are owned by the Acquired Corporations, are owned by them free and clear of any Encumbrances, except for: (i) any lien for current taxes not yet due and payable; (ii) liens that have arisen in the ordinary course of business and that do not (in any case or in the aggregate) materially detract from the value of the assets subject thereto or materially impair the operations of any of the Acquired Corporations; and (iii) liens described in Part 3.6 of the Disclosure Schedule.

3.7 Loans; Accounts Receivable; Customers; Inventories.

(a) Part 3.7(a) of the Disclosure Schedule sets forth an accurate and complete list as of the date of this Agreement of all loans and advances made by any of the Acquired Corporations to any employee, director, consultant or independent contractor, if any, other than routine travel advances made to employees in the ordinary course of business.

(b) All existing accounts receivable of the Acquired Corporations (including those accounts receivable reflected on the Most Recent Balance Sheet that have not yet been collected and those accounts receivable that have arisen since June 30, 2009 and have not yet been collected): (i) represent valid obligations of customers of the Acquired Corporations arising from bona fide transactions entered into in the ordinary course of business; and (ii) are current and, to the Knowledge of the Company, will be collected in full when due, without any counterclaim or set off (net of an allowance for doubtful accounts not to exceed $310,000 in the aggregate).

(c) Part 3.7(c) of the Disclosure Schedule accurately identifies, and provides an accurate and complete breakdown of the revenues received from, each customer or other Person that accounted for: (i) more than 5% of the consolidated gross revenues of the Acquired Corporations in the fiscal year ended September 30, 2008; or (ii) more than 5% of the consolidated gross revenues of the Acquired Corporations in the twelve months ended September 30, 2009. None of the Acquired Corporations has received written notice (and, to the Knowledge of the Company, none of the Acquired Corporations has received any other notice or information) indicating that any customer or other Person identified in Part 3.7(c) of the Disclosure Schedule intends or is expected to cease dealing (or materially reduce the volume of business) with any of the Acquired Corporations.

(d) The inventory of the Acquired Corporations reflected on the Most Recent Balance Sheet was as of June 30, 2009, and the current inventory of the Acquired Corporations (the "Current Inventory") is, in usable and saleable condition in the ordinary course of business. The Current Inventory is not excessive and is adequate in relation to the current trading requirements of the businesses of the Acquired Corporations, and (other than as may be covered by an adequate reserve recorded in the Company Financial Statements) none of the Current Inventory is obsolete, unmarketable or of limited value in relation to the current businesses of the Acquired Corporations. The finished goods, work in progress, raw materials and other materials and supplies included in the Current Inventory are of a standard that is at least as high as the generally accepted standard prevailing in the industries in which the Acquired Corporations operate.

3.8 Equipment; Real Property; Leasehold.

(a) Part 3.8(a) of the Disclosure Schedule sets forth: (i) accurate and complete legal descriptions of all parcels of real property owned by the respective Acquired Corporations; and (ii) accurate and complete descriptions of all buildings, structures, fixtures and other improvements located thereon. (The real property and all buildings, structures, fixtures and other improvements described in Part 3.8(a) of the Disclosure Schedule are referred to as the "Owned Real Property.") The Acquired Corporations have good, marketable and indefeasible fee title to the Owned Real Property. The Acquired Corporations own the Owned Real Property free and clear of any Encumbrances, except for: (A) any lien for current taxes not yet due and payable; (B) minor liens that have arisen in the ordinary course of business and that do not (in any case or in the aggregate) materially detract from the value of the Owned Real Property or materially impair the operations of any of the Acquired Corporations; and (C) the Encumbrances identified in Part 3.8(a) of the Disclosure Schedule. All water, sewer, gas, electricity, telephone and other utilities and utility services required by applicable Legal Requirements to be provided with respect to the Owned Real Property, and all such utilities and utility services necessary for the conduct of the businesses of the Acquired Corporations at or upon the Owned Real Property, are being supplied to the Owned Real Property and are presently installed and operating properly.

(b) Part 3.8(b) of the Disclosure Schedule sets forth an accurate and complete description of each lease pursuant to which any of the Acquired Corporations leases real property from any other Person. (All real property leased to the Acquired Corporations, including all buildings, structures, fixtures and other improvements leased to the Acquired Corporations, are referred to as the "Leased Real Property," and, together with the Owned Real Property, as the "Company Real Property.") The present use and operation of the Company Real Property is authorized by, and is in full compliance with, all applicable zoning, land use, building, fire, health, labor, safety and environmental laws and other Legal Requirements, except as would not constitute a Company Material Adverse Effect. There is no Legal Proceeding pending, or to the Knowledge of the Company threatened, that challenges or adversely affects, or would challenge or adversely affect, the continuation of the present ownership, use or operation of any Company Real Property. To the Knowledge of the Company, there is no existing plan or study by any Governmental Body or by any other Person that challenges or otherwise adversely affects the continuation of the present ownership, use or operation of any Company Real Property. Other than for easements and other property interests of record and, with respect to the Leased Real Property, for the rights and obligations arising under the relevant leases, there are no subleases, licenses, occupancy agreements or other contractual obligations that grant the right of use or occupancy of any of the Company Real Property to any Person other than the Acquired Corporations, and there is no Person in possession of any of the Company Real Property other than the Acquired Corporations. Each of the Acquired Corporations has complied in all material respects with the terms of all leases (to which they are parties) relating to the Leased Real Property, and all such leases are in full force and effect in all material respects.

3.9 Intellectual Property.

(a) Part 3.9(a) of the Disclosure Schedule accurately identifies and describes:

(i) in Part 3.9(a)(i) of the Disclosure Schedule, each Company Product that is material to the business of the Acquired Corporations as currently conducted and currently contemplated by the Company to be conducted;

(ii) in Part 3.9(a)(ii) of the Disclosure Schedule: (A) each item of Registered IP in which any of the Acquired Corporations has or purports to have an ownership interest of any nature (whether exclusively, jointly with another Person or otherwise); (B) the jurisdiction in which such item of Registered IP has been registered or filed and the applicable registration or serial number; and (C) any other Person that has an ownership interest in such item of Registered IP and the nature of such ownership interest;

(iii) in Part 3.9(a)(iii) of the Disclosure Schedule: (A) each Contract pursuant to which any Intellectual Property Rights or Intellectual Property is licensed to any Acquired Corporation (other than software license agreements for any third-party software that: (1) is so licensed pursuant to a non-exclusive, internal use software license; and (2) is not Company Product Software); and (B) whether these licenses are exclusive or non-exclusive (for purposes hereof, a covenant not to sue or not to assert infringement claims shall be deemed to be equivalent to a license); and

(iv) in Part 3.9(a)(iv) of the Disclosure Schedule: (A) each Contract pursuant to which any Person has been granted any license under, or otherwise has received or acquired any right (whether or not currently exercisable) or interest in, any Company Intellectual Property, and (B) whether these licenses, rights and interests are exclusive or non-exclusive.

(b) The Company has provided to Parent a complete and accurate copy of each standard form of the following Contracts used by any Acquired Corporation at any time since June 30, 2004: (i) terms and conditions of sale for the sale, lease, license or provisioning of any Company Product or Company Product Software (in connection with quotations, purchase orders, purchase order acknowledgments, invoices or otherwise); (ii) agreement for the sale, lease, license or provisioning by any Acquired Corporation of any Company Product or Company Product Software; (iii) purchase or supply agreement for the sale to any Acquired Corporation of any part or component of any Company Product; (iv) employee agreement containing any assignment or license of Intellectual Property or Intellectual Property Rights or any confidentiality provision; (v) consulting or independent contractor agreement containing any assignment or license of Intellectual Property or Intellectual Property Rights or any confidentiality provision; or (vi) confidentiality or nondisclosure agreement. Part 3.9(b) of the Disclosure Schedule accurately identifies each Company Contract that deviates in any material respect from the corresponding standard form described above and complete, accurate and fully executed copies of such Company Contracts have been Made Available to Parent; excluding, in each case, Company Contracts that: (A) consist only of individual purchase orders, each of which governs a single discrete transaction (as opposed to master or blanket purchase agreements governing multiple purchases) entered into in the ordinary course of business in accordance with past practice (each, a "Purchase Order"); and (B) have been Made Available to Parent in complete and accurate form.

(c) The Acquired Corporations exclusively own all right, title and interest to and in the Company Intellectual Property (other than Intellectual Property Rights or Intellectual Property licensed to the Company, as identified in Part 3.9(a)(iii) of the Disclosure Schedule) free and clear of any Encumbrances (other than licenses granted pursuant to the Contracts listed in Part 3.9(a)(iv) of the Disclosure Schedule). Without limiting the generality of the foregoing:

(i) all documents and instruments necessary to perfect the rights of the Acquired Corporations in the Company Intellectual Property that is Registered IP have been validly executed, delivered and filed in a timely manner with the appropriate Governmental Body;

(ii) each Person who is or was an employee or independent contractor of any of the Acquired Corporations and who is or was involved in the creation or development of any Company Intellectual Property, Company Product or Company Product Software has signed a valid and enforceable agreement containing an irrevocable assignment of Intellectual Property Rights to the Acquired Corporation for which such Person is or was an employee or independent contractor and confidentiality provisions protecting the Company Intellectual Property;

(iii) no Company Associate has any claim, right (whether or not currently exercisable) or interest to or in any Company Intellectual Property;

(iv) except for the licenses granted in Contracts identified in Part 3.9(a)(iv) of the Disclosure Schedule, none of the Acquired Corporations is bound by, and no Company Intellectual Property is subject to, any Contract that limits or restricts in any material respect the ability of any Acquired Corporation to use, exploit, assert or enforce any Company Intellectual Property;

(v) no funding, facilities or personnel of any Governmental Body or any university, college, research institute or other educational institution were used, directly or indirectly, to develop or create, in whole or in part, any Company Intellectual Property, Company Product or Company Product Software;

(vi) each Acquired Corporation has taken all reasonable steps to maintain the confidentiality of and otherwise protect and enforce its rights in all proprietary information held by any of the Acquired Corporations, or purported to be held by any of the Acquired Corporations, as a Trade Secret;

(vii) none of the Acquired Corporations is now or has ever been a member or promoter of, or a contributor to, any industry standards body or any similar organization that could reasonably be expected to require or obligate any of the Acquired Corporations to grant or offer to any other Person any license or right to any Company Intellectual Property; and

(viii) the Acquired Corporations own or otherwise have, and after the Closing the Surviving Corporation will continue to have, all Intellectual Property Rights needed to conduct the business of the Acquired Corporations as currently conducted and currently contemplated by the Company to be conducted.

(d) All Company Intellectual Property is valid, subsisting and enforceable. Without limiting the generality of the foregoing:

(i) all filings, payments and other actions required to be made or taken to maintain each item of Company Intellectual Property that is Registered IP in full force and effect have been made by the applicable deadline;

(ii) all Company Products that embody any invention covered by one or more Patents owned by any Acquired Corporation have been properly marked in accordance with applicable patent marking laws;

(iii) no Trademark (whether registered or unregistered) or trade name owned, used, or applied for by any of the Acquired Corporations conflicts or interferes with any trademark (whether registered or unregistered) or trade name owned, used or applied for by any other Person;

(iv) no interference, opposition, reissue, reexamination or other Legal Proceeding of any nature is or has been pending or, to the Knowledge of the Company, threatened, in which the scope, validity or enforceability of any Company Intellectual Property is being, has been or could reasonably be expected to be contested or challenged; and

(v) there is no basis for a claim that could reasonably be expected to result in a ruling, judgment or determination by any Governmental Body that any Company Intellectual Property that is material to the business of the Acquired Corporations as currently conducted and currently contemplated by the Company to be conducted is invalid or unenforceable.

(e) Neither the execution, delivery or performance of this Agreement or any other agreements executed in connection with the Contemplated Transactions nor the consummation of any of the Contemplated Transactions will, with or without notice or the lapse of time, result in or give any other Person the right or option to cause or declare: (i) a loss of, or Encumbrance on, any Company Intellectual Property; (ii) a breach of any Contract listed or required to be listed in Part 3.9(a)(iii) of the Disclosure Schedule; (iii) the release, disclosure or delivery of any Company Intellectual Property by or to any escrow agent or other Person; or (iv) the grant, assignment or transfer to any other Person of any license or other right or interest under, to or in any of the Company Intellectual Property.

(f) To the Knowledge of the Company, no Person has infringed, misappropriated, or otherwise violated, and no Person is currently infringing, misappropriating or otherwise violating, any Company Intellectual Property. Part 3.9(f) of the Disclosure Schedule accurately identifies (and the Company has provided to Parent a complete and accurate copy of) each letter or other written or electronic communication or correspondence that has been sent or otherwise delivered by or to any of the Acquired Corporations or any Representative of any of the Acquired Corporations since January 1, 2005 (in respect of electronic communications, only such communications that were either received from or sent to a third party) regarding any actual, alleged or suspected infringement or misappropriation of any Company Intellectual Property and provides a brief description of the current status of the matter referred to in such letter, communication or correspondence.

(g) None of the Acquired Corporations and none of the Company Products or Company Product Software has ever infringed (directly, contributorily, by inducement or otherwise), misappropriated or otherwise violated any Intellectual Property Right of any other Person.

(h) No infringement, misappropriation or similar claim or Legal Proceeding is or, since January 1, 2005, has been pending or, to the Knowledge of the Company, threatened against any Acquired Corporation or against any other Person who is, or has asserted or could reasonably be expected to assert that it is, entitled to be indemnified, defended, held harmless or reimbursed by any Acquired Corporation with respect to such claim or Legal Proceeding (including any claim or Legal Proceeding that has been settled, dismissed or otherwise concluded).

(i) Since January 1, 2005, none of the Acquired Corporations has received any notice or other communication (in writing or otherwise) relating to any actual, alleged or suspected infringement, misappropriation or violation of any Intellectual Property Right of another Person.

(j) Except as expressly set forth in the standard form of terms and conditions or agreements referred to in clauses "(i)" or "(ii)" of Section 3.9(b) or as disclosed in Part 3.9(j) of the Disclosure Schedule and excluding Company Contracts that are Purchase Orders, none of the Acquired Corporations is bound by any Contract to indemnify, defend, hold harmless or reimburse any other Person with respect to any intellectual property infringement, misappropriation or similar claim. None of the Acquired Corporations has ever assumed, or agreed to discharge or otherwise take responsibility for, any existing or potential liability of another Person for infringement, misappropriation or violation of any Intellectual Property Right.

(k) No claim or Legal Proceeding involving any Intellectual Property or Intellectual Property Right licensed to any Acquired Corporation that is material to the business of the Acquired Corporations as currently conducted and currently contemplated by the Company to be conducted is pending or, to the Knowledge of the Company, has been threatened, except for any such claim or Legal Proceeding that, if adversely determined, would not adversely affect: (i) the use or exploitation of such Intellectual Property or Intellectual Property Right by any of the Acquired Corporations; or (ii) the manufacturing, distribution, sale or support of any Company Product.

(l) None of the Company Product Software: (i) contains any bug, defect or error (including any bug, defect or error relating to or resulting from the display, manipulation, processing, storage, transmission or use of date data) that materially and adversely affects the use, functionality or performance of such Company Product Software or any Company Product containing or used in conjunction with such Company Product Software; or (ii) fails to comply with any applicable warranty or other contractual commitment made by any Acquired Corporation relating to the use, functionality or performance of such software or any Company Product containing or used in conjunction with such Company Product Software in a manner that materially and adversely affects the use, functionality or performance of such Company Product Software or any Company Product containing or used in conjunction with such Company Product Software; in each case excluding those bugs, defects, errors and warranty nonconformities in the Company Product Software that: (A) arise in the ordinary course of business and in accordance with past practices; (B) are of a scope and character that is generally consistent with the historical bugs, defects, errors and warranty nonconformities described in the internal error logs and bug tracking documentation Made Available to Parent prior to the date of this Agreement; (C) are the subject of error correction and remediation efforts undertaken by the Acquired Corporations in the ordinary course of business and in accordance with past practices; and (D) do not, either individually or collectively, cause a Company Material Adverse Effect.

(m) None of the Company Product Software contains any "back door," "drop dead device," "time bomb," "Trojan horse," "virus," or "worm" (as such terms are commonly understood in the software industry) or any other code designed or intended to have, or capable of performing, any of the following functions: (i) disrupting, disabling, harming or otherwise impeding in any manner the operation of, or providing unauthorized access to, a computer system or network or other device on which such code is stored or installed; or (ii) damaging or destroying any data or file without the user's consent.

(n) None of the Company Product Software is subject to any "copyleft" or other obligation or condition (including any obligation or condition under any "open source" license such as the GNU Public License, Lesser GNU Public License or Mozilla Public License) that: (i) requires or could reasonably be expected to require, or conditions or could reasonably be expected to condition, the use or distribution of such Company Product Software on, the disclosure, licensing or distribution of any source code

for any portion of such Company Product Software; or (ii) otherwise imposes or could reasonably be expected to impose any material limitation, restriction or condition on the right or ability of the Company to use or distribute any Company Product Software.

(o) No source code for any Company Product Software has been delivered, licensed or made available to any escrow agent or other Person (other than employees of the Acquired Corporations). None of the Acquired Corporations has any duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any Company Product Software to any escrow agent or other Person. No event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) will, or could reasonably be expected to, result in the delivery, license or disclosure of any source code for any Company Product Software to any other Person.

3.10 Contracts.

(a) Part 3.10 of the Disclosure Schedule identifies each Company Contract that constitutes a "Material Contract"; *provided*, *however,* that Part 3.10 of the Disclosure Schedule does not specifically identify: (i) Material Contracts with any supplier (other than a sole source supplier) to an Acquired Corporation that consists only of Purchase Orders; or (ii) Material Contracts with customers for the sale of Company Products that consist of Purchase Orders. For purposes of this Agreement, each of the following shall be deemed to constitute a "Material Contract":

(i) any Contract: (A) relating to the employment of, or the performance of services by, any employee or consultant (other than offer letters with employees providing for "at will" employment terminable on ten (10) days' notice or less in the form used by the Company in the ordinary course of business); (B) pursuant to which any of the Acquired Corporations is obligated to make or provide any severance, termination, change in control or similar payment or benefit to any Company Associate; or (C) pursuant to which any of the Acquired Corporations is obligated to make any bonus or similar payment (other than payments constituting base salary) in excess of $25,000 to any individual Company Associate;

(ii) any collective bargaining, union or works council agreements;

(iii) any Contract: (A) identified or required to be identified in Part 3.9 of the Disclosure Schedule; or (B) relating to the acquisition, development, sale or disposition of any business unit, product line or Company Intellectual Property;

(iv) any Contract that provides for indemnification of any Company Associate;

(v) any Contract imposing any restriction in any material respect on the right or ability of any Acquired Corporation: (A) to compete with any other Person; (B) to acquire any product or other asset or any services from any other Person; (C) to solicit, hire or retain any Person as an employee, consultant or independent contractor; (D) to develop, sell, supply, distribute, offer, support or service any product or any technology or other asset to or for any other Person; (E) to perform services for any other Person; or (F) to transact business or deal in any other manner with any other Person;

(vi) any Contract (other than Contracts evidencing Company Options, Company Restricted Stock and Company Restricted Stock Units, in each case in the in the form or forms used by the Company in the ordinary course of business and Made Available to Parent): (A) relating to the acquisition, issuance, voting, registration, sale or transfer of any securities; (B)

providing any Person with any preemptive right, right of participation, right of maintenance or similar right with respect to any securities; or (C) providing any of the Acquired Corporations with any right of first refusal with respect to, or right to repurchase or redeem, any securities;

(vii) any Contract incorporating or relating to any guaranty, any warranty, any sharing of liabilities or any indemnity or similar obligation, except for Contracts for the sale of Company Products entered into in the ordinary course of business;

(viii) any Contract with any sole source supplier (or other material supplier) to any Acquired Corporation;

(ix) any Contract relating to any currency or other hedging;

(x) any Contract relating to the ownership or lease of real property;

(xi) any Contract requiring that any of the Acquired Corporations give any notice or provide any information to any Person prior to considering or accepting any Acquisition Proposal or similar proposal, or prior to entering into any discussions, agreement, arrangement or understanding relating to any Acquisition Transaction or similar transaction;

(xii) any Contract that contemplates or involves the payment or delivery of cash or other consideration (by or to any Acquired Corporation) in an amount or having a value in excess of $250,000 in the aggregate, or contemplates or involves the performance of services (by or for any Acquired Corporation) having a value in excess of $250,000 (other than audit services) in the aggregate; and

(xiii) any other Contract, if a breach or termination of such Contract would constitute a Company Material Adverse Effect.

The Company has Made Available to Parent an accurate and complete copy of each Company Contract that constitutes a Material Contract.

(b) Each Company Contract that constitutes a Material Contract is valid and in full force and effect, and is enforceable in accordance with its terms, subject to the Enforceability Exceptions.

(c) None of the Acquired Corporations has materially breached, or committed any material default under, any Company Contract other than as has been timely cured or previously validly waived. To the Knowledge of the Company, no other Person has materially breached, or committed any material default under, any Company Contract. To the Knowledge of the Company, no event has occurred, and no circumstance or condition exists, that (with or without notice or lapse of time) could reasonably be expected to: (i) result in a material breach of any of the provisions of any Company Contract; (ii) give any Person the right to declare a material default or exercise any remedy under any Company Contract; (iii) give any Person the right to receive or require a rebate, chargeback, penalty or change in delivery schedule under any Company Contract; (iv) give any Person the right to accelerate the maturity or performance of any Company Contract that constitutes a Material Contract; or (v) give any Person the right to cancel, terminate or modify any Company Contract that constitutes a Material Contract. Since January 1, 2007, none of the Acquired Corporations has received any notice or other communication regarding any actual or alleged violation or breach of, or default under, any Material Contract.

3.11 Sale of Products; Performance of Services.

(a) No Acquired Corporation has any obligation (that is unfulfilled as of the date of this Agreement) to, and no Acquired Corporation has indicated that it would (after the date of this Agreement): (i) provide any recipient of any Company Product or prototype (or any other Person) with any upgrade, improvement or enhancement of a Company Product or prototype, excepting upgrades, improvements or enhancements for value and reflected by a Purchaser Order in an amount not exceeding $500,000; or (ii) design or develop a new product, or a customized, improved or new version of a Company Product, for any other Person.

(b) Each Company Product sold, leased, licensed, delivered, installed, provided or otherwise made available by any Acquired Corporation or accepted by any customer of any of the Acquired Corporations was free of any design defect, manufacturing or construction defect or other defect or deficiency at the time it was sold, leased, licensed, delivered, installed, provided or otherwise made available, other than any defect that does not constitute a Company Material Adverse Effect. No Company Product has ever been the subject of any recall or other similar action of any Governmental Body.

(c) All installation services, integration services, repair services, maintenance services, support services, training services, upgrade services and other services that have been performed by any of the Acquired Corporations were performed properly and in conformity with the terms and requirements of all applicable warranties and other Contracts and with all applicable Legal Requirements, other than any failure to so perform such services that does not constitute a Company Material Adverse Effect.

(d) Since January 1, 2007, no customer or other Person has asserted or threatened to assert any claim against any of the Acquired Corporations: (i) under or based upon any warranty provided by or on behalf of any of the Acquired Corporations; or (ii) based upon any services performed by any of the Acquired Corporations other than claims that, if adversely determined, would not constitute a Company Material Adverse Effect. No event has occurred, and no condition or circumstance exists, that could reasonably be expected to (with or without notice or lapse of time) give rise to or serve as a basis for the assertion of any such claim other than claims that, if adversely determined, would not constitute a Company Material Adverse Effect.

(e) None of the Acquired Corporations has Knowledge of any facts which would reasonably be expected to cause the withdrawal or recall of any Company Product sold or intended to be sold by or on behalf of any of the Acquired Corporations or any adverse events or safety concerns that would have a material impact on the ability to market any such Company Product.

3.12 Liabilities. None of the Acquired Corporations has any accrued, contingent or other material liabilities of any nature, either matured or unmatured, except for: (a) liabilities identified as such in the "liabilities" section of the Most Recent Balance Sheet; (b) normal and recurring current liabilities that have been incurred by the Acquired Corporations since June 30, 2009 in the ordinary course of business and in accordance with past practices; and (c) liabilities or obligations incurred in connection with the Contemplated Transactions.

3.13 Compliance with Legal Requirements. Each of the Acquired Corporations is, and has at all times since January 1, 2007 been, in compliance in all material respects with all applicable Legal Requirements. None of the Acquired Corporations has received any notice or other communication from any Governmental Body or other Person or has Knowledge of any circumstance regarding any actual or alleged material violation of, or material failure to comply with, any Legal Requirement other than such alleged violations or failures to comply that if proved true would not constitute a Company Material Adverse Effect.

3.14 Certain Business Practices. None of the Acquired Corporations, and (to the Company's Knowledge) no director, officer, agent, employee or other Person acting on behalf of any of the Acquired Corporations, has: (a) used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (b) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns or violated any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any other similar applicable foreign, federal or state Legal Requirement; or (c) made any other unlawful payment.

3.15 Governmental Authorizations.

(a) Each of the Acquired Corporations holds all material Governmental Authorizations necessary to enable such Acquired Corporation to conduct its business in the manner in which such business is currently conducted or as currently proposed to be conducted by such Acquired Corporation, and all such Governmental Authorizations are valid and in full force and effect in all material respects. Each of the Acquired Corporations is, and has been at all times, in compliance in all material respects with the terms and requirements of such Governmental Authorizations. None of the Acquired Corporations has received any communication from any Governmental Body regarding any asserted failure by it to have obtained any such Governmental Authorization, or any past and unremedied failure to obtain any such Governmental Authorizations. None of the Acquired Corporations has Knowledge of any circumstances regarding any actual or alleged material violation of or material failure to comply with any term or requirement of any Governmental Authorization, or any actual or alleged revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization.

(b) Part 3.15(b) of the Disclosure Schedule describes the terms of each grant, incentive or subsidy provided or made available to or for the benefit of any of the Acquired Corporations by any Governmental Body. Each of the Acquired Corporations is in compliance in all material respects with all of the terms and requirements of each such grant, incentive or subsidy. Neither the execution, delivery or performance of this Agreement, nor the consummation of the Offer or the Merger or any of the other Contemplated Transactions, will (with or without notice or lapse of time) give any Person the right to revoke, withdraw, suspend, cancel, terminate or modify any grant, incentive or subsidy identified or required to be identified in Part 3.15(b) of the Disclosure Schedule.

3.16 Tax Matters.

(a) Each of the Tax Returns required to be filed by or on behalf of the respective Acquired Corporations with any Governmental Body with respect to any taxable period ending on or before the Closing Date (the "Acquired Corporation Returns"): (i) has been or will be filed on or before the applicable due date (including any extensions of such due date); and (ii) has been, or will be when filed, prepared in all material respects in compliance with all applicable Legal Requirements. All amounts shown on the Acquired Corporation Returns to be due on or before the Closing Date have been or will be paid on or before the Closing Date.

(b) The Most Recent Balance Sheet fully accrues all actual and contingent liabilities for Taxes with respect to all periods through the date of this Agreement in accordance with generally accepted accounting principles except for liabilities for Taxes incurred since June 30, 2009 in the operation of the business of the Acquired Corporations in the ordinary course. The Company will establish, in the ordinary course of business and consistent with its past practices, reserves adequate for the payment of all Taxes of the Acquired Corporations for the period from June 30, 2009 through the Closing Date.

(c) No Acquired Corporation Return has been examined or audited by any Governmental Body since January 1, 2005. No extension or waiver of the limitation period applicable to any of the Acquired Corporation Returns (by the Company or any other Person) is currently in effect with respect to any Acquired Corporation, and no request for such extension or waiver is pending.

(d) No claim or Legal Proceeding is pending or, to the Company's Knowledge, has been threatened against or with respect to any Acquired Corporation in respect of any material Tax. There are no unsatisfied liabilities for Taxes with respect to any notice of deficiency or similar document received by any Acquired Corporation with respect to any Tax (other than liabilities for Taxes asserted under any such notice of deficiency or similar document which are being contested in good faith by the relevant Acquired Corporation(s) and with respect to which adequate reserves for payment have been established on the Most Recent Balance Sheet). There are no Encumbrances for Taxes upon any of the assets of any of the Acquired Corporations except Encumbrances for current Taxes not yet due and payable. None of the Acquired Corporations has been, and none of the Acquired Corporations will be, required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 or Section 263A of the Code (or any comparable provision of state or foreign Tax laws) as a result of transactions or events occurring, or accounting methods employed, prior to the Closing.

(e) There is no agreement, plan, arrangement or other Contract covering any employee, director or independent contractor or former employee, director or independent contractor of any of the Acquired Corporations that, considered individually or considered collectively with any other such Contracts, will, or could reasonably be expected to, give rise directly or indirectly to the payment of any amount that would not be deductible pursuant to Section 280G or Section 162(m) of the Code (or any comparable provision under state or foreign Tax laws). Except as disclosed pursuant to Section 3.17(aa), no Acquired Corporation is a party to any agreement to compensate any Person for Taxes payable pursuant to Section 4999 or Section 409A of the Code.

(f) Since January 1, 2005, no claim has been made by any Government Body in a jurisdiction where an Acquired Corporation does not file a Tax Return that it is subject to Tax by that jurisdiction.

(g) There are no agreements relating to allocating or sharing of Taxes to which any Acquired Corporation is a party. None of the Acquired Corporations is liable for Taxes of any other Person, or is currently under any contractual obligation to indemnify any Person with respect to any amounts of such Person's Taxes or is a party to any agreement providing for payments by an Acquired Corporation with respect to any amount of Taxes of any other Person. For the purposes of this Section 3.16(g), the following agreements shall be disregarded: (i) commercially reasonable agreements providing for the allocation or payment of real property Taxes attributable to real property leased or occupied by any Acquired Corporation; and (ii) commercially reasonable agreements for the allocation or payment of personal property Taxes, sales or use Taxes or value-added Taxes with respect to personal property leased, used, owned or sold in the ordinary course of business.

(h) No Acquired Corporation has constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code. No Acquired Corporation is or has been a United States real property holding corporation within the meaning of section 897(c)(2) of the Code.

(i) No Acquired Corporation has been a member of an affiliated group of corporations within the meaning of Section 1504 of the Code or within the meaning of any similar Legal Requirement to which an Acquired Corporation is subject, other than the affiliated group of which the Company is the common parent.

(j) The Company has made available to Parent true and complete copies of all Tax Returns of the Acquired Corporations.

(k) Since January 1, 1995, no Acquired Corporation has elected to be treated, or has been treated, as an S Corporation under section 1361 of the Code.

(l) The Company has Made Available to Parent all documentation relating to, and is in compliance in all material respects with all terms and conditions of, any Tax exemption, Tax holiday or other Tax reduction agreement or order of a territorial or non-U.S. government applicable to any Acquired Corporation or its business. Neither the purchase of shares tendered pursuant to the Offer nor the consummation of the Merger or any of the other Contemplated Transactions will have any adverse effect on the continued validity and effectiveness of any such Tax exemption, Tax holiday or other Tax reduction agreement or order. The Company has in its possession official foreign government receipts for any Taxes paid by the Acquired Corporations to any foreign Tax authorities.

(m) The Company has disclosed on its federal income Tax Returns all positions that could give rise to a substantial understatement penalty within the meaning of Section 6662 of the Code.

(n) No Acquired Corporation has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(2) or a "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b)(1).

3.17 Employee and Labor Matters; Benefit Plans.

(a) Part 3.17(a) of the Disclosure Schedule identifies each employment, consulting, salary, bonus, commission, other remuneration, vacation, deferred compensation, incentive compensation, stock purchase, stock option or other equity-based, severance, termination, retention, change-in-control, deferred compensation, death and disability benefits, hospitalization, medical, life or other insurance, flexible benefits, supplemental unemployment benefits, other welfare fringe benefits, profit-sharing, pension or retirement plan, program, practice agreement or commitment and each other employee benefit plan or arrangement, whether written, unwritten or otherwise, funded or unfunded, including each Foreign Plan and each "employee benefit plan," within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (collectively, the "Employee Plans") which is or has been sponsored, maintained, contributed to or required to be contributed to by any of the Acquired Corporations for the benefit of any current or former employee, consultant or director of any of the Acquired Corporations or with respect to which any of the Acquired Corporations has any material liability or obligation.

(b) Except as set forth in Part 3.17(b) of the Disclosure Schedule, none of the Acquired Corporations maintains, sponsors or contributes to, and none of the Acquired Corporations has at any time in the past maintained, sponsored or contributed to, any

employee pension benefit plan (as defined in Section 3(2) of ERISA), or any similar pension benefit plan that is a Foreign Plan, whether or not excluded from coverage under specific Titles or Subtitles of ERISA, for the benefit of any current or former employees, consultants or directors of any of the Acquired Corporations.

(c) Except as set forth in Part 3.17(c) of the Disclosure Schedule, none of the Acquired Corporations maintains, sponsors or contributes to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) or any similar welfare benefit plan that is a Foreign Plan, whether or not excluded from coverage under specific Titles or Subtitles of ERISA, for the benefit of any current or former employees, consultants or directors of any of the Acquired Corporations.

(d) With respect to each Employee Plan, the Company has Made Available to Parent: (i) an accurate, current and complete copy of such Employee Plan (including all amendments thereto); (ii) an accurate and complete copy of the annual report (Form Series 5500 and all schedules and financial statements attached thereto), if any, required under ERISA or the Code, with respect to such Employee Plan for the three (3) most recent plan years; (iii) if Employee Plan is subject to the minimum funding standards of ERISA Section 302, the most recent annual and periodic accounting of Employee Plan assets; (iv) an accurate and complete copy of the most recent summary plan description, together with each summary of material modifications, if required under ERISA, with respect to such Employee Plan; (v) if such Employee Plan is funded through a trust or any third party funding vehicle, an accurate and complete copy of the trust or other funding agreement (including all amendments thereto) and accurate and complete copies of the most recent financial statements thereof; (vi) accurate and complete copies of all Contracts relating to such Employee Plan, including service provider agreements, insurance contracts, minimum premium contracts, group annuity contracts, stop-loss agreements, investment management agreements, policies relating to fiduciary liability insurance covering the fiduciaries of an Employee Plan, subscription and participation agreements and recordkeeping agreements; (vii) all written materials provided to any employee or employees relating to such Employee Plan and any proposed Employee Plan, in each case relating to any amendments, terminations, establishments, increases or decreases in benefits, acceleration of payments or vesting schedules or other events which has resulted, or could reasonably be expected to result, in any liability to the Acquired Corporations; (viii) all correspondence, if any, to or from any governmental agency relating to such Employee Plan; (ix) all forms and related notices required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") or any state equivalent; (x) all insurance policies, if any, in the possession of the Company pertaining to fiduciary liability insurance covering the fiduciaries for each Employee Plan; (xi) all discrimination tests, if any, required under the Code for each Employee Plan intended to be qualified under Section 401(a) of the Code for the three (3) most recent plan years; (xii) all determination letters (or opinion letters, if applicable) received from the Internal Revenue Service with respect to each Employee Plan intended to be qualified under Section 401(a) of the Code; (xiii) all government and regulatory approvals received from any foreign Governmental Body with respect to Foreign Plans; and (xiv) all registration statements, annual reports (Form 11-K and all attachments thereto) and prospectuses prepared in connection with each Employee Plan.

(e) None of the Acquired Corporations is or has ever been required to be treated as a single employer with any other Person under Section 4001(b)(1) of ERISA or Section 414(b), (c), (m) or (o) of the Code, except for the Acquired Corporations. None of the Acquired Corporations has ever been a member of an "affiliated service group" within the meaning of Section 414(m) of the Code.

(f) No Acquired Corporation has ever maintained, established, sponsored, participated in or contributed to any: (i) Employee Plan subject to Title IV of ERISA or Section 412 of the Code; (ii) "multiemployer plan" within the meaning of Section (3)(37) of ERISA; (iii) "multiple employer plan" (within the meaning of Section 413(c) of the Code); (iv) Employee Plan in which

stock of any of the Acquired Corporations is or was held as a plan asset, or (v) a "funded welfare plan" within the meaning of Section 419 of the Code. Except as set forth in Part 3.17(f)(i) of the Disclosure Schedule, no Employee Plan provides health benefits that are not fully insured through an insurance contract. None of the Acquired Corporations has ever made a complete or partial withdrawal from a multiemployer plan, as such term is defined in Section 3(37) of ERISA, resulting in withdrawal liability, as such term is defined in Section 4201 of ERISA (without regard to subsequent reduction or waiver of such liability under either Section 4207 or Section 4208 of ERISA).

(g) With respect to each Employee Plan as to which any of the Acquired Corporations may incur any liability under, or which is subject to, Section 302 or Title IV of ERISA or Section 412 of the Code: (i) no such Employee Plan has been terminated so as to result, directly or indirectly, in any material liability, contingent or otherwise, of any of the Acquired Corporations under Title IV of ERISA; (ii) no complete or partial withdrawal from such Employee Plan has been made by any of the Acquired Corporations, or by any other Person, so as to result in any material liability to any of the Acquired Corporations, whether such liability is contingent or otherwise; (iii) no proceeding has been initiated by any Person (including the Pension Benefit Guaranty Corporation (the "PBGC")) to terminate any such Employee Plan or to appoint a trustee for any such Employee Plan; (iv) no condition or event currently exists or currently is expected to occur that could result, directly or indirectly, in any liability of any of the Acquired Corporations under Title IV of ERISA, whether to the PBGC or otherwise, on account of the termination of any such Employee Plan; (v) if any such Employee Plan were to be terminated as of the Closing Date or if any Person were to withdraw from such Employee Plan, none of the Acquired Corporations would incur, directly or indirectly, any material liability under Title IV of ERISA; (vi) no "reportable event" (as defined in Section 4043 of ERISA) has occurred with respect to any such Employee Plan, nor has notice of any such event or similar notice to any foreign Governmental Body been required to be filed for any Employee Plan within the past 12 months nor will any such notice be required to be filed as a result of the Contemplated Transactions; (vii) no such Employee Plan has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code, respectively), whether or not waived, and none of the Acquired Corporations has provided, or is required to provide, security to any Employee Plan pursuant to Section 401(a)(29) of the Code; and (viii) the Contemplated Transactions will not result in any event described in Section 4062(e) of ERISA.

(h) None of the Acquired Corporations has any plan or commitment to create or adopt any additional Employee Plan, or to modify, change or terminate any existing Employee Plan (other than to comply with applicable Legal Requirements, in each case as previously disclosed to Parent in writing, or as required by this Agreement) in a manner that would affect any Company Associate.

(i) No Employee Plan provides (except at no cost to the Acquired Corporations), or reflects or represents any liability of any of the Acquired Corporations to provide, retiree life insurance, retiree health benefits or other retiree employee welfare benefits to any Person for any reason, except as may be required by COBRA or other applicable Legal Requirements. Other than commitments made that involve no future costs to any of the Acquired Corporations, no Acquired Corporation has ever represented, promised or contracted (whether in oral or written form) to any Company Associate (either individually or as a group) or any other Person that any such Company Associate or other Person would be provided with retiree life insurance, retiree health benefits or other retiree employee welfare benefits, except to the extent required (at no cost to the Acquired Corporations) by COBRA or other applicable Legal Requirements.

(j) Each of the Acquired Corporations has, prior to the Effective Time, complied in all material respects with the health care continuation requirements of COBRA, the requirements of the Family Medical Leave Act of 1993, as amended, the requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, and any similar provisions of state law applicable to any Company Associate.

(k) Each of the Employee Plans is and has been established, operated and administered in all material respects in accordance with its terms and with applicable Legal Requirements, including ERISA, the Code, applicable U.S. and non-U.S. securities laws and regulations and applicable foreign Legal Requirements. The Acquired Corporations have performed in all material respects all obligations required to be performed by them under, are not in material default or violation of, and have no Knowledge of either any material default or violation by any other party to, or any circumstances that exist that are reasonably be expected to result in a material default or violation of, the terms of any Employee Plan. Each Employee Plan intended to be qualified under Section 401(a) of the Code and each trust intended to be qualified under Section 501(a) of the Code has obtained a favorable determination letter (or opinion letter, if applicable) as to its qualified status under the Code, incorporates or has been amended to incorporate all provisions required to comply currently applicable legislation, and to the Company's Knowledge, there has been no event, condition or circumstance that has resulted, or would reasonably be expected to result in disqualification under the Code (or in the case of a Foreign Plan, the equivalent of disqualification under any applicable foreign Legal Requirement). There are no actions, suits or claims pending, threatened, or to the Company's Knowledge, reasonably anticipated (other than routine claims for benefits) against any Employee Plan or against the assets of any Employee Plan. No breach of fiduciary duty has occurred as a result of which any of the Acquired Corporations or one its fiduciaries has or could reasonably be expected to incur a material liability. Each Employee Plan (other than any Employee Plan to be terminated prior to the Effective Time in accordance with this Agreement) can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms, without material liability to any of the Acquired Corporations (other than ordinary administration expenses). No Employee Plan is under audit, investigation or other Legal Proceeding by the Company, the Internal Revenue Service, Department of Labor, or any other Governmental Body, nor is any such audit, investigation or Legal Proceeding pending, threatened, or, to the Company's Knowledge, anticipated. No "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Employee Plan. No Encumbrance exists in respect of any Employee Plan imposed under the Code, ERISA or any foreign Legal Requirement exists. All material contributions, premiums and expenses to or in respect of each Employee Plan have been paid in full or, to the extent not yet due, have been adequately accrued on the appropriate Acquired Corporation's financial statements.

(l) None of the Acquired Corporations has incurred or reasonably expects to incur, either directly or indirectly (including as a result of an indemnification obligation), any material liability under Title I or IV of ERISA or the penalty, excise tax or joint and several liability provisions of the Code or any foreign Legal Requirement relating to employee benefit plans (including Section 406, 409, 502(i), 502(l), 4069 or 4212(c) of ERISA, or Section 4971, 4975 through 4980 of the Code), or under any agreement, instrument or Legal Requirement pursuant to or under which any of the Acquired Corporations or any Employee Plan has agreed to indemnify or is required to indemnify any Person against liability incurred under, or for a violation or failure to satisfy the requirements of, any such agreement, instrument or Legal Requirement, and to the Company's Knowledge, no event, transaction or condition has occurred, exists or is expected to occur which could result in any such material liability to any of the Acquired Corporations or, after the Closing, to Parent.

(m) Neither the execution, delivery or performance of this Agreement, nor the consummation of the Offer or the Merger or any of the other Contemplated Transactions (either alone or in combination with another event, whether contingent or otherwise) will: (i) result in any bonus, severance, change in control or other payment or benefit to any current or former employee, consultant or director of any of the Acquired Corporations (whether or not under any Employee Plan); (ii) materially increase the benefits payable

or provided to, or result in a forgiveness of indebtedness for, any such employee, consultant or director; (iii) accelerate the vesting, funding or time of payment of any compensation, equity award or other similar benefit; (iv) result in any "parachute payment" under Section 280G of the Code (whether or not such payment is considered to be reasonable compensation for services rendered); (v) cause any compensation to fail to be deductible under Section 162(m) of the Code or any other provision of the Code or any similar foreign Legal Requirement or (vi) cause the application of an accelerated or additional tax under Section 409A of the Code. The Company has provided Parent with a list of individuals who are "disqualified individuals" within the meaning of Section 280G of the Code with respect to the Offer or the Merger or any of the other Contemplated Transactions. Without limiting the generality of the foregoing (and except as set forth in Part 3.17(m) of the Disclosure Schedule), the consummation of the Offer or the Merger will not result in the acceleration of vesting of any unvested Company Options.

(n) Under each Employee Plan that is a single employer defined benefit plan, as of the last day of the most recent plan year ended prior to the date of this Agreement, the actuarially determined present value of all "benefit liabilities," within the meaning of Section 4001(a)(16) of ERISA (as determined on the basis of the actuarial assumptions contained in the Employee Plan's most recent actuarial valuation, which such actuarial valuation has been Made Available to Parent) did not exceed the then current value of the assets of such Employee Plan, and there has been no material adverse change in the financial condition of such Employee Plan (with respect to either assets or benefits) since the last day of the most recent plan year. The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient in all material respects to procure or provide for the accrued benefit obligations with respect to all current and former participants in such Foreign Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to and obligations under such Foreign Plan. Neither the execution of this Agreement nor the consummation of the Contemplated Transactions shall cause any the assets or insurance obligations to be less than the benefit obligations under such Employee Plan or Foreign Plan.

(o) None of the Acquired Corporations maintains any plan, agreement or arrangement, whether formal or informal, that provides material benefits in the nature of severance or has outstanding any liabilities with respect to material severance benefits.

(p) None of the Acquired Corporations has any material liability (including a material liability arising out of an indemnification, guarantee, hold harmless or similar agreement) relating to any insurance contract held under or purchased to fund an Employee Plan, the issuer of which is or was insolvent or in reorganization or the payments under which were suspended.

(q) Except for the Company Option Plans, Company Restricted Stock and Company Restricted Stock Units and as set forth in Part 3.17(q) of the Disclosure Schedule, none of the Acquired Corporations maintains any plan, program or arrangement or is a party to any contract that provides any material benefits or provides for material payments to any Person in, based on or measured by the value of any equity security of, or interest in, the Acquired Corporations.

(r) No Acquired Corporation has undertaken any option re-pricing or option exchange program with respect to Company Options.

(s) With respect to each Employee Plan and with respect to each state workers' compensation arrangement that is funded wholly or partially through an insurance policy or public or private fund, all premiums required to have been paid to date under such insurance policy or fund have been paid, all premiums required to be paid under the insurance policy or fund through the Closing Date will have been paid on or before the Closing Date and, as of the Closing Date, there will be no material liability of any the

Acquired Corporations under any such insurance policy, fund or ancillary agreement with respect to such insurance policy in the nature of a retroactive rate adjustment, loss sharing arrangement or other actual or contingent material liability arising wholly or partially out of events occurring prior to the Closing Date.

(t) The Company has provided Parent with a list of all employees of each of the Acquired Corporations as of the date of this Agreement, and correctly reflects, in all material respects, their wage or salary, any other compensation payable to them (including compensation payable pursuant to bonus, deferred compensation, commission or severance arrangements), their dates of employment and their positions.

(u) Part 3.17(u) of the Disclosure Schedule identifies the position (but not the name) held by each employee of any of the Acquired Corporations who is not fully available to perform work because of disability leave and sets forth the anticipated date of return to full service, other than for routine instances in which the employee either: (i) is expected to return to work within 14 days; or (ii) has been, or reasonably is expected to be, replaced by a temporary or permanent worker.

(v) None of the Acquired Corporations is a party to, or has a duty to bargain for, any collective bargaining agreement or other Contract with a labor organization or works council representing any of its employees and there are no labor organizations or works councils representing, purporting to represent or, to the Company's Knowledge, seeking to represent any employees of any of the Acquired Corporations. During the three years prior to the date of this Agreement, none of the Acquired Corporations has had any strike, slowdown, work stoppage, lockout, job action, or threat thereof, or question concerning representation, by or with respect to any of its employees. Except for employees subject to the employment laws of Montana, France, Italy, Israel, Austria and Germany, all of the employees of the Acquired Corporations are "at will" employees. The Company has Made Available to Parent or its advisors accurate and complete copies of all employee manuals and handbooks, disclosure materials, policy statements and written particulars of employment relating to the employment of the employees of the Acquired Corporations.

(w) Each of the Acquired Corporations: (i) is in material compliance with all applicable Legal Requirements and any order, ruling, decree, judgment or arbitration award of any court, arbitrator or any Governmental Body respecting employment, employment practices, terms and conditions of employment, wages, hours or other labor related matters, including Legal Requirements, orders, rulings, decrees, judgments and awards relating to discrimination, wages and hours, labor relations, leave of absence requirements, and occupational health and safety, wrongful discharge or violation of the personal rights of employees, former employees or prospective employees; (ii) has withheld and reported all amounts required by agreement or Legal Requirement to be withheld and reported with respect to wages, salaries and other payments to any Company Associates; (iii) has no liability for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing; and (iv) has no material liability for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Body with respect to unemployment compensation benefits, social security or other benefits or obligations for any current or former employees, consultants or directors (other than routine payments to be made in the normal course of business and in accordance with past practice). In the three years prior to the date of this Agreement, none of the Acquired Corporations has effectuated: (A) a "plant closing" or partial "plant closing" (as defined in the Worker Adjustment and Retraining Notification Act (the "WARN Act") or any similar Legal Requirement) affecting any site of employment or one or more facilities or operating units within any site of employment or facility of any of the Acquired Corporations; or (B) a "mass layoff" (as defined in the WARN Act or any similar Legal Requirement) affecting any site of employment or facility of any of the Acquired Corporations.

(x) All current or former independent contractors of any of the Acquired Corporations were classified correctly and are not subject to reclassification as employees. No independent contractor: (i) has provided services to any of the Acquired Corporations for a period of two consecutive years or longer; or (ii) is eligible to participate in any Employee Plan. All temporary or leased employees of the Acquired Corporations were classified and paid correctly as mandated by the Fair Standards Act and other relevant Legal Requirements.

(y) There are no material actions, suits, claims, investigations, audits, labor disputes or grievances pending, or to the Company's Knowledge, threatened or reasonably anticipated relating to any employment contract, wages and hours, leave of absence, plant closing notification, employment statute or regulation, employee privacy right, labor dispute, workers' compensation policy or long-term disability policy, safety or discrimination matters involving any former or current employees, consultants or directors of any of the Acquired Corporations, including charges of unfair labor practices or harassment complaints. To the Company's Knowledge, none of the Acquired Corporations has engaged in any unfair labor practices within the meaning of the National Labor Relations Act. Each of the Acquired Corporations has good labor relations, and to the Company's Knowledge: (i) neither the consummation of the Offer or the Merger nor the consummation of any of the other Contemplated Transactions will have a material adverse effect on the labor relations of any of the Acquired Corporations; and (ii) none of the employees of any of the Acquired Corporations intends to terminate his or her employment with the Acquired Corporation with which such employee is employed.

(z) The compensation committee of the board of directors of the Company (each member of which the board of directors of the Company has determined is an "independent director" as defined by Rule 5605(a)(2) of the Nasdaq Corporate Governance Rules and is an "independent director" in accordance with the requirements of Rule 14d-10(d)(2) under the Exchange Act): (i) at a meeting duly called and held, duly adopted resolutions approving each employment, compensation severance and employee benefit agreement, arrangement or understanding entered into on or before the date hereof by the Company or any of its Affiliates with current or future directors, officers or employees of the Company and its Affiliates as an "employment compensation, severance or other employee benefit arrangement" within the meaning of Rule 14d-10(d)(2) under the Exchange Act; and (ii) has taken all other actions and made all other determinations necessary or advisable to ensure that any such arrangements fall within the safe harbor provisions of Rule 14d-10(d).

(aa) Part 3.17(aa) of the Disclosure Schedule lists each Contract, agreement or arrangement between any Acquired Corporation and any Company Associate that is a "nonqualified deferred compensation plan" subject to Section 409A of the Code (or any state law equivalent) and the regulations and guidance thereunder ("Section 409A"). Each such nonqualified deferred compensation plan, if any, that is subject to Section 409A is and has been administered in operational compliance with the requirements of Section 409A, and all such agreements, plans or arrangements that provide payment after December 31, 2008 and were in existence on or after such date have been drafted or amended to comply with the requirements of the final regulations under Section 409A and have, since such time, been in documentary and operational compliance with the requirements of Section 409A. No nonqualified deferred compensation plan that was originally exempt from application of Section 409A has been "materially modified" (within the meaning of IRS Notice 2005-1) at any time after October 3, 2004. No compensation is or is expected to be includable in the gross income of any Company Associate under Section 409A of the Code with respect to any arrangements or agreements in effect prior to the Effective Time. No Acquired Corporation has any obligation to gross-up or otherwise reimburse any Company Associate for any tax incurred by such person pursuant to Section 409A or Section 280G of the Code. There is no

agreement, plan or arrangement to which the Company or any of its Subsidiaries is a party which, individually or collectively, would give rise to a Tax under Section 409A or that would give rise to a Company or any Company Subsidiary reporting obligation under Section 409A.

(bb) No stock right (as defined in U.S. Treasury Department Regulation 1.409A-1(l)), whether or not currently outstanding, has or had, as applicable, been granted to any Company Associate that: (i) has an exercise price that was less than the fair market value of the underlying equity as of the date such option or right was granted that has not properly and timely been amended in accordance with Section 409A requirements, such that as of December 31, 2008, no stock right was considered to be or to contain a deferral of compensation for purposes of Section 409A; (ii) has any feature for the deferral of compensation other than the deferral of recognition of income until the later of exercise or disposition of such option or rights; or (iii) has been granted after December 31, 2004, with respect to any class of stock that is not "service recipient stock" (within the meaning of applicable regulations under Section 409A of the Code).

3.18 Environmental Matters. Each of the Acquired Corporations: (a) is in compliance in all material respects with all applicable Environmental Laws; and (b) possesses all material permits and other Governmental Authorizations required under applicable Environmental Laws, and is, and has been at all times, in compliance in all material respects with the terms and conditions thereof. None of the Acquired Corporations has received any written notice and, to the Knowledge of the Company, none of the Acquired Corporations has received any other communication (in writing or otherwise), whether from a Governmental Body, citizens group or other Person: (i) that alleges that any of the Acquired Corporations is not in compliance with any Environmental Law or any Governmental Authorization required under applicable Environmental Laws; or (ii) regarding any alleged failure by it to have obtained any Governmental Authorization required under applicable Environmental Laws. There are no circumstances or conditions that would reasonably be expected to prevent or interfere in any material respect with the compliance by any of the Acquired Corporations with any Environmental Law or any Governmental Authorization required under applicable Environmental Laws. None of the Acquired Corporations has Knowledge of any actual or proposed revocation, withdrawal, suspension, cancellation, termination or modification of any Governmental Authorization required under applicable Environmental Laws. To the Company's Knowledge: (A) all property currently or formerly owned by, leased to, controlled by or used by any of the Acquired Corporations, and all surface water, groundwater and soil associated with or adjacent to such property, is free of any material environmental contamination of any nature; (B) none of the property currently or formerly owned by, leased to, controlled by or used by any of the Acquired Corporations contains, or at any time contained, any underground storage tank, asbestos, equipment using PCBs or underground injection well; and (C) none of the property currently or formerly owned by, leased to, controlled by or used by any of the Acquired Corporations contains, or at any time contained, any septic system (including any septic tank or septic leach or drain field) in which process wastewater or any Materials of Environmental Concern have been disposed. To the Company's Knowledge, no Acquired Corporation has ever sent or transported, or arranged to send or transport, any Materials of Environmental Concern to a site that, pursuant to any applicable Environmental Law is, or could reasonably be expected to be: (1) been placed on the "National Priorities List" of hazardous waste sites or any analogous state list; (2) otherwise designated or identified as a potential site for remediation, cleanup, closure or other environmental response activity; or (3) subject to a Legal Requirement to take "response," "removal" or "remedial" action as detailed in any applicable Environmental Law or to make payment for the cost of cleaning up any site, and, to the Company's Knowledge, no Materials of Environmental Concern used, stored or generated by any Acquired Corporation have been sent or transported to any site as set forth in clauses "(1)" – "(3)" of this sentence. For purposes of this Section 3.18: (x) "Environmental Law" shall mean any Legal Requirement relating to pollution or to the protection of human health, the environment (including ambient air, surface water, ground water, land surface or subsurface strata) or natural resources, including any Legal Requirement relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or

otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern; and (y) "Materials of Environmental Concern" include chemicals, pollutants, contaminants, wastes, toxic substances, petroleum and petroleum products and any other substance that is now or hereafter regulated by, or gives rise to liability under, any Environmental Law or that is otherwise a danger to health, reproduction or the environment.

3.19 Insurance. The Company maintains insurance coverage with reputable insurers in such amounts and providing adequate coverage for such risks as are in accordance with normal industry practice for companies engaged in businesses similar to those engaged in by the Company and the other Acquired Corporations. The Company has Made Available to Parent copies of all material insurance policies and all material self insurance programs and arrangements relating to the business, assets and operations of the Acquired Corporations. Each of such insurance policies is in full force and effect. None of the Acquired Corporations has received any notice or other communication regarding any actual or anticipated: (a) cancellation or invalidation of any insurance policy; (b) refusal of any coverage or rejection of any material claim under any insurance policy; or (c) material adjustment in the amount of the premiums payable with respect to any insurance policy. The Company has Made Available to Parent all records in the possession of the Company regarding each pending material workers' compensation or other claim under or based upon any insurance policy of any of the Acquired Corporations. With respect to each Legal Proceeding that has been filed against the Company, the Company has provided written notice of such Legal Proceeding to the appropriate insurance carrier(s), and no such carrier has issued a denial of coverage or a reservation of rights with respect to any such Legal Proceeding, or informed the Company of its intent to do so. Part 3.19 of the Disclosure Schedule accurately sets forth the most recent annual premium paid by the Company with respect to the Existing D&O Policy.

3.20 Transactions with Affiliates. Between the date of the Company's last proxy statement filed with the SEC and the date of this Agreement, no event has occurred that would be required to be reported by the Company pursuant to Item 404 of Regulation S-K promulgated by the SEC. Part 3.20 of the Disclosure Schedule identifies each Person who is known to the Company to be an Affiliate of the Company as of the date of this Agreement.

3.21 Legal Proceedings; Orders.

(a) Except with respect to Legal Proceedings involving Company Intellectual Property, which is covered in Section 3.9, there is no pending Legal Proceeding, and (to the Company's Knowledge) no Person has threatened to commence any Legal Proceeding: (i) that involves any of the Acquired Corporations or any of the assets owned or used by any of the Acquired Corporations; or (ii) that challenges, or that if resolved adversely to the Company, would have the effect of preventing, delaying, making illegal or otherwise interfering with, the Offer or the Merger or any of the other Contemplated Transactions. To the Company's Knowledge, no event has occurred, and no claim, dispute or other condition or circumstance exists that could reasonably be expected to, give rise to or serve as a basis for the commencement of any such Legal Proceeding.

(b) There is no order, writ, injunction, judgment or decree to which any of the Acquired Corporations, or any of the assets owned or used by any of the Acquired Corporations, is subject. To the Company's Knowledge, no officer or key employee of any of the Acquired Corporations is subject to any order, writ, injunction, judgment or decree that prohibits such officer or other employee from engaging in or continuing any conduct, activity or practice relating to the business of any of the Acquired Corporations.

3.22 Authority; Binding Nature of Agreement. The Company has all necessary corporate right, power and authority to enter into and to perform its obligations under this Agreement subject, in the case of the Merger, to receipt of the Required Company Shareholder Vote (if required by the MBCA). The execution and delivery of this Agreement by the Company and the consummation by the Company of the Contemplated Transactions have been duly authorized by all necessary corporate action on the part of the Company, subject, in the case of the Merger, to receipt of the Required Company Shareholder Vote (if required by the MBCA). The board of directors of the Company (at a meeting duly called and held) has, by the unanimous vote of all directors of the Company, made the Company Board Recommendation and taken the other actions described in Section 1.2(a). As of the date of this Agreement, such board resolutions have not been rescinded, modified or withdrawn in any way. This Agreement constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to the Enforceability Exceptions.

3.23 Inapplicability of Anti-takeover Statutes. There are no "fair price," "moratorium," "control share acquisition," "business combination" or other similar anti-takeover statutes or regulations enacted under the MBCA or other Montana law (each, a "Takeover Statute") applicable to the Company or any of its Subsidiaries, the Offer, the Merger or any of the other Contemplated Transactions or, to the Company's Knowledge, the Shareholder Agreements, including any Takeover Statute that would limit or restrict Parent or any of its Affiliates from exercising its ownership of shares of Company Common Stock acquired in the Offer and the Merger.

3.24 No Discussions. None of the Acquired Corporations, and no Representative of any of the Acquired Corporations, is engaged, directly or indirectly, in any discussions or negotiations with any other Person relating to any Acquisition Proposal or Acquisition Inquiry. None of the Acquired Corporations has terminated or waived any rights under any confidentiality, "standstill," non-solicitation or similar agreement with any third party to which any of the Acquired Corporations is or was a party or under which any of the Acquired Corporations has or had any rights.

3.25 Vote Required. If required under applicable Legal Requirements in order to permit the consummation of the Merger, the affirmative vote of the holders of two-thirds of the shares of Company Common Stock outstanding on the record date for the Company Shareholders Meeting (the "Required Company Shareholder Vote") is the only vote of the holders of any class or series of the Company's capital stock necessary to approve this Agreement, approve the Merger or consummate any of the other Contemplated Transactions.

3.26 Non-Contravention; Consents. None of: (a) the execution, delivery or performance of this Agreement, or, to the Company's Knowledge, the Shareholder Agreements; (b) the purchase of shares tendered pursuant to the Offer; or (c) the consummation of the Merger or any of the other Contemplated Transactions will directly or indirectly (with or without notice or lapse of time):

(i) contravene, conflict with or result in a violation of: (A) any of the provisions of the articles of incorporation, bylaws or other charter or organizational documents of any of the Acquired Corporations; or (B) any resolution adopted by the shareholders, the board of directors or any committee of the board of directors of any of the Acquired Corporations;

(ii) contravene or conflict with in any material respect or result in a material violation of, or (subject to the notice, approval and consent requirements identified in the last sentence of this Section 3.26) give any Governmental Body or other Person the right to challenge the Offer, the Merger or any of the other Contemplated Transactions or to exercise any remedy or obtain any relief under, any Legal Requirement or any order, writ, injunction, judgment or decree to which any of the Acquired Corporations, or any of the assets owned or used by any of the Acquired Corporations, is subject;

(iii) contravene or conflict with in any material respect or result in a material violation of any of the terms or requirements of, or give any Governmental Body the right to revoke, withdraw, suspend, cancel, terminate or modify, any Governmental Authorization that is held by any of the Acquired Corporations or that otherwise relates to the business of any of the Acquired Corporations or to any of the assets owned or used by any of the Acquired Corporations;

(iv) contravene or conflict with in any material respect or result in a material violation or breach of, or result in a material default under, any provision of any Material Contract, or give any Person the right to: (A) declare a material default or exercise any remedy under any such Material Contract; (B) receive or require a material rebate, chargeback, penalty or change in delivery schedule under any such Material Contract; (C) accelerate the maturity or performance of any such Material Contract; or (D) cancel, terminate or modify in any material respect any term of such Material Contract;

(v) result in the imposition or creation of any Encumbrance upon or with respect to any asset owned or used by any of the Acquired Corporations (except for minor liens that will not, in any case or in the aggregate, materially detract from the value of the assets subject thereto or materially impair the operations of any of the Acquired Corporations); or

(vi) result in the transfer of any material asset of any of the Acquired Corporations to any Person.

Except as may be required by the Exchange Act, the Securities Act, state securities or "blue sky" laws, the MBCA, the HSR Act, any foreign Legal Requirement, the rules and regulations of the Nasdaq Stock Market, or any Purchase Order that has been Made Available to Parent in a complete and accurate form, none of the Acquired Corporations was, is or will be required to make any filing with or give any notice to, or to obtain any Consent from, any Person in connection with: (A) the execution, delivery or performance of this Agreement by the Company; (B) to the Company's Knowledge, the Shareholder Agreements; (C) the purchase of shares tendered pursuant to the Offer; or (D) the consummation of the Merger or any of the other Contemplated Transactions.

3.27 Fairness Opinion. The Company's board of directors has received the opinion of Merrill Lynch, Pierce, Fenner & Smith Incorporated, financial advisor to the Company, to the effect that, as of the date of the opinion, the consideration to be received by the holders of Company Common Stock in the Offer and the Merger is fair to such holders from a financial point of view.

3.28 Financial Advisor. Except for Merrill Lynch, Pierce, Fenner & Smith Incorporated, no broker, finder or investment banker is entitled to any brokerage fee, finder's fee, opinion fee, success fee, transaction fee or other fee or commission or expense reimbursement in connection with the Offer, the Merger or any of the other Contemplated Transactions based upon arrangements made by or on behalf of any of the Acquired Corporations. The Company has Made Available to Parent accurate and complete copies of all agreements under which any such fees, commissions, expenses or other amounts have been paid or may become payable (and describing any such fees, commissions, expenses or other amounts) and all indemnification and other agreements related to the engagement of Merrill Lynch, Pierce, Fenner & Smith Incorporated.

3.29 Information Supplied.

(a) This Agreement (including the Disclosure Schedule) does not, and the certificate referred to in clause "(f)" of Exhibit B will not: (i) contain any representation, warranty or information that is false or misleading with respect to any material fact relating to the Acquired Corporations; or (ii) omit to state any material fact necessary in order to make the Acquired Corporations' representations, warranties and information contained and to be contained herein and therein (in the light of the circumstances under which such representations, warranties and information were or will be made or provided) not false or misleading.

(b) None of the documents required to be filed by the Company with the SEC or required to be distributed or otherwise disseminated to the Company's shareholders after the date hereof in connection with the Contemplated Transactions will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. In furtherance and not in limitation of the foregoing, none of the information supplied by or on behalf of the Company for inclusion in the Offer Documents or the Schedule 14D-9 will, at the time the Offer Documents and the Schedule 14D-9, as applicable, are filed with the SEC or distributed or otherwise disseminated to shareholders of the Company or at any time between the time the Offer Documents and the Schedule 14D-9 are mailed to shareholders of the Company and the Acceptance Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. None of the information supplied or to be supplied by or on behalf of the Company for inclusion in the Proxy Statement will, at the time the Proxy Statement is filed with the SEC or mailed to shareholders of the Company or at the time of the Company Shareholders Meeting (or any adjournment or postponement thereof), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, no representation or warranty is made by the Company or its Subsidiaries with respect to information supplied by or on behalf of Parent in writing for inclusion in the Schedule 14D-9 or the Proxy Statement. Each of the Schedule 14D-9 and the Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations promulgated by the SEC thereunder as of the date it is filed with the SEC and, as applicable, at the time of its distribution or other dissemination to the Company's Shareholders.

Section 4. REPRESENTATIONS AND WARRANTIES OF PARENT AND ACQUISITION SUB

Parent and Acquisition Sub represent and warrant to the Company as follows:

4.1 Valid Existence. Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. Acquisition Sub is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Montana.

4.2 Authority; Binding Nature of Agreement. Parent and Acquisition Sub have all necessary corporate right, power and authority to perform their obligations under this Agreement; and the execution, delivery and performance by Parent and Acquisition Sub of this Agreement have been duly authorized by any necessary action on the part of Parent and Acquisition Sub and their respective boards of directors. This Agreement constitutes the legal, valid and binding obligation of Parent and Acquisition Sub, enforceable against them in accordance with its terms, subject to the Enforceability Exceptions.

4.3 Non-Contravention. Neither the execution and delivery of this Agreement by Parent and Acquisition Sub nor the consummation by Parent and Acquisition Sub of the Offer or the Merger will: (a) conflict with any provision of the certificate of incorporation or bylaws of Parent or Acquisition Sub; (b) result in a default by Parent or Acquisition Sub under any Contract to which Parent or Acquisition Sub is a party, except for any default that will not have a material adverse effect on Acquisition Sub's ability to

purchase and pay for shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer; or (c) result in a violation by Parent or Acquisition Sub of any order, writ, injunction, judgment or decree to which Parent or Acquisition Sub is subject, except for any violation that will not have a material adverse effect on Acquisition Sub's ability to purchase and pay for shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer.

4.4 Information Supplied. None of the information supplied or to be supplied by or on behalf of Parent for inclusion in the Offer Documents will, at the time the Offer Documents are filed with the SEC or distributed or otherwise disseminated to the shareholders of the Company or at the Acceptance Time, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. None of the information supplied or to be supplied by or on behalf of Parent for inclusion in the Proxy Statement will, at the time the Proxy Statement is filed with the SEC or mailed to the shareholders of the Company or at the time of the Company Shareholders Meeting (or any adjournment or postponement thereof), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. Notwithstanding the foregoing, no representation or warranty is made by the Parent or Acquisition Sub with respect to information supplied by or on behalf of the Company in writing for inclusion in the Offer Documents.

4.5 Consents. No consent, approval, order or authorization of, registration, declaration or filing with, or notice to, any Governmental Body is required to be obtained or made by or with respect to Parent or Acquisition Sub or any of their respective Subsidiaries in connection with the execution and delivery of this Agreement by Parent and Acquisition Sub or the consummation by Parent and Acquisition Sub of the Offer, the Merger or the other transactions contemplated hereby, except for: (a) the filing of a premerger notification and report form by Parent and Acquisition Sub under the HSR Act and the filings and receipt, termination or expiration, as applicable, of such other approvals or waiting periods as may be required under any foreign merger control law; (b) the filing of the Articles and Plan of Merger with the Secretary of State of the State of Montana; (c) compliance with the applicable requirements of the Exchange Act, including filing of the required amendments to the Schedule TO; (d) compliance with any applicable foreign or state securities or "blue sky laws"; and (e) any filings or notices required under the rules and regulations of the Nasdaq Stock Market.

4.6 Ownership of Company Common Stock. As of the date of this Agreement, neither Parent nor Acquisition Sub beneficially own (within the meaning of Section 13 of the Exchange Act and the rules and regulations promulgated thereunder) any shares of Company Common Stock, or is a party to any Contract (other than this Agreement) for the purpose of acquiring, holding, voting or disposing of any shares of Company Common Stock.

4.7 Financial Advisors. Except for Morgan Stanley & Co., no broker, finder or investment banker is entitled to any brokerage fee, finder's fee, opinion fee, success fee, transaction fee or other fee or commission or expense reimbursement in connection with the Offer, the Merger or any of the other Contemplated Transactions based upon arrangements made by or on behalf of Parent.

4.8 Funds. Parent or Acquisition Sub has, or will have at the Acceptance Time, sufficient funds available to satisfy the obligation to pay for shares of Company Common Stock in the Offer, and Parent or Acquisition Sub has, or will have at the Effective Time, sufficient funds available to satisfy the obligation to pay for shares of Company Common Stock pursuant to Section 2.5(a)(iii) in connection with the Merger.

Section 5. CERTAIN COVENANTS OF THE COMPANY

5.1 Access and Investigation. During the period from the date of this Agreement through the earlier of the Effective Time or the date of termination of this Agreement (the "Pre-Closing Period"), the Company shall, and shall cause the respective Representatives of the Acquired Corporations to (to the extent permitted under applicable Legal Requirements): (a) provide Parent and Parent's Representatives with reasonable access during normal business hours to the Acquired Corporations' Representatives, personnel and assets and to all existing books, records, Tax Returns, work papers and other documents and information relating to the Acquired Corporations; and (b) provide Parent and Parent's Representatives with such copies of the existing books, records, Tax Returns, work papers and other documents and information relating to the Acquired Corporations, and with such additional financial, operating and other data and information regarding the Acquired Corporations, as Parent may reasonably request. During the Pre-Closing Period, the Company shall, and shall cause the Representatives of each of the Acquired Corporations to, permit Parent's senior officers to meet, upon reasonable notice and during normal business hours, with the chief financial officer and other officers of the Company responsible for the Company's financial statements and the internal controls of the Acquired Corporations to discuss such matters as Parent may reasonably deem necessary or appropriate with respect to the satisfaction by Parent or the Company of its obligations under the Sarbanes-Oxley Act and the rules and regulations relating thereto. All information exchanged pursuant to this Section 5.1 shall be subject to the provisions of the Confidentiality Agreement. Without limiting the generality of any of the foregoing, during the Pre-Closing Period, the Company shall promptly provide Parent (upon its reasonable request and to the extent permitted under applicable Legal Requirements) with copies of:

(i) all material operating and financial reports prepared by the Acquired Corporations for the Company's senior management, including: (A) copies of the unaudited monthly consolidated balance sheets of the Acquired Corporations and the related unaudited monthly consolidated statements of operations, statements of shareholders' equity and statements of cash flows; and (B) copies of any sales forecasts, marketing plans, development plans, discount reports, write-off reports, hiring reports and capital expenditure reports prepared for the Company's senior management;

(ii) any written materials or communications sent by or on behalf of the Company to its shareholders;

(iii) any material notice, correspondence, document or other communication sent by or on behalf of any of the Acquired Corporations to any party to any Material Contract or sent to any of the Acquired Corporations by any party to any Material Contract (other than any communication that relates solely to routine commercial transactions between an Acquired Corporation and the other party to any such Contract and that is of the type sent in the ordinary course of business and in accordance with past practices);

(iv) any notice, report or other document filed with or sent to any Governmental Body on behalf of any of the Acquired Corporations in connection with the Offer or the Merger or any of the other Contemplated Transactions; and

(v) any material notice, report or other document received by any of the Acquired Corporations from any Governmental Body.

5.2 Operation of the Company's Business.

(a) During the Pre-Closing Period: (i) the Company shall: (A) ensure that each of the Acquired Corporations conducts its business and operations in the ordinary course and in accordance with past practices; and (B) exercise its commercially reasonable efforts to ensure that each of the Acquired Corporations conducts its business and operations in compliance in all material respects with all applicable Legal Requirements and the requirements of all Company Contracts; (ii) the Company shall use commercially reasonable efforts to ensure that each Acquired Corporation preserves intact its current business organization, keeps available the services of its current officers, consultants and employees and maintains its relations and goodwill with all suppliers, customers, producers, strategic partners, landlords, creditors, licensors, licensees, employees and other Persons having material business relationships with such Acquired Corporation; (iii) the Company shall keep in full force all insurance policies referred to in Section 3.19 (or reasonably equivalent policies); and (iv) the Company shall (to the extent reasonably requested by Parent and permitted under applicable Legal Requirements) cause its officers and the officers of its Subsidiaries to report regularly to Parent concerning the status of the Company's business.

(b) Without limiting the generality of the foregoing, during the Pre-Closing Period, the Company shall not (without the prior written consent of Parent which in the case of clauses "(viii)," "(ix)," "(xiv)" and (with respect to settlements, but not commencements, of Legal Proceedings) "(xvi)" shall not be unreasonably withheld, conditioned or delayed), and shall not permit any of the other Acquired Corporations to:

(i) declare, accrue, set aside or pay any dividend or make any other distribution (whether in cash, stock or otherwise) in respect of any shares of capital stock, or repurchase, redeem or otherwise reacquire any shares of capital stock or other securities or rights, warrants or options to acquire any such shares or securities, other than: (A) the acquisition by the Company of shares of Company Common Stock in connection with the surrender of shares of Company Common Stock by holders of Company Options in order to pay the exercise price of the Company Options; (B) the withholding of shares of Company Common Stock to satisfy Tax obligations with respect to awards granted pursuant to the Company Option Plans; and (C) the acquisition by the Company of Company Options or Company Restricted Stock in accordance with their terms in effect as of the date of this Agreement in connection with the forfeiture of such awards;

(ii) sell, issue, grant or authorize the issuance or grant of, or materially amend the terms of: (A) any capital stock or other security; (B) any option, restricted stock unit, restricted stock award or other equity-based compensation award (whether payable in cash, stock or otherwise), call, warrant or right to acquire any capital stock or other security; or (C) any instrument convertible into or exchangeable for any capital stock or other security (except that the Company may issue shares of Company Common Stock upon the valid exercise of Company Options or the vesting of Company Restricted Stock Units outstanding as of the date of this Agreement);

(iii) split, divide, subdivide, combine, consolidate or reclassify any of its capital stock or issue or authorize the issuance of any securities in lieu of or in substitution for shares of its capital stock;

(iv) amend or waive any of its rights under, or accelerate the vesting under, any provision of any of the Company's stock option or equity compensation plans, any provision of any agreement evidencing any outstanding stock option, any outstanding restricted stock unit or any restricted stock purchase agreement, or otherwise modify any of the terms of any outstanding equity-based compensation award or other security or any related Contract;

(v) adopt, approve or implement any "poison pill" or similar rights plan or related agreement;

(vi) amend or permit the adoption of any amendment to its articles of incorporation or bylaws or other charter or organizational documents, or effect or become a party to any merger, consolidation, share exchange, business combination, amalgamation, recapitalization or similar transaction;

(vii) form any Subsidiary or acquire any equity interest or other interest in any other Entity;

(viii) make any capital expenditure (except that the Acquired Corporations may make capital expenditures that, when added to all other capital expenditures made on behalf of the Acquired Corporations during the Pre-Closing Period, do not exceed $500,000 in the aggregate);

(ix) other than in the ordinary course of business and in accordance with past practices, enter into or become bound by, or permit any of the assets owned or used by it to become bound by, any Contract with a term of greater than six months or involving obligations on the part of the Acquired Corporation in excess of $250,000, or seek to amend, amend or seek to terminate, terminate, or waive or exercise any material right or remedy under, any Material Contract;

(x) acquire, lease or license any right or other asset from any other Person or sell or otherwise dispose of, or lease or license, any right or other asset to any other Person (except in each case for immaterial assets acquired, leased, licensed or disposed of by the Company in the ordinary course of business and in accordance with past practices), or waive or relinquish any material right;

(xi) (A) incur any indebtedness for borrowed money, issue or sell any debt securities or rights to acquire any debt securities of the Company or such Acquired Corporation, guarantee any such indebtedness or any debt securities of another Person or enter into any "keep well" or other agreement to maintain any financial statement condition of another Person, other than: (1) trade payables and similar obligations incurred in the ordinary course of business and in accordance with past practices; (2) other indebtedness incurred, assumed or otherwise entered into in the ordinary course of business and in accordance with past practices (including any borrowings under the Company's existing credit facilities and in respect of letters of credit) for additional amounts after the date hereof not in excess of $500,000 in the aggregate; (3) obligations incurred in connection with the Company's entry into and performance of the obligations arising in connection with the Contemplated Transactions; and (3) any such indebtedness incurred in connection with the refinancing of any indebtedness existing on the date of this Agreement or permitted to be incurred, assumed or otherwise entered into hereunder; or (B) other than for accounts receivable and similar arrangements extended in the ordinary course of business and in accordance with past practices, make any loans to any Person;

(xii) establish, adopt, terminate or amend any Employee Plan or any plan, practice, agreement, arrangement or policy that would be an Employee Plan if it was in existence on the date of this Agreement, pay any bonus or make any profit-sharing or similar payment to or for the benefit of, or increase the amount of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of its current or former directors, officers or employees (except that the Company may pay customary bonus payments in accordance with past practices and the bonus program Made Available to Parent);

(xiii) (A) hire any employee at the level of Vice President or above; (B) hire any employee with an annual base salary in excess of $100,000; or (C) promote any employee to a management level position except in order to fill a position vacated after the date of this Agreement;

(xiv) change in any material respect any of its pricing policies, product return policies, product maintenance polices, service policies, product modification or upgrade policies, personnel policies or other business policies, or any of its methods of accounting or accounting practices in any respect;

(xv) make any material Tax election;

(xvi) commence or settle any Legal Proceeding (except with respect to non-material disputes as may arise from time to time in the Company's ordinary course of business);

(xvii) enter into any material transaction with any of its Affiliates (other than the Company and any Company Subsidiary) other than pursuant to written arrangements in effect on the date of this Agreement and excluding any employment, compensation or similar arrangements otherwise permitted pursuant to this Section 5.2(b); or

(xviii) agree or commit to take any of the actions described in clauses "(i)" through "(xvii)" of this Section 5.2(b).

(c) Nothing contained in this Agreement shall give Parent, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Acceptance Time. Prior to the Acceptance Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

(d) During the Pre-Closing Period, the Company shall promptly notify Parent orally and in writing of: (i) the occurrence or non occurrence of any event, condition, fact or circumstance that would be reasonably likely to cause: (A) any representation or warranty made by the Acquired Corporations in this Agreement to be untrue or inaccurate in any material respect at any time during such period; or (B) any of the conditions set forth in Exhibit B or in Section 7 not to be satisfied; (ii) the failure by the Company to comply with or satisfy any covenant, condition or agreement to be satisfied by it pursuant to this Agreement; (iii) (A) any notice or other communication from any Person alleging that the Consent of such Person is or may be required in connection with any of the Contemplated Transactions; and (B) any Legal Proceeding commenced or (to its Knowledge) threatened, against, relating to or involving or otherwise affecting, any of the Acquired Corporations that relates to any of the Contemplated Transactions; or (iv) any event, condition, fact or circumstance that has had or could reasonably be expected to have or result in a Company Material Adverse Effect. No notification given to Parent pursuant to this Section 5.2(d) shall limit or otherwise affect any of the representations, warranties or covenants of the Company contained in this Agreement or any of the remedies available to Parent hereunder.

(e) During the Pre-Closing Period, Parent shall promptly notify the Company orally and in writing of: (i) the occurrence or non-occurrence of any event, condition, fact or circumstance that would be reasonably likely to cause: (A) any representation or warranty made by Parent or Acquisition Sub in this Agreement to be untrue or inaccurate in any material respect at any time during such period; or (B) any of the conditions set forth in clauses "(d)" and "(e)" of Exhibit B or in Section 7 not to be satisfied; or (ii) the

failure by Parent or Acquisition Sub to comply with or satisfy any covenant, condition or agreement to be satisfied by either of them pursuant to this Agreement. No notification given to the Company pursuant to this Section 5.2(e) shall limit or otherwise affect any of the representations, warranties or covenants of Parent contained in this Agreement or any of the remedies available to the Company hereunder.

(f) The Company shall timely exercise in full any right or option it may have to repurchase shares of its capital stock which is or becomes exercisable during the Pre-Closing Period from any current or former employee, consultant, officer, member of the board of directors or other Person upon termination of such Person's service to any of the Acquired Corporations where the repurchase price per share is less than the Offer Price; *provided*, *however*, that the Company shall use reasonable efforts to notify Parent in writing at least 10 days in advance of any such repurchase and, notwithstanding the above, shall only exercise any such repurchase right to the extent consented to by Parent in writing, which consent shall not be unreasonably withheld, conditioned or delayed.

5.3 No Solicitation.

(a) The Company shall not (and shall not resolve or propose to) directly or indirectly, and shall ensure that each other Acquired Corporation and all Representatives of the Acquired Corporations do not (and do not resolve or propose to) directly or indirectly (other than with respect to Parent and Acquisition Sub): (i) solicit, initiate, encourage, induce or facilitate the making, submission or announcement of any Acquisition Proposal or Acquisition Inquiry (including by approving any transaction or any Person (other than Parent and its Affiliates) under or pursuant to any applicable Takeover Statute) or take any action that could reasonably be expected to lead to an Acquisition Proposal; (ii) furnish any information regarding any of the Acquired Corporations to any Person in connection with or in response to an Acquisition Proposal or Acquisition Inquiry; or (iii) engage in discussions or negotiations with any Person with respect to any Acquisition Proposal or Acquisition Inquiry.

(b) Notwithstanding anything to the contrary contained in Section 5.3(a), prior to the Acceptance Time, Section 5.3(a) shall not prohibit the Company from furnishing non-public information regarding the Acquired Corporations to, or entering into discussions or negotiations with, any Person in response to (and in connection with) an unsolicited bona fide Acquisition Proposal that is submitted to the Company by such Person (and not withdrawn) if: (i) no Acquired Corporation and no Representative of any Acquired Corporation shall have breached or taken any action inconsistent with any of the provisions of this Section 5.3; (ii) such Acquisition Proposal constitutes a Superior Offer; (iii) the board of directors of the Company determines in good faith, after having taken into account the advice of the Company's outside legal counsel, that such action is required in order for the board of directors of the Company to comply with its fiduciary obligations to the Company's shareholders under applicable law; (iv) at least two business days prior to furnishing any such non-public information to, or entering into discussions or negotiations with, such Person, the Company gives Parent written notice of the identity of such Person and of the Company's intention to furnish non-public information to, or enter into discussions or negotiations with, such Person, and the Company receives from such Person an executed confidentiality agreement containing customary limitations on the use and disclosure of all non-public written and oral information furnished to such Person by or on behalf of the Company and customary "standstill" provisions (which shall in no event be less favorable to the Company than the "standstill" provisions included in the Confidentiality Agreement), and containing other provisions no less favorable to the Company than the provisions of the Confidentiality Agreement; and (v) prior to or concurrently with furnishing any such non-public information to such Person, the Company furnishes such non-public information to Parent (to the extent such non-public information has not been previously furnished by the Company to Parent). Without limiting the generality of the foregoing, the Company acknowledges and agrees that any action inconsistent with any of the provisions set forth in the preceding

sentence that is taken by any Representative of any of the Acquired Corporations, whether or not such Representative is purporting to act on behalf of any of the Acquired Corporations, shall be deemed to constitute a breach of Section 5.3(a) by the Company.

(c) If the Company or any other Acquired Corporation or any of their respective Representatives receives an Acquisition Proposal or Acquisition Inquiry or any request for non-public information at any time during the Pre-Closing Period, then the Company shall promptly (and in no event later than 24 hours after receipt of such Acquisition Proposal, Acquisition Inquiry or request) advise Parent orally and in writing of such Acquisition Proposal, Acquisition Inquiry or request (including the identity of the Person making or submitting such Acquisition Proposal, Acquisition Inquiry or request, the material terms and conditions thereof, and, if available, any written documentation received by such Acquired Corporation setting forth such terms and conditions). The Company shall keep Parent fully informed with respect to the status of any such Acquisition Proposal, Acquisition Inquiry or request and any modification or proposed modification thereto and shall promptly (and in no event later than 24 hours) notify Parent orally and in writing if it determines to begin providing information or to engage in discussions or negotiations concerning an Acquisition Proposal pursuant to this Section 5.3.

(d) The Company shall, and shall ensure that each other Acquired Corporation and all Representatives of the Acquired Corporations, immediately cease and cause to be terminated any existing solicitation, encouragement, discussions or negotiations with any Person that relate to any Acquisition Proposal or Acquisition Inquiry.

(e) The Company agrees not to release or permit the release of any Person from, or to amend or waive or permit the amendment or waiver of any provision of, any confidentiality, "standstill" or similar agreement to which any of the Acquired Corporations is or becomes a party or under which any of the Acquired Corporations has or acquires any rights, and will use commercially reasonable efforts to enforce or cause to be enforced each such agreement at the request of Parent. The Company also shall promptly: (i) request each Person that has executed a confidentiality agreement in connection with its consideration of a possible Acquisition Proposal or equity investment to return or destroy all confidential information heretofore furnished to such Person by or on behalf of any of the Acquired Corporations; and (ii) prohibit any third party from having access to any physical or electronic data rooms relating to a possible Acquisition Proposal.

(f) Except as permitted by Section 5.3(g), neither the board of directors of the Company nor any committee thereof shall: (i)(A) withdraw or modify in a manner adverse to Parent or Acquisition Sub, or publicly propose to withdraw or modify in a manner adverse to Parent or Acquisition Sub, the Company Board Recommendation (it being understood that the Company Board Recommendation shall be deemed to have been modified in a manner adverse to Parent if it shall no longer be unanimous); or (B) recommend the approval or adoption of, or approve or adopt, or publicly propose to recommend, approve or adopt, any Acquisition Proposal, or resolve, agree or propose to take any of the actions contemplated by clauses "(A)" or "(B)" (any action described in this clause (i) being referred to as an "Adverse Recommendation Change"); or (ii) approve or recommend, or publicly propose to approve or recommend, or cause or permit the Company or any of its Subsidiaries to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement constituting or relating to, or that is intended to, contemplates or is reasonably likely to result in, an Acquisition Transaction, other than a confidentiality agreement referred to in Section 5.3(b) (an "Acquisition Agreement") or resolve, agree or propose to take any such action.

(g) Notwithstanding anything to the contrary contained in Section 5.3(f), the board of directors of the Company may, at any time prior to the Acceptance Time, make an Adverse Recommendation Change and thereafter may cause the Company to terminate this Agreement in accordance with Section 8.1(f) and concurrently with such termination cause the Company to enter into a Specified Definitive Acquisition Agreement in accordance and subject to compliance with the provisions of Section 8.1(f), if: (i) an unsolicited bona fide, written Acquisition Proposal that did not otherwise result from a breach of the provisions of this Section 5.3 is made to the Company and is not withdrawn; (ii) the Company's board of directors determines in good faith, after having taken into account the advice of an independent financial advisor of nationally recognized reputation, that such Acquisition Proposal constitutes a Superior Offer; (iii) the Company's board of directors determines in good faith, after having taken into account the advice of the Company's outside legal counsel, that, in light of such Superior Offer, an Adverse Recommendation Change is required in order for the Company's board of directors to comply with its fiduciary obligations to the Company's shareholders under applicable Legal Requirements; (iv) prior to effecting such Adverse Recommendation Change, the Company's board of directors shall have given Parent at least three days' written notice: (A) that it has received a Superior Offer not in violation of the provisions of this Section 5.3; (B) that it intends to make an Adverse Recommendation Change; and (C) specifying the material terms and conditions of such Superior Offer, including the identity of the Person making such offer (and attaching the most current and complete version of any written agreement or other document relating thereto) (it being understood and agreed that any change to the consideration payable in connection with such Superior Offer or any other material modification thereto shall require a new three days' advance written notice by the Company); (v) during any such three day notice period(s), if requested by Parent, the Company engages in good faith negotiations with Parent to amend this Agreement in such a manner that no Adverse Recommendation Change is legally required as a result of such Superior Offer; and (vi) at the end of any such three day notice period, the failure to make an Adverse Recommendation Change would still constitute a breach of the fiduciary obligations of the Company's board of directors to the Company's shareholders under applicable Legal Requirements in light of such Superior Offer (taking into account any changes to the terms of this Agreement proposed by Parent as a result of the negotiations required by clause "(v)" or otherwise).

(h) Notwithstanding anything to the contrary contained in Section 5.3(f), the board of directors of the Company may, at any time prior to the Acceptance Time, make an Adverse Recommendation Change, if: (i) there shall occur or arise after the date of this Agreement a material event, material development or material change in circumstances that relates to the Acquired Corporations but does not relate to any Acquisition Proposal that was not known to any of the Acquired Corporations on the date of this Agreement (or if known, the consequences of which are not known to or reasonably foreseeable by the Acquired Corporations as of the date hereof), which event, development or change in circumstance, or any material consequences thereof, becomes known to the Acquired Corporations prior to the Acceptance Time (any such material event, material development or material change in circumstances unrelated to an Acquisition Proposal being referred to as an "Intervening Event"); (ii) no Acquired Corporation, and no Representative of any Acquired Corporation, had Knowledge, as of the date of this Agreement, that there was a reasonable possibility that such Intervening Event could occur or arise after the date of this Agreement; (iii) the Company provides Parent, at least two business days prior to any meeting of the Company's board of directors at which such board of directors will consider and determine whether such Intervening Event may require the Company to make an Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change, with a written notice specifying the date and time of such meeting, the reasons for holding such meeting and a reasonably detailed description of such Intervening Event; (iv) the Company's board of directors determines in good faith, after having taken into account the advice of the Company's outside legal counsel, that, in light of such Intervening Event, an Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change is required in order for the Company's board of directors to comply with its fiduciary obligations to the Company's

shareholders under applicable Legal Requirements; (v) no Adverse Recommendation Change pursuant to clause "(A)" of the definition of Adverse Recommendation Change has been made for five business days after receipt by Parent of a written notice from the Company confirming that the Company's board of directors has determined that the failure to make such an Adverse Recommendation Change in light of such Intervening Event would constitute a breach of its fiduciary obligations to the Company's shareholders under applicable Legal Requirements; (vi) during such five business day notice period, if requested by Parent, the Company engages in good faith negotiations with Parent to amend this Agreement in such a manner that no such Adverse Recommendation Change is legally required as a result of such Intervening Event; and (vii) at the end of such five business day notice period, the failure to make such Adverse Recommendation Change would still constitute a breach of the fiduciary obligations of the Company's board of directors to the Company's shareholders under applicable Legal Requirements in light of such Intervening Event (taking into account any changes to the terms of this Agreement proposed by Parent as a result of the negotiations required by clause "(vi)" or otherwise).

(i) Nothing contained in this Section 5.3 or elsewhere in this Agreement shall prohibit the Company from: (i) taking and disclosing to its shareholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) promulgated under the Exchange Act; or (ii) making any disclosure to its shareholders if the board of directors of the Company determines in good faith, after having taken into account the advice of the Company's outside legal counsel, that failure to do so would be a breach of its fiduciary obligations to the Company's shareholder under applicable Legal Requirements; *provided, however*, that this Section 5.3(i) shall not be deemed to permit the board of directors of the Company to make an Adverse Recommendation Change or take any of the actions referred to in clause "(ii)" of Section 5.3(f) except, in each case, to the extent permitted by Section 5.3(g) and Section 5.3(h).

Section 6. ADDITIONAL COVENANTS OF THE PARTIES

6.1 Shareholder Approval; Proxy Statement.

(a) If the approval of this Agreement by the Company's shareholders is required by applicable Legal Requirements in order to consummate the Merger, the Company shall, as promptly as practicable following the later of the Acceptance Time or the expiration of any subsequent offering period provided in accordance with Rule 14d-11 under the Exchange Act, take all action necessary or advisable under applicable Legal Requirements to call, give notice of and hold a meeting of the holders of Company Common Stock to vote on the approval of this Agreement (the "Company Shareholders Meeting"). The Company shall ensure that all proxies solicited in connection with the Company Shareholders Meeting are solicited in compliance with all applicable Legal Requirements, and shall, through the Company's board of directors, recommend to its shareholders that they give the Required Company Shareholder Vote, except to the extent that the Company's board of directors shall have made an Adverse Recommendation Change as permitted by Section 5.3.

(b) If the approval of this Agreement by the Company's shareholders is required by applicable Legal Requirements in order to consummate the Merger, the Company shall, as soon as practicable following the later of the Acceptance Time or the expiration of any subsequent offering period provided in accordance with Rule 14d-11 under the Exchange Act, prepare and file with the SEC the Proxy Statement, and shall: (i) cause the Proxy Statement to comply in all material respects with the applicable requirements of the Exchange Act and the rules and regulations thereunder and with all other applicable Legal Requirements; (ii) respond promptly to any comments received from the SEC or its staff; and (iii) cause the Proxy Statement to be mailed to the Company's shareholders as promptly as practicable. The Company shall give Parent a reasonable opportunity to comment on the Proxy Statement, any correspondence with the SEC or its staff (including any staff comments on the Proxy Statement) or any

proposed material to be included in or with the Proxy Statement prior to transmission to the SEC or its staff and shall not, except as may be required under the Exchange Act, transmit any such document or material to which Parent reasonably objects. The Company shall respond promptly to any comments received from the SEC or its staff with respect to the Proxy Statement, and shall correct promptly any information in the Proxy Statement if and to the extent that such information shall have become false or misleading in any material respect. If at any time prior to the Company Shareholders Meeting there shall occur any event that should be set forth in an amendment or supplement to the Proxy Statement, the Company shall promptly prepare such an amendment or supplement and, after obtaining the consent of Parent to such amendment or supplement (which consent shall not be unreasonably withheld, conditioned or delayed), shall promptly transmit such amendment or supplement to the Company's shareholders.

(c) Notwithstanding anything to the contrary contained in this Agreement, if Acquisition Sub shall own, by virtue of the Offer or otherwise, at least 80% of the outstanding shares of Company Common Stock, Parent may, in its discretion, cause the merger of the Company into Acquisition Sub to become effective as soon as practicable following the time such ownership is first obtained, without a shareholders' meeting, in accordance with Section 35-1-818 of the MBCA.

(d) If the approval of this Agreement by the Company's shareholders is required by applicable Legal Requirements in order to consummate the Merger, Parent agrees to cause all shares of Company Common Stock owned by Parent, Acquisition Sub or any other Subsidiary of Parent to be voted in favor of the approval of this Agreement at the Company Shareholders Meeting.

6.2 Regulatory Approvals.

(a) Each party shall use commercially reasonable efforts to file, as soon as practicable after the date of this Agreement, all notices, reports and other documents required to be filed by such party with any Governmental Body with respect to the Offer, the Merger, the other Contemplated Transactions and the Shareholder Agreements, and to submit promptly any additional information requested by any such Governmental Body. Without limiting the generality of the foregoing, the Company and Parent shall, promptly after the date of this Agreement, prepare and file the notification and report forms required to be filed under the HSR Act and any notification or other document required to be filed under any applicable foreign antitrust or competition-related Legal Requirement in connection with the Offer, the Merger, the other Contemplated Transactions and the Shareholder Agreements. The Company and Parent shall respond as promptly as practicable to: (a) any inquiries or requests received from the Federal Trade Commission or the Department of Justice for additional information or documentation; and (b) any inquiries or requests received from any state attorney general, foreign antitrust or competition authority or other Governmental Body in connection with antitrust or related matters. At the request of Parent, the Company shall divest, sell, dispose of, hold separate or take any other action with respect to any of the businesses, product lines or assets of the Acquired Corporations, provided that any such action is conditioned upon the consummation of the Offer or the Merger.

(b) Subject to the confidentiality provisions of the Confidentiality Agreement, Parent and the Company each shall promptly supply the other with any information which may be required in order to effectuate any filings (including applications) pursuant to (and to otherwise comply with its obligations set forth in) Section 6.2(a). Except where prohibited by applicable Legal Requirements or any Governmental Body, and subject to the confidentiality provisions of the Confidentiality Agreement, each of Parent and the Company shall: (i) consult with the other prior to taking a position with respect to any such filing; (ii) permit the other to review and discuss in advance, and consider in good faith the views of the other in connection with, any analyses, appearances, presentations, memoranda, briefs, white papers, arguments, opinions and proposals before making or submitting any of the foregoing to any

Governmental Body by or on behalf of any party hereto in connection with any Legal Proceeding related solely to this Agreement or the transactions contemplated hereby (including any such Legal Proceeding relating to any antitrust, competition or fair trade Legal Requirement); (iii) coordinate with the other in preparing and exchanging such information; and (iv) promptly provide the other (and its counsel) with copies of all filings, notices, analyses, presentations, memoranda, briefs, white papers, opinions, proposals and other submissions (and a summary of any oral presentations) made or submitted by such party with or to any Governmental Body related solely to this Agreement or the Contemplated Transactions.

(c) Each of Parent and the Company shall notify the other promptly upon the receipt of: (i) any communication from any official of any Governmental Body in connection with any filing made pursuant to this Agreement; (ii) knowledge of the commencement or threat of commencement of any Legal Proceeding by or before any Governmental Body with respect to the Contemplated Transactions (and shall keep the other party informed as to the status of any such Legal Proceeding or threat); and (iii) any request by any official of any Governmental Body for any amendment or supplement to any filing made pursuant to this Agreement or any information required to comply with any Legal Requirements applicable to the Contemplated Transactions. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to Section 6.2(a), Parent or the Company, as the case may be, shall (promptly upon learning of the occurrence of such event) inform the other of the occurrence of such event and cooperate in filing with the applicable Governmental Body such amendment or supplement.

(d) Subject to Section 6.2(e), Parent and the Company shall use commercially reasonable efforts to take, or cause to be taken, all actions necessary to consummate the Offer and the Merger and make effective the other Contemplated Transactions. Without limiting the generality of the foregoing, but subject to Section 6.2(e), each party to this Agreement: (i) shall make all filings (if any) and give all notices (if any) required to be made and given by such party in connection with the Offer, the Merger and the other Contemplated Transactions; (ii) shall use commercially reasonable efforts to obtain each Consent (if any) required to be obtained (pursuant to any applicable Legal Requirement or Contract, or otherwise) by such party in connection with the Offer, the Merger or any of the other Contemplated Transactions; and (iii) shall use commercially reasonable efforts to lift any restraint, injunction or other legal bar to the Offer or the Merger.

(e) Notwithstanding anything to the contrary contained in Section 6.2 or elsewhere in this Agreement, neither Parent nor Acquisition Sub shall have any obligation under this Agreement: (i) to divest or agree to divest (or cause any of its Subsidiaries or any of the Acquired Corporations to divest or agree to divest) any of its respective businesses, product lines or assets, or to take or agree to take (or cause any of its Subsidiaries or any of the Acquired Corporations to take or agree to take) any other action or agree (or cause any of its Subsidiaries or any of the Acquired Corporations to agree) to any limitation or restriction on any of its respective businesses, product lines or assets; or (ii) to contest any Legal Proceeding relating to the Offer or the Merger or any of the other Contemplated Transactions.

6.3 Employee Benefits.

(a) Except as specified herein, the Company shall not take (or cause or permit to be taken) any action to terminate any employee benefit plan sponsored by any of the Acquired Corporations (or in which any of the Acquired Corporations participates); *provided*, *however*, that unless directed otherwise in writing by Parent at least two business days prior to the Acceptance Time, the Company shall take (or cause to be taken) all actions reasonably determined by Parent to be necessary or appropriate to terminate any plan that contains a cash or deferred arrangement intended to qualify under Section 401(k) of the Code (a "401(k) Plan"), with such termination effective as of the day immediately prior to the date on which the Acceptance Time occurs with respect to any such

401(k) Plan. Unless Parent provides such written notice to the Company, the Company shall provide Parent with evidence that such 401(k) Plan(s) have been terminated (effective as of no later than the day immediately preceding the date on which the Acceptance Time occurs) pursuant to resolutions of the board of directors of the Company or applicable Acquired Corporation, as the case may be. If directed in writing by Parent prior to the Effective Time, the Company shall take (or cause to be taken) all actions reasonably determined by Parent to be necessary or appropriate to terminate any employee benefit plan that is not a 401(k) Plan, with such termination effective as of immediately prior to the Effective Time with respect to any such employee benefit plan. Any resolutions with respect to the foregoing actions shall be in a reasonable form provided by Parent or, if directed by Parent, in a form provided by the Company and subject to the prior review and approval of Parent, which approval shall not be unreasonably withheld. The Company also shall take such other actions in furtherance of terminating such 401(k) Plan(s) as Parent may reasonably request.

(b) Parent agrees that, subject to any necessary transition period and subject to any applicable plan provisions, contractual requirements or Legal Requirements: (i) all employees of the Acquired Corporations who continue employment with Parent, the Surviving Corporation or any Subsidiary of the Surviving Corporation after the Effective Time ("Continuing Employees") shall be eligible to participate in Parent's health, paid time off policy and 401(k) plans, to substantially the same extent as similarly situated employees of Parent, as soon as administratively practicable following the Closing; and (ii) for purposes of determining a Continuing Employee's eligibility to participate and vest in such plans (except to the extent such service credit would result in benefit accruals under any defined benefit plan or a duplication of benefits), such Continuing Employee shall receive credit under such plans for his or her years of continuous service with the Acquired Corporations or a predecessor company prior to the Effective Time to the same extent as such service was recognized under any analogous Employee Plan in effect immediately prior to the Effective Time.

(c) To the extent any employee notification or consultation requirements are imposed by applicable Legal Requirements with respect to the transactions contemplated by this Agreement, the Company shall cooperate with Parent to ensure that such notification or consultation requirements are complied with prior to the Acceptance Time or Effective Time, as applicable. Prior to the Effective Time, no Acquired Corporation shall communicate with Continuing Employees regarding post-Closing employment matters, including post-Closing employee benefits and compensation, without the prior written approval of Parent, which approval shall not be unreasonably withheld.

(d) Nothing in this Section 6.3 or elsewhere in this Agreement shall be deemed to make any employee of the parties or their respective Subsidiaries a third party beneficiary of this Section 6.3 or provide any such employee any rights relating hereto.

6.4 Indemnification of Officers and Directors.

(a) All rights to indemnification by the Company existing in favor of those Persons who are directors and officers of the Company as of the date of this Agreement (the "Indemnified Persons") for their acts and omissions as directors and officers occurring prior to the Effective Time, as provided in the Company's articles of incorporation or bylaws (as in effect as of the date of this Agreement) and as provided in any indemnification agreements between the Company and said Indemnified Persons (as in effect as of the date of this Agreement) Made Available to Parent, shall survive the Merger and shall continue in full force and effect (to the fullest extent such rights to indemnification are available under and consistent with Montana law) for a period of six years from the Effective Time.

(b) From the Effective Time until the sixth anniversary of the Effective Time, the Surviving Corporation shall maintain in effect, for the benefit of the Indemnified Persons with respect to their acts and omissions as directors and officers occurring prior to the Effective Time, the existing policy of directors' and officers' liability insurance maintained by the Company as of the date of this Agreement in the form disclosed by the Company to Parent prior to the date of this Agreement (the "Existing D&O Policy"), to the extent that directors' and officers' liability insurance coverage is available on commercially reasonable terms; *provided, however,* that: (i) the Surviving Corporation may substitute for the Existing D&O Policy a policy or policies of comparable coverage; and (ii) the Surviving Corporation shall not be required to pay annual premiums for the Existing D&O Policy (or for any substitute policies) in excess of 200% of the annual premium paid prior to the date hereof by the Company for the Existing D&O Policy (the "Maximum Premium"). In the event any future annual premiums for the Existing D&O Policy (or any substitute policies) exceed the Maximum Premium in the aggregate, the Surviving Corporation shall be entitled to reduce the amount of coverage of the Existing D&O Policy (or any substitute policies) to the amount of coverage that can be obtained for a premium equal to the Maximum Premium. Parent and the Surviving Corporation shall have the right in lieu of the foregoing to purchase a tail policy with substantially the same coverage.

6.5 Public Announcement. Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statement with respect to the Offer, the Merger or any of the other Contemplated Transactions or the Shareholder Agreements, except for press releases or public statements containing in all material respects only such information as has been previously and properly disclosed. Without limiting the generality of the foregoing, the Company shall not, and shall not permit any of its Subsidiaries or any Representative of any of the Acquired Corporations to, make any disclosure to employees of any of the Acquired Corporations regarding employee compensation, employment offers, positions or other employment related matters, unless Parent shall (prior thereto) have approved such disclosure.

6.6 Shareholder Litigation. The Company shall give Parent the opportunity to participate in the defense or settlement of any shareholder litigation against the Company and/or its officers or directors relating to any of the Contemplated Transactions, and no such settlement shall be agreed to without Parent's prior written consent (such consents not to be unreasonably withheld or delayed).

6.7 Section 16 Matters. Prior to the Effective Time, the Company shall take such reasonable steps as are required to cause the disposition of Company Common Stock, Company Options and Company Restricted Stock Units in connection with the transactions contemplated by this Agreement by each officer or director of the Company who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company to be exempt from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act.

6.8 Resignation of Officers and Directors. Subject to the provisions of Section 1.3, the Company shall use commercially reasonable efforts to obtain and deliver to Parent at the Closing (effective as of the Effective Time) the resignation of each officer and director of each of the Acquired Corporations.

6.9 Rule 14d–10 Matters. Prior to the Acceptance Time, the Company (acting through the board of directors of the Company and its compensation committee) shall take all such steps as may be required to cause to be exempt under Rule 14d–10(d) promulgated under the Exchange Act any employment compensation, severance or other employee benefit arrangement entered into on or after the date hereof by the Company, Parent or any of their respective Affiliates with current or future directors, officers or employees of the Company and its Affiliates and to ensure that any such arrangements fall within the safe harbor provisions of such Rule.

6.10 Delisting. From the Acceptance Time to the Closing Date, the Company shall cooperate with Parent and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Legal Requirements (including the rules and regulations of Nasdaq Stock Market) to enable the de-listing by the Surviving Corporation of the Company Common Stock from Nasdaq and the deregistration of the Company Common Stock under the Exchange Act as promptly as practicable after the Effective Time.

Section 7. CONDITIONS PRECEDENT TO THE MERGER

The respective obligations of the parties to effect the Merger are subject to the satisfaction, at or prior to the Closing, of each of the following conditions:

7.1 Shareholder Approval. If required by applicable Legal Requirements in order to consummate the Merger, this Agreement shall have been duly approved by the Required Company Shareholder Vote.

7.2 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Merger shall have been issued by any court or other Governmental Body of competent jurisdiction and remain in effect, and there shall not be any Legal Requirement enacted or deemed applicable to the Merger that makes consummation of the Merger illegal; *provided*, *however*, that prior to invoking this Section 7.2, a party shall have taken all actions required of such party under this Agreement to have any such injunction, order or Legal Requirement or other prohibition lifted.

7.3 Consummation of Offer. Acquisition Sub shall have accepted for payment and paid for shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer.

Section 8. TERMINATION

8.1 Termination. This Agreement may be terminated and the Offer and the Merger may be abandoned (other than in the case of Section 8.1(a), by written notice of the terminating party (acting through such party's board of directors or its designee) to the other parties):

(a) by mutual written consent of Parent and the Company at any time prior to the Effective Time (notwithstanding receipt of the Required Company Shareholder Vote);

(b) by either Parent or the Company at any time prior to the Effective Time (notwithstanding receipt of the Required Company Shareholder Vote) if a court or other Governmental Body of competent jurisdiction shall have issued a final and non-appealable order, decree or ruling, or shall have taken any other action, having the effect of: (i) permanently restraining, enjoining or otherwise prohibiting: (A) the acquisition or acceptance for payment of, or payment for, shares of Company Common Stock pursuant to the Offer; or (B) the Merger; or (ii) making the acquisition of or payment for shares of Company Common Stock pursuant to the Offer, or the consummation of the Merger, illegal; *provided*, *however*, that a party shall not be permitted to terminate this Agreement pursuant to this Section 8.1(b) if the issuance of such order, decree or ruling or the taking of such action is attributable to the failure of such party to perform any covenant in this Agreement required to be performed by such party at or prior to the Effective Time;

(c) by either Parent or the Company at any time prior to the Acceptance Time if the Offer shall have expired or shall have been terminated in accordance with the terms of this Agreement (including Exhibit B) without Acquisition Sub having accepted shares of Company Common Stock for payment pursuant to the Offer; *provided, however,* that: (i) a party shall not be permitted to terminate this Agreement pursuant to this Section 8.1(c) if: (A) the failure of Acquisition Sub to accept shares of Company Common Stock for payment pursuant to the Offer is attributable to the failure of an Offer Condition to be satisfied; and (B) the failure of such Offer Condition to be satisfied is attributable to a failure, on the part of the party seeking to terminate this Agreement, to perform any covenant in this Agreement required to be performed by such party at or prior to the Acceptance Time; and (ii) the Company shall not be permitted to terminate this Agreement pursuant to this Section 8.1(c) unless the Company shall have made any payment required to be made to Parent pursuant to Section 8.3(a);

(d) by either Parent or the Company if the Acceptance Time shall not have occurred on or prior to March 31, 2010 (the "Outside Date"); *provided, however,* that: (i) a party shall not be permitted to terminate this Agreement pursuant to this Section 8.1(d) if: (A) the failure of the Acceptance Time to occur on or prior to the Outside Date is attributable to the failure of an Offer Condition to be satisfied; and (B) the failure of such Offer Condition to be satisfied is attributable to a failure on the part of such party to perform any covenant in this Agreement required to be performed by such party at or prior to the Acceptance Time; and (ii) the Company shall not be permitted to terminate this Agreement pursuant to this Section 8.1(d) unless the Company shall have made any payment required to be made to Parent pursuant to Section 8.3(a);

(e) by Parent at any time prior to the Acceptance Time if a Triggering Event shall have occurred;

(f) by the Company at any time prior to the Acceptance Time in order to accept a Superior Offer and enter into a binding, written, definitive Acquisition Agreement providing for the consummation of the transaction contemplated by such Superior Offer (the "Specified Definitive Acquisition Agreement"), if: (i) the Company and its board of directors shall have satisfied all of the notice, negotiation and other requirements set forth in Section 5.3(g) with respect to such Superior Offer and the negotiation period(s) described therein shall have expired; (ii) the Company shall have made the payment required to be made to Parent pursuant to Section 8.3(a) and shall have paid to Parent the fee required to be paid to Parent pursuant to Section 8.3(c); and (iii) concurrently with such termination, the Company enters into the Specified Definitive Acquisition Agreement upon termination of this Agreement pursuant to this Section 8.1(f);

(g) by Parent at any time prior to the Acceptance Time if: (i) any of the Company's representations or warranties contained in this Agreement shall be inaccurate as of the date of this Agreement or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date), such that the condition set forth in clause "(a)" of Exhibit B would not be satisfied (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the date of this Agreement or as of any subsequent date: (A) all materiality qualifications limiting the scope of such representations and warranties shall be disregarded; and (B) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement shall be disregarded); or (ii) the Company shall have failed to perform any of its covenants or agreements contained in this Agreement, such that the condition set forth in clause "(b)" of

Exhibit B would not be satisfied; *provided*, *however*, that if (A) any inaccuracy in any of the Company's representations or warranties as of a date subsequent to the date of this Agreement or failure to perform any of the Company's covenants or agreements is curable by the Company prior to the earlier of the Outside Date or 30 days after the date on which the Company is notified by Parent in writing of such inaccuracy or failure to perform; and (B) the Company is continuing to exercise commercially reasonable efforts to cure such inaccuracy or failure to perform, then Parent may not terminate this Agreement under this Section 8.1(g) on account of such inaccuracy or failure to perform: (1) during such 30-day (or shorter) period; or (2) after such 30-day period, if such inaccuracy or failure to perform shall have been fully cured; *provided, further, however,* that Parent shall not have the right to terminate this Agreement pursuant to this Section 8.1(g) if Parent of Acquisition Sub is then in material breach of any of its representations, warranties, covenants or agreements hereunder;

(h) by the Company at any time prior to the Acceptance Time if: (i) any of Parent's representations or warranties contained in this Agreement shall be inaccurate as of the date of this Agreement or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date) (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the date of this Agreement or as of any subsequent date, all materiality qualifications limiting the scope of such representations and warranties shall be disregarded) and such inaccuracy has a material adverse effect on Acquisition Sub's ability to purchase and pay for shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer; or (ii) Parent shall have failed to perform any of its covenants or agreements contained in this Agreement and such failure has a material adverse effect on Acquisition Sub's ability to purchase and pay for the shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer; *provided*, *however*, that if: (A) any inaccuracy of any of Parent's representations or warranties as of a date subsequent to the date of this Agreement or failure to perform Parent's covenants or agreements is curable by Parent prior to the earlier of the Outside Date or 30 days after the date on which Parent is notified by the Company in writing of such breach or failure to perform; and (B) Parent is continuing to exercise commercially reasonable efforts to cure such inaccuracy or failure to perform, then the Company may not terminate this Agreement under this Section 8.1(h) on account of such inaccuracy or failure to perform: (1) during such 30-day (or shorter) period; or (2) after such 30-day period, if such inaccuracy or failure to perform shall have been fully cured; *provided, further, however,* that the Company shall not have the right to terminate this Agreement pursuant to this Section 8.1(h) if the Company is then in material breach of any of its representations, warranties, covenants or agreements hereunder; or

(i) by Parent at any time prior to the Acceptance Time if: (i) a Company Material Adverse Effect shall have occurred; or (ii) any event shall have occurred or circumstance shall have arisen that, in combination with any other events or circumstances, could reasonably be expected to have or result in a Company Material Adverse Effect.

8.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 8.1, this Agreement shall be of no further force or effect; *provided, however,* that: (i) Section 6.6, this Section 8.2, Section 8.3 and Section 9 (and the Confidentiality Agreement, other than Section 8 thereof) shall survive the termination of this Agreement and shall remain in full force and effect (it being understood that Section 8 of the Confidentiality Agreement has been superseded by this Agreement and has no further force or effect and nothing contained in the Confidentiality Agreement shall impact Parent's rights or remedies with respect to fraud); (ii) the termination of this Agreement shall not relieve any party from any liability for any material inaccuracy in any representation or warranty contained in this Agreement or fraud or any deliberate, willful and material breach of any covenant or

agreement contained in this Agreement; *provided, however*, that if it shall be judicially determined that termination of this Agreement was caused by a deliberate, willful and material breach, then in addition to other remedies at law or equity for breach of this Agreement, the party to this Agreement found to have deliberately, willfully and materially breached this Agreement shall indemnify and hold harmless the other parties to this Agreement for their respective out-of-pocket costs, fees and expenses of their counsel, accountants, financial advisors and other experts and advisors, as well as fees and expenses incident to the negotiation and execution of this Agreement and related documents and the Company Shareholders Meeting and consents obtained in connection with the Contemplated Transactions; and (iii) no termination of this Agreement shall in any way affect any of the parties' rights or obligations with respect to any shares of Company Common Stock accepted for payment pursuant to the Offer prior to such termination.

8.3 Expenses; Termination Fees.

(a) Except as set forth in Section 8.2 and this Section 8.3, all fees and expenses incurred in connection with this Agreement and the Contemplated Transactions shall be paid by the party incurring such expenses, whether or not the Offer or the Merger is consummated; *provided, however,* that:

(i) Parent and the Company shall share equally all fees and expenses, other than attorneys' fees, incurred in connection with: (A) the filing, printing and mailing of the Offer Documents, Schedule 14D-9 and the Proxy Statement and any amendments or supplements thereto; (B) the retention of any information agent, depositary or other service provider in connection with the Offer; and (C) the filing by Parent and the Company of the premerger notification and report forms relating to the Contemplated Transactions under the HSR Act and the filing of any notice or other document under any applicable foreign antitrust or competition-related Legal Requirement; and

(ii) if this Agreement is terminated: (A)(1) by Parent or the Company pursuant to Section 8.1(c) or Section 8.1(d) or by Parent pursuant to Section 8.1(g) (in the case of Section 8.1(g)(i), only in the event of a willful breach of the Company's representations or warranties contained in this Agreement); and (2) at or prior to the time of such termination an Acquisition Proposal shall have been disclosed, announced, commenced, submitted or made; or (B) by Parent pursuant to Section 8.1(e) or by the Company pursuant to Section 8.1(f), then (without limiting any obligation of the Company to pay any fee payable pursuant to Section 8.3(b) or Section 8.3(c)), in each of clause "(A)" and "(B)" of this sentence, the Company shall make a non-refundable cash payment to Parent, at the time specified in the next sentence, in an amount equal to $3,640,000 (or, if higher, the aggregate amount of all fees and expenses (including all attorneys' fees, accountants' fees, financial advisory fees and filing fees) that have been paid or that may become payable by or on behalf of Parent in connection with the preparation and negotiation of this Agreement and the Shareholder Agreements and otherwise in connection with the Offer, the Merger or any of the other Contemplated Transactions and the Shareholder Agreements); *provided, however*, in the event the Company is required to make such payment pursuant to this Section 8.3(a)(ii), no additional payment of expenses shall be due to Parent pursuant to Section 8.2 for deliberate, willful and material breach (it being understood, however, that Parent's other remedies, if any, shall not be affected by any payments under Section 8.2 or 8.3).

In the case of termination of this Agreement by the Company pursuant to Section 8.1(c), Section 8.1(d) or Section 8.1(f), any non-refundable payment required to be made pursuant to clause "(ii)" of the proviso to Section 8.3(a) shall be made by the Company prior to or at the time of such termination; and in the case of termination of this Agreement by Parent pursuant to Section 8.1(c),

Section 8.1(d), Section 8.1(e) or Section 8.1(g), any non-refundable payment required to be made pursuant to clause "(ii)" of the proviso to Section 8.3(a) shall be made by the Company within two business days after such termination.

(b) If this Agreement is terminated by Parent or the Company pursuant to Section 8.1(c) or Section 8.1(d) or by Parent pursuant to Section 8.1(g) (in the case of Section 8.1(g)(i), only in the event of a willful breach of the Company's representations or warranties contained in this Agreement) and: (i) at or prior to the time of such termination an Acquisition Proposal shall have been disclosed, announced, commenced, submitted or made; and (ii) within 18 months after the date of any such termination, an Acquisition Transaction (whether or not relating to such Acquisition Proposal) is consummated or a definitive agreement contemplating an Acquisition Transaction (whether or not relating to such Acquisition Proposal) is executed, then the Company shall pay to Parent, in cash at the earlier of the time such Acquisition Transaction is consummated or the time such definitive agreement is executed, a non-refundable fee in the amount of $14,560,000; *provided, however*, that: (A) any payment made by the Company pursuant to Section 8.3(a)(ii) shall be credited against the fee payable under this Section 8.3(b); and (B) in the event the Company is required to make such payment pursuant to this Section 8.3(b), no additional payment of expenses shall be due to Parent pursuant to Section 8.2 for deliberate, willful and material breach (it being understood, however, that Parent's other remedies, if any, shall not be affected by any payments under Section 8.2 or 8.3).

(c) If this Agreement is terminated by Parent pursuant to Section 8.1(e) or by the Company pursuant to Section 8.1(f), then the Company shall pay to Parent, in cash at the time specified in the next sentence (and in addition to the amounts payable pursuant to Section 8.3(a)), a non-refundable fee in the amount of $14,560,000; *provided, however*, that any payment made by the Company pursuant to Section 8.3(a) shall be credited against the fee payable under this Section 8.3(c). In the case of termination of this Agreement by Parent pursuant to Section 8.1(e), the fee referred to in the preceding sentence shall be paid by the Company within two business days after such termination; and in the case of termination of this Agreement by the Company pursuant to Section 8.1(f), the fee referred to in the preceding sentence shall be paid by the Company at or prior to the time of such termination.

(d) Each of the Company and Parent acknowledges and agrees that the agreements contained in this Section 8.3, are an integral part of the Contemplated Transactions, that such fees would constitute liquidated damages in a reasonable amount that will compensate Parent and Acquisition Sub in the circumstances where such fee is payable, and that, without these agreements, Parent would not have entered into this Agreement. Accordingly, if the Company fails to pay when due any amount payable under this Section 8.3, then: (i) the Company shall reimburse Parent for all costs and expenses (including fees and disbursements of counsel) incurred in connection with the collection of such overdue amount and the enforcement by Parent of its rights under this Section 8.3; and (ii) the Company shall pay to Parent interest on such overdue amount (for the period commencing as of the date such overdue amount was originally required to be paid and ending on the date such overdue amount is actually paid to Parent in full) at a rate per annum equal to 300 basis points over the "prime rate" (as announced by Bank of America or any successor thereto) in effect on the date such overdue amount was originally required to be paid.

(e) The fees payable pursuant to this Section 8.3 shall be paid by the Company free and clear of all deductions or withholdings. In the event that a deduction or withholding is required by applicable Legal Requirements, the Company shall pay such additional amount as shall be required to ensure that the net amount received by Parent shall equal the full amount which would have been received by it, had no such deduction or withholding been required to be made, and the Company shall indemnify Parent for such withholding or deductions, and interest, additions to tax and penalties thereon.

Section 9. MISCELLANEOUS PROVISIONS

9.1 Amendment. Subject to Section 1.3, this Agreement may be amended with the approval of the respective boards of directors of the Company and Parent at any time prior to the Effective Time, whether before or after the approval of this Agreement by the Company's shareholders; *provided, however,* that after any such approval of this Agreement by the Company's shareholders, no amendment shall be made which by applicable Legal Requirements requires further approval of the shareholders of the Company without the further approval of such shareholders. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

9.2 Waiver. At any time prior to the Effective Time, the parties may: (a) extend the time for the performance of any of the obligations or other acts of the other parties; (b) waive any inaccuracies in the representations and warranties of the other parties contained herein or in any document delivered pursuant hereto; or (c) subject to the proviso to the first sentence of Section 9.1 and to the extent permitted by applicable Legal Requirements, waive compliance with any of the agreements or covenants of the other parties or any condition that exists in favor of the waiving party contained herein. No failure on the part of any party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

9.3 No Survival of Representations and Warranties. None of the representations and warranties contained in this Agreement or in any certificate delivered pursuant to this Agreement shall survive the Merger. This Section 9.3 shall not limit any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

9.4 Entire Agreement; Counterparts. This Agreement (including all Exhibits and Schedules hereto) and the other agreements referred to in this Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter hereof and thereof; *provided, however*, that the Confidentiality Agreement (other than Section 8 thereof) shall not be superseded and shall remain in full force and effect. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument

9.5 Applicable Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof (it being understood, however, that with respect to any matters of corporate law required to be governed by the laws of the State of Montana, such laws shall apply).

(b) In any action between any of the parties arising out of or relating to this Agreement or any of the Contemplated Transactions each of the parties: (i) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive

jurisdiction over the matter, in which case the United States District Court for the District of Delaware); (ii) agrees that it will not attempt to deny or defeat such jurisdiction by motion or other request for leave from such court; and (iii) agrees that it will not bring any such action in any court other than the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware). Service of any process, summons, notice or document to any party's address and in the manner set forth in Section 9.9 shall be effective service of process for any such action.

(c) EACH PARTY ACKNOWLEDGES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS. EACH PARTY ACKNOWLEDGES, AGREES AND CERTIFIES THAT: (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD, IN THE EVENT OF LITIGATION, SEEK TO PREVENT OR DELAY ENFORCEMENT OF EITHER OF SUCH WAIVERS; (ii) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS; (iii) IT MAKES SUCH WAIVERS VOLUNTARILY; AND (iv) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.5(c).

9.6 Disclosure Schedule. The Disclosure Schedule shall be arranged in separate parts corresponding to the numbered and lettered sections contained in Section 3 (or other applicable provision of this Agreement), and the information disclosed in any numbered or lettered part shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered or lettered section in Section 3 (or other applicable provision of this Agreement), and shall not be deemed to relate to or to qualify any other representation or warranty, except where it is readily apparent on its face from the substance of the matter disclosed that such information is intended to qualify another representation or warranty.

9.7 Attorneys' Fees. In any action at law or suit in equity to enforce this Agreement or the rights of any of the parties hereunder, the prevailing party in such action or suit shall be entitled to receive a reasonable sum for its attorneys' fees and all other reasonable costs and expenses incurred in such action or suit.

9.8 Assignability. This Agreement shall be binding upon, and shall be enforceable by and inure solely to the benefit of, the parties hereto and their respective successors and permitted assigns; *provided*, *however*, that neither this Agreement nor any of the Company's rights, interests or obligations hereunder may be assigned by the Company, in whole or in part, by operation of law or otherwise, without the prior written consent of Parent, and any attempted assignment of this Agreement or any of such rights by the Company without such consent shall be void and of no effect. Nothing in this Agreement, express or implied, is intended to or shall confer any right, benefit or remedy of any nature whatsoever upon any Person (other than (i) the parties hereto and (ii) the Indemnified Persons to the extent of their respective rights pursuant to Section 6).

9.9 Notices. Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (a) if delivered by hand, when delivered; (b) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (c) if sent by electronic mail, telegram, cablegram or other electronic transmission, upon delivery; (d) if sent by registered, certified or first class mail, the third business day after being

sent; and (e) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

if to Parent or Acquisition Sub:

Applied Materials, Inc.
2881 Scott Boulevard, M/S 2064
Santa Clara, CA 95050
Attention: Joseph Sweeney, Senior Vice President,
General Counsel and Corporate Secretary
Facsimile: (408) 563-4635

and to:

Applied Materials, Inc.
3050 Bowers Avenue, M/S 0105
Santa Clara, CA 95054
Attention: Greg Psihas, Vice President,
Corporate Business Development
Facsimile: (408) 986-7260

with a copy (which shall not constitute notice) to:

Dewey & LeBoeuf LLP
1950 University Avenue, Suite 500
East Palo Alto, CA 94303
Attention: Keith A. Flaum
Lorenzo Borgogni
Facsimile: 650-845-7333

if to the Company:

Semitool, Inc.
655 West Reserve Drive
Kalispell, MT 559932
Attention: Richard Hegger, Vice President, General Counsel and Secretary
Facsimile: 406-752-5522

with a copy (which shall not constitute notice) to:

Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, WA 98101
Attention: Marcus J. Williams
Facsimile: 206-757-7999

9.10 Cooperation. The Company agrees to cooperate fully with Parent and to execute and deliver such further documents, certificates, agreements and instruments and to take such other actions as may be reasonably requested by Parent to evidence or reflect the Contemplated Transactions and to carry out the intent and purposes of this Agreement and the Shareholder Agreements.

9.11 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto shall replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

9.12 Enforcement. The parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. Accordingly, in the event of any breach or threatened breach by Parent or Acquisition Sub, on the one hand, or the Company, on the other hand, of any covenant or obligation of such party contained in this Agreement, the other party shall be entitled to obtain, without proof of actual damages (and each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy): (a) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation; and (b) an injunction restraining such breach or threatened breach; this being in addition to any other remedy to which any such party is entitled at law or in equity.

9.13 Construction.

(a) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders.

(b) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(c) As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(d) Unless otherwise indicated or the context otherwise requires: (i) any definition of or reference to any agreement, instrument or other document or any Legal Requirement herein shall be construed as referring to such agreement, instrument or other document or Legal Requirement as from time to time amended, supplemented or otherwise modified; (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns; (iii) any reference herein to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits or Schedules to this Agreement; and (iv) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof.

(e) The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, all as of the date first above written.

APPLIED MATERIALS, INC.

By: /s/ Randhir Thakur
Name: Randhir Thakur
Title: Vice President

JUPITER ACQUISITION SUB, INC.

By: /s/ Thomas Edman
Name: Thomas Edman
Title: President

SEMITOOL, INC.

By: /s/ Raymon Thompson
Name: Raymon Thompson
Title: Chairman and CEO

EXHIBIT A

CERTAIN DEFINITIONS

For purposes of this Agreement (including this Exhibit A and Exhibit B):

Acceptance Time. "Acceptance Time" shall mean the first time as of which Acquisition Sub accepts any shares of Company Common Stock for payment pursuant to the Offer.

Acquired Corporation Returns. "Acquired Corporation Returns" shall have the meaning set forth in Section 3.16(a).

Acquired Corporations. "Acquired Corporations" shall mean, collectively, the Company and the Company Subsidiaries.

Acquisition Agreement. "Acquisition Agreement" shall have the meaning set forth in Section 5.3(f).

Acquisition Inquiry. "Acquisition Inquiry" shall mean an inquiry, indication of interest or request for information (other than an inquiry, indication of interest or request for information made or submitted by Parent or any of its Affiliates) that could reasonably be expected to lead to an Acquisition Proposal.

Acquisition Proposal. "Acquisition Proposal" shall mean any offer, proposal, inquiry or indication of interest (other than an offer, proposal, inquiry or indication of interest made or submitted by Parent or any of its Affiliates) contemplating or otherwise relating to any Acquisition Transaction.

Acquisition Sub. "Acquisition Sub" shall have the meaning set forth in the preamble to this Agreement.

Acquisition Transaction. "Acquisition Transaction" shall mean any transaction or series of transactions (other than the Contemplated Transactions) involving:

(a) any merger, consolidation, amalgamation, share exchange, business combination, joint venture, issuance of securities, acquisition of securities, recapitalization, tender offer, exchange offer or other similar transaction: (i) in which any of the Acquired Corporations is a constituent corporation; (ii) in which a Person or "group" (as defined in the Exchange Act and the rules thereunder) of Persons directly or indirectly acquires beneficial or record ownership of securities representing 15% or more of the outstanding securities of any class of voting securities (or instruments convertible into or exercisable or exchangeable for 15% or more of any such class) of any of the Acquired Corporations or the surviving entity in a merger or the resulting direct or indirect parent of such Acquired Corporation or surviving entity; or (iii) in which any of the Acquired Corporations issues securities representing 15% or more of the outstanding securities of any class of voting securities of any of the Acquired Corporations (or instruments convertible into or exercisable or exchangeable for 15% or more of any such class);

(b) any sale, lease, exchange, transfer, license, acquisition or disposition of any business or businesses or assets that constitute or account for 15% or more of the net revenues, net income or assets of any of the Acquired Corporations; or

(c) any liquidation or dissolution of any of the Acquired Corporations.

Adjusted Outstanding Share Number. "Adjusted Outstanding Share Number" shall have the meaning set forth in Section 1.1(b).

Adverse Action. "Adverse Action" shall have the meaning set forth in Section 1.3(c).

Adverse Recommendation Change. "Adverse Recommendation Change" shall have the meaning set forth in Section 5.3(f).

Affiliate. "Affiliate" of any Person shall mean another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

Agreement. "Agreement" shall mean the Agreement and Plan of Merger to which this Exhibit A is attached, as it may be amended from time to time.

Articles of Merger. "Articles of Merger" shall have the meaning set forth in Section 2.3.

Certifications. "Certifications" shall have the meaning set forth in Section 3.4(a).

C.F.R. "C.F.R." shall have the meaning set forth in Section 3.15(d).

Closing. "Closing" shall have the meaning set forth in Section 2.3.

Closing Date. "Closing Date" shall have the meaning set forth in Section 2.3.

COBRA. "COBRA" shall have the meaning set forth in Section 3.17(d).

Code. "Code" shall mean the Internal Revenue Code of 1986, as amended.

Company. "Company" shall have the meaning set forth in preamble to this Agreement.

Company Associate. "Company Associate" shall mean any current or former employee, independent contractor, consultant or director of or to any of the Acquired Corporations or any Company Affiliate.

Company Board Recommendation. "Company Board Recommendation" shall have the meaning set forth in Section 1.2(a).

Company Common Stock. "Company Common Stock" shall mean the Common Stock, no par value per share, of the Company.

Company Contract. "Company Contract" shall mean any Contract: (a) to which any of the Acquired Corporations is a party; (b) by which any of the Acquired Corporations or any asset of any of the Acquired Corporations is bound or may, on the basis of an executory obligation as of the date of this Agreement or entered into by the Company as permitted hereunder, become bound in the future, or under which any of the Acquired Corporations has, or may, on the basis of an executory obligation as of the date of this Agreement or entered into by the Company as permitted hereunder, be subject to any obligation; or (c) under which any of the Acquired Corporations has or may, on the basis of an obligation executory as of the date of this Agreement or entered into by the Company as permitted hereunder, acquire any right or interest.

Company Financial Statements. "Company Financial Statements" shall mean the: (a) audited consolidated balance sheets of the Company and its Subsidiaries as of September 30, 2007 and September 30, 2008 and the related audited consolidated statements

of operations, statements of shareholders' equity and statements of cash flows of the Company and its Subsidiaries for the years then ended, including the notes thereto and the reports of Grant Thornton thereon; and (b) unaudited consolidated balance sheet of the Company and its Subsidiaries as of June 30, 2009 and the related unaudited consolidated statements of operations, statements of shareholders' equity and statements of cash flows of the Company and its Subsidiaries for the nine months then ended.

Company Intellectual Property. "Company Intellectual Property" shall mean: (a) all Intellectual Property Rights in or to the Company Products and all Intellectual Property Rights in or to Company Product Software; and (b) all other Intellectual Property Rights and Intellectual Property in which any of the Acquired Corporations has (or purports to have) an ownership interest or a license, or that is otherwise used or to be used in the business of any of the Acquired Corporations as currently conducted or as currently proposed to be conducted.

Company Material Adverse Effect. "Company Material Adverse Effect" shall mean any effect, change, development, event or circumstance that, considered together with all other effects, changes, developments, events or circumstances, is or could reasonably be expected to have a material adverse effect on: (a) the business, condition (financial or otherwise), assets, liabilities or results of operations of the Acquired Corporations, taken as a whole; or (b) the ability of the Company to consummate the Merger or any of the other Contemplated Transactions or to perform any of its obligations under this Agreement; ***provided***, ***however***, that none of the following shall be deemed, in and of itself, to constitute a Company Material Adverse Effect: (i) adverse economic, business, financial or regulatory conditions that generally affect the semiconductor industry and that do not disproportionately affect the Acquired Corporations relative to the other participants in such industry; (ii) changes to the economy or financial markets (including credit markets) generally and that do not disproportionately affect the Acquired Corporations relative to the other participants in such industry (iii) any change in the stock price or trading volume of the Company Common Stock (it being understood, however, that the facts or circumstances giving rise to any such change in stock price or trading volume, other than the announcement of the Offer, the identity of Parent or other disclosures by or concerning the Offer or Parent, may be taken into account in determining whether there has been a Company Material Adverse Effect); (iv) any loss of employees, customers or suppliers by the Company that is directly attributable to the announcement of this Agreement; (v) the failure of the Company to meet securities analysts' published projections of earnings or revenues (it being understood, however, that the facts or circumstances giving rise to any such failure may be taken into account in determining whether there has been a Company Material Adverse Effect); or (vi) any failure on the part of any party (other than any Acquired Corporation) to any Company Contract to provide its consent with respect to the Contemplated Transactions under any anti-assignment, change-in-control or similar clause in such Company Contract, in any case solely to the extent that the need to obtain such consent arises from the merger of the Company into Acquisition Sub in accordance with Section 6.1(c).

Company Option Plans. "Company Option Plans" shall mean, collectively, the Company's Amended and Restated 1994 Stock Option Plan, 2004 Stock Option Plan and 2007 Stock Incentive Plan.

Company Options. "Company Options" shall mean options to purchase shares of Company Common Stock (whether granted by the Company pursuant to the Company Option Plans, assumed by the Company in connection with any merger, acquisition or similar transaction or otherwise issued or granted).

Company Preferred Stock. "Company Preferred Stock" shall mean the Preferred Stock, no par value per share, of the Company.

Company Product. "Company Product" shall mean any product (including equipment for use in the fabrication of semiconductor devices, surface preparation systems, tools, parts and components) or service: (a) developed, manufactured, marketed, distributed, provided, leased, licensed or sold, directly or indirectly, by or on behalf of any Acquired Corporation; or (b) currently under development by or for any Acquired Corporation (whether or not in collaboration with another Person).

Company Product Software. "Company Product Software" shall mean any software (regardless of whether such software is owned by an Acquired Corporation or licensed to an Acquired Corporation by a third party, and including firmware and other software embedded in hardware devices) contained or included in or provided with any Company Product or used directly in the development, manufacturing, maintenance, repair, support, testing or performance of any Company Product.

Company Real Property. "Company Real Property" shall have the meaning set forth in Section 3.8(b).

Company Restricted Stock. "Company Restricted Stock" shall mean shares of Company Common Stock subject to vesting or other lapse restrictions (whether granted by the Company pursuant to the Company Option Plans, assumed by the Company in connection with any merger, acquisition or similar transaction or otherwise issued or granted).

Company Restricted Stock Unit. "Company Restricted Stock Unit" shall mean any unit or award granted (whether granted by the Company pursuant to the Company Option Plans or otherwise issued or granted): (a) denominated in units or shares; and (b) pursuant to which the holder thereof is or may become entitled to acquire one or more shares of Company Common Stock or the cash equivalent thereof upon such holder's continued service with or employment by the Acquired Corporations or any Company Affiliate and/or upon the satisfaction or attainment of one or more performance milestones.

Company SEC Documents. "Company SEC Documents" shall mean each report, schedule, registration statement, proxy, form, statement or other document filed with, or furnished to, the SEC by the Company.

Company Shareholders Meeting. "Company Shareholders Meeting" shall have the meaning set forth in Section 6.1(a).

Computer Software. "Computer Software" shall mean computer software, data files, source and object codes, tools, user interfaces, manuals and other specifications and documentation and all know-how relating thereto.

Company Subsidiary. "Company Subsidiary" shall mean each of Semitool Europe Ltd., Semitool Halbleitertechnik Vertriebs GmbH, Semitool France SARL, Semitool Italia SRL, Semitool Japan Inc., Semitool Korea, Inc., Semitool (Asia) Pte Ltd., Rhetech, Inc., Semitool Austria GmbH, Semitool Israel, Limited, Semitool Schweiz GmbH, Semitool Semiconductor Equipment Technology (Shanghai) Co., LTD., Semitool (Taiwan) Inc. and Semitool (Philippines) Inc.

Confidentiality Agreement. "Confidentiality Agreement" shall mean that certain Confidentiality Agreement dated as of September 22, 2009, between the Company and Parent.

Consent. "Consent" shall mean any approval, consent, ratification, permission, waiver or authorization (including any Governmental Authorization).

Contemplated Transactions. "Contemplated Transactions" shall mean all actions and transactions contemplated by this Agreement, including: (a) the Offer and the acceptance for payment and acquisition of shares of Company Common Stock pursuant to the Offer; and (b) the Merger.

Continuing Directors. "Continuing Directors" shall have the meaning set forth in Section 1.3(a).

Continuing Employees. "Continuing Employees" shall have the meaning set forth in Section 6.3(b).

Contract. "Contract" shall mean any written, oral or other agreement, contract, subcontract, lease, understanding, instrument, note, debenture, indenture, warrant, option, warranty, purchase order, license, sublicense, insurance policy, benefit plan or legally binding commitment or undertaking of any nature.

Current Inventory. "Current Inventory" shall have the meaning set forth in Section 3.7(d).

Disclosure Schedule. "Disclosure Schedule" shall mean the disclosure schedule that has been prepared by the Company in accordance with the requirements of Section 9.6 and that has been delivered by the Company to Parent on the date hereof and signed by the Chief Executive Officer and the Chief Financial Officer of the Company.

EDGAR. "EDGAR" shall mean the Electronic Data Gathering, Analysis and Retrieval System administered by the SEC.

Effective Time. "Effective Time" shall have the meaning set forth in Section 2.3.

Employee Plans. "Employee Plans" shall have the meaning set forth in Section 3.17(a).

Encumbrance. "Encumbrance" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, claim, infringement, interference, option, license, right of first refusal, preemptive right, community property interest or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

Enforceability Exceptions. "Enforceability Exceptions" shall mean: (a) legal limitations on enforceability arising from applicable bankruptcy and other similar Legal Requirements affecting the rights of creditors generally; (b) legal limitations on enforceability arising from rules of law governing specific performance, injunctive relief and other equitable remedies; and (c) legal limitations on the enforceability of provisions requiring indemnification against liabilities under securities laws in connection with the offering, sale or issuance of securities.

Entity. "Entity" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any company limited by shares, limited liability company or joint stock company), firm, society or other enterprise, association, organization or entity.

Environmental Law. "Environmental Law" shall have the meaning set forth in Section 3.18.

ERISA. "ERISA" shall have the meaning set forth in Section 3.17(a).

Exchange Act. "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

Existing D&O Policy. "Existing D&O Policy" shall have the meaning set forth in Section 6.4(b).

Expiration Date. "Expiration Date" shall have the meaning set forth in Section 1.1(d).

Foreign Plan. "Foreign Plan" shall mean: (a) any plan, program, policy, practice, Contract or other arrangement mandated by a Governmental Body outside the United States to which any of the Acquired Corporations is required to contribute or under which any of the Acquired Corporations has or may have any liability; (b) any Employee Plan that is subject to any of the Legal Requirements of any jurisdiction outside the United States; and (c) any Employee Plan that covers or has covered any former or current employee, consultant or director of any of the Acquired Corporations whose services are or have been performed primarily outside of the United States.

Governmental Authorization. "Governmental Authorization" shall mean any: (a) permit, license, certificate, franchise, permission, variance, clearance, registration, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement (including any of the foregoing that relate to export control); or (b) right under any Contract with any Governmental Body.

Governmental Body. "Governmental Body" shall mean any: (a) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; or (c) governmental or quasi-governmental authority of any nature (including any governmental division, department, agency, commission, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity, any court or other tribunal and any stock exchange or self-regulatory organization).

Grant Date. "Grant Date" shall have the meaning set forth in Section 3.3(b).

HSR Act. "HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

Indemnified Persons. "Indemnified Persons" shall have the meaning set forth in Section 6.4(a).

Initial Expiration Date. "Initial Expiration Date" shall have the meaning set forth in Section 1.1(d).

Intellectual Property. "Intellectual Property" shall mean, collectively: (a) all United States and non-United States registered, unregistered and pending: (i) trade names, trade dress, trademarks, service marks, assumed names, business names and logos, internet domain names and URLs and all registrations and applications therefore ("Trademarks"), and the goodwill symbolized thereby; (ii) copyrights (including those in Computer Software), and all registrations and applications therefor; and (iii) Patents; and (b) all: (i) Computer Software; (ii) websites and webpages and related items, and all intellectual property and proprietary rights incorporated therein; and (iii) other intellectual property and proprietary rights, including rights of publicity, privacy, moral rights and rights of attribution.

Intellectual Property Rights. "Intellectual Property Rights" shall mean all past and present rights of the following types, which exist or have been created under the Legal Requirements of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, copyrights and moral rights; (b) Trademark and trade name rights and similar rights; (c) trade secret rights; (d) Patent and industrial property rights; (e) other proprietary rights in Intellectual Property; and (f) rights in or relating to registrations, renewals, extensions, combinations, divisions and reissues of, and applications for, any of the rights referred to in clauses "(a)" through "(e)" above.

Intervening Event. "Intervening Event" shall have the meaning set forth in Section 5.3(h).

Knowledge. A fact or other matter shall be deemed to be within the "Knowledge" of the Company if any member of the board of directors of any of the Acquired Corporations or any executive officer of the Company has knowledge or is aware of such fact or other matter.

Leased Real Property. "Leased Real Property" shall have the meaning set forth in Section 3.8(b).

Legal Proceeding. "Legal Proceeding" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Body or any arbitrator or arbitration panel.

Legal Requirement. "Legal Requirement" shall mean any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the Nasdaq Stock Market).

Made Available. "Made Available" shall mean, with respect to any documents or other materials relating to the Acquired Corporations, that such documents or other materials were actually delivered by the Company to Parent or its counsel at least two business days prior to the date hereof or were at any time available for a continuous period of at least 72 hours between September 1, 2009 and at least two business days prior to the date hereof located in the electronic data room organized by the Company in connection with the diligence investigation conducted by Parent; *provided, however*, that with respect to any documents or other material first posted to the electronic data room within less than 72 hours prior to the execution of this Agreement, such documents or other materials were available for a continuous period of at least 12 hours prior to and ending at the time of such execution.

Material Contract. "Material Contract" shall have the meaning set forth in Section 3.10(a).

Material of Environmental Concern. "Material of Environmental Concern" shall have the meaning set forth in Section 3.18.

Maximum Premium. "Maximum Premium" shall have the meaning set forth in Section 6.4(b).

MBCA. "MBCA" shall have the meaning set forth in Section 1.2(a).

Merger. "Merger" shall have the meaning set forth in Recital B.

Merger Price. "Merger Price" shall have the meaning set forth in Section 2.5(a).

Minimum Condition. "Minimum Condition" shall have the meaning set forth in Section 1.1(b).

Most Recent Balance Sheet. "Most Recent Balance Sheet" shall mean the audited consolidated balance sheet of the Company and its consolidated Subsidiaries as of June 30, 2009 included in the Company Financial Statements.

Offer. "Offer" shall have the meaning set forth in Recital B.

Offer Commencement Date. "Offer Commencement Date" shall have the meaning set forth in Section 1.1(b).

Offer Conditions. "Offer Conditions" shall have the meaning set forth in Section 1.1(b).

Offer Documents. "Offer Documents" shall have the meaning set forth in Section 1.1(e).

Offer Price. "Offer Price" shall have the meaning set forth in Recital B.

Offer to Purchase. "Offer to Purchase" shall have the meaning set forth in Section 1.1(e).

Outside Date. "Outside Date" shall have the meaning set forth in Section 8.1(d).

Owned Real Property. "Owned Real Property" shall have the meaning set forth in Section 3.8(a).

Parent. "Parent" shall have the meaning set forth in the preamble to this Agreement.

Patents. "Patents" shall mean patents (including utility, utility model, plant and design patents, and certificates of invention), patent applications (including additions, provisional, national, regional and international applications, as well as original, continuation, continuation-in-part, divisionals, continued prosecution applications, reissues, and re-examination applications), patent or invention disclosures, registrations, applications for registrations and any term extension or other action by a Governmental Body which provides rights beyond the original expiration date of any of the foregoing.

Payment Agent. "Payment Agent" shall have the meaning set forth in Section 2.6(a).

Payment Fund. "Payment Fund" shall have the meaning set forth in Section 2.6(a).

PBGC. "PBGC" shall have the meaning set forth in Section 3.17(g).

Person. "Person" shall mean any individual, Entity or Governmental Body.

Personal Data. "Personal Data" shall mean a natural person's name, street address, telephone number, e-mail address, photograph, social security number, driver's license number, passport number, or customer or account number, or any other piece of information that allows the identification of a natural person.

Pre-Closing Period. "Pre-Closing Period" shall have the meaning set forth in Section 5.1.

Proxy Statement. "Proxy Statement" shall mean the proxy of the Company to be sent to the Company's shareholders in connection with the Company Shareholders Meeting.

Purchase Order. "Purchase Order" shall have the meaning set forth in Section 3.9(b).

Registered IP. "Registered IP" shall mean all Intellectual Property that is registered, filed, issued or granted under the authority of, with or by any Governmental Body, including all Patents, registered copyrights, registered mask works, registered Trademarks, domain names and all applications for any of the foregoing.

Representatives. "Representatives" shall mean any officers, directors, employees, agents, attorneys, accountants, advisors and representatives.

Required Company Shareholder Vote. "Required Company Shareholder Vote" shall have the meaning set forth in Section 3.25.

Sarbanes-Oxley Act. "Sarbanes-Oxley Act" shall mean the Sarbanes-Oxley Act of 2002.

Schedule 14D-9. "Schedule 14D-9" shall have the meaning set forth in Section 1.2(b).

Schedule TO. "Schedule TO" shall have the meaning set forth in Section 1.1(e).

SEC. "SEC" shall mean the United States Securities and Exchange Commission.

Securities Act. "Securities Act" shall mean the Securities Act of 1933, as amended.

Shareholder Agreements. "Shareholder Agreements" shall have the meaning set forth in Recital C.

Specified Definitive Acquisition Agreement. "Specified Definitive Acquisition Agreement" shall have the meaning set forth in Section 8.1(f).

Stock Certificates. "Stock Certificates" shall have the meaning set forth in Section 2.6(b).

Specified Representations. "Specified Representations" shall mean the representations and warranties of the Company contained in Sections 3.3 (adjusted to reflect any changes in capitalization permitted under the Agreement), 3.23, 3.25 and 3.27 of this Agreement.

Subsidiary. An Entity shall be deemed to be a "Subsidiary" of another Person if such Person directly or indirectly owns or purports to own, beneficially or of record: (a) an amount of voting securities of other interests in such Entity that is sufficient to enable such Person to elect at least a majority of the members of such Entity's board of directors or other governing body; or (b) at least 50% of the outstanding equity, voting or financial interests in such Entity.

Superior Offer. "Superior Offer" shall mean an unsolicited, bona fide Acquisition Proposal that, if consummated, would result in a Person or "group" (as defined in the Exchange Act and the rules thereunder) owning, directly or indirectly: (a) 50% or more of the outstanding securities of any class of voting securities (or instruments convertible into or exercisable or exchangeable for 50% or more of such class) of the Company or of the surviving entity in a merger or the resulting direct or indirect parent of the Company or such surviving entity; or (b) 50% or more of the assets of the Acquired Corporations, taken as a whole, which the board of directors of the Company determines in good faith, after taking into account the advice of an independent financial advisor of nationally recognized reputation and the Company's outside legal counsel, is: (i) more favorable to the Company's shareholders from a financial point of view than the terms of the Offer or the Merger, taking into account all financial, legal, regulatory and other aspects of such proposal and the Person making the proposal (including any changes to the terms of this Agreement proposed by Parent to the Company in response to such proposal or otherwise, and any fees payable by the Company hereunder); and (ii) is reasonably likely to be consummated on the terms proposed; *provided, however,* that any such Acquisition Proposal shall not be deemed to be a "Superior Offer" if it is subject to any financing conditions.

Surviving Corporation. "Surviving Corporation" shall have the meaning set forth in Section 2.1.

Takeover Statute. "Takeover Statute" shall have the meaning set forth in Section 3.23.

Tax. "Tax" shall mean any tax (including taxes based upon or measured by income, capital gains, gross receipts, profits, employment or occupation, and shall include any value-added tax, franchise tax, surtax, estimated tax, unemployment tax, national health insurance tax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, withholding tax or payroll tax), levy, assessment, tariff, duty (including any customs duty), and any related charge or amount (including any fine, penalty or interest), imposed, assessed or collected by or under the authority of any Governmental Body.

Tax Return. "Tax Return" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information filed with or submitted to, or required to be filed with or submitted to, any Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement relating to any Tax.

Top-Up Option. "Top-Up Option" shall have the meaning set forth in Section 1.4(a).

Top-Up Shares. "Top-Up Shares" shall have the meaning set forth in Section 1.4(a).

Trademark. "Trademark" shall have the meaning set forth in the definition of Intellectual Property.

Trade Secrets. "Trade Secrets" shall mean any: (a) trade secrets; or (b) any confidential unpatented or unpatentable invention or technology, know-how, processes, technical information, formulae, developments, discoveries, compounds, molecules, protocols, reagents, experiments, lab results, data of any type whatsoever (including analytical and quality control and stability data), tests and test data (including pharmacological, chemical, toxicological and clinical test data), development tools, practices, techniques, methods, specifications, formulations, diagrams, studies and procedures, concepts, ideas, research and development, business plans, strategies or other confidential information or materials, and all rights in any tangible embodiments of the foregoing, such as instruction manuals, laboratory notebooks, prototypes, samples, specimens, studies and summaries, which, in the case of the items included in this clause "(b)" have value or confer a competitive advantage to the owner thereof due to not being generally known or publicly disseminated.

Triggering Event. A "Triggering Event" shall be deemed to have occurred if: (a) the board of directors of the Company or any committee thereof shall have made an Adverse Change Recommendation; (b) the Company shall have failed to include in the Schedule 14D-9 the Company Board Recommendation; (c) the board of directors of the Company fails to reaffirm unanimously and publicly its recommendation of this Agreement, the Offer and the Merger, within five business days (or, if earlier, prior to the Acceptance Time) after Parent requests in writing that such recommendation be reaffirmed publicly; (d) a tender or exchange offer relating to shares of Company Common Stock shall have been commenced by a Person other than Parent or an Affiliate of Parent and the Company shall not have sent to its security holders, within ten business days after the commencement of such tender or exchange

offer (or, if earlier, prior to the Acceptance Time), a statement disclosing that the Company recommends rejection of such competing tender or exchange offer and reaffirming its recommendation of this Agreement, the Offer and the Merger; (e) an Acquisition Proposal is publicly announced by a Person other than Parent or an Affiliate of Parent, and the Company fails to issue a press release that reaffirms unanimously its recommendation of this Agreement, the Offer and the Merger, within five business days (or, if earlier, prior to the Acceptance Time) after such Acquisition Proposal is publicly announced; (f) the Company or any Representative of the Company shall have breached any of the provisions set forth in Section 5.3 in any material respect; or (g) any shareholder of the Company owning 5% or more of the Company Common Stock who has executed and delivered a Shareholder Agreement shall have materially breached such Shareholder Agreement.

WARN Act. "WARN Act" shall have the meaning set forth in Section 3.17(w).

EXHIBIT B

CONDITIONS TO THE OFFER

The obligation of Acquisition Sub to accept for payment and pay for shares of Company Common Stock validly tendered (and not withdrawn) pursuant to the Offer is subject to the satisfaction of the Minimum Condition and the additional conditions set forth in clauses "(a)" through "(n)" below. Accordingly, notwithstanding any other provision of the Offer or this Agreement to the contrary, Acquisition Sub shall not be required to accept for payment or (subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act) pay for, and may delay the acceptance for payment or (subject to any such rules and regulations) the payment for, any tendered shares of Company Common Stock, and may terminate the Offer at any scheduled Expiration Date or amend or terminate the Offer as otherwise permitted by this Agreement, if (i) the Minimum Condition shall not be satisfied by 12:00 midnight, Eastern Time, on the scheduled Expiration Date of the Offer, or (ii) any of the following additional conditions shall not be satisfied:

(a) (i) each of the representations and warranties of the Company contained in this Agreement, other than the Specified Representations, shall be accurate in all respects as of the date of this Agreement and as of the scheduled Expiration Date as if made on and as of the scheduled Expiration Date (other than any such representation and warranty made as of a specific earlier date, which shall have been accurate in all respects as of such earlier date), except that any inaccuracies in such representations and warranties will be disregarded if the circumstances giving rise to all such inaccuracies (considered collectively) do not constitute a Company Material Adverse Effect; *provided*, *however*, that, for purposes of determining the accuracy of such representations and warranties: (A) all materiality qualifications limiting the scope of such representations and warranties shall be disregarded; and (B) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement shall be disregarded; and (ii) each of the Specified Representations shall have been accurate in all material respects as of the date of this Agreement and as of the scheduled Expiration Date as if made on and as of the scheduled Expiration Date (other than any Specified Representation made as of a specific earlier date, which shall have been accurate in all material respects as of such earlier date); *provided*, *however*, that, for purposes of determining the accuracy of the Specified Representations: (A) all materiality qualifications limiting the scope of such representations and warranties shall be disregarded; and (B) any update of or modification to the Disclosure Schedule made or purported to have been made on or after the date of this Agreement shall be disregarded;

(b) each covenant or agreement that the Company is required to comply with or to perform at or prior to the Acceptance Time shall have been complied with and performed in all material respects;

(c) since the date hereof, there shall not have been any Company Material Adverse Effect;

(d) the waiting period (or any extension thereof) applicable to the Offer or the Merger under the HSR Act shall have expired or been terminated;

(e) any waiting period applicable to the Offer or the Merger under any applicable foreign antitrust or competition-related Legal Requirement shall have expired or been terminated, and any Consent required under any applicable foreign antitrust or competition-related Legal Requirement in connection with the Offer or the Merger shall have been obtained and shall be in full force and effect;

(f) Parent and the Company shall have received a certificate executed by the Company's Chief Executive Officer and Chief Financial Officer confirming that the conditions set forth in clauses "(a)," "(b)"" and "(c)" of this Exhibit B have been duly satisfied;

(g) no temporary restraining order, preliminary or permanent injunction or other order preventing the acquisition of or payment for shares of Company Common Stock pursuant to the Offer or preventing consummation of the Merger or any of the other Contemplated Transactions or the Shareholder Agreements shall have been issued by any court of competent jurisdiction or other Governmental Body and remain in effect, and there shall not be any Legal Requirement enacted or deemed applicable to the Offer or the Merger or any of the other Contemplated Transactions that makes the acquisition of or payment for shares of Company Common Stock pursuant to the Offer, or the consummation of the Merger or any of the other Contemplated Transactions or the Shareholder Agreements, illegal;

(h) there shall not be pending or threatened any Legal Proceeding in which any Governmental Body is or is threatened to become a party: (i) challenging or seeking to restrain or prohibit the acquisition of or payment for shares of Company Common Stock pursuant to the Offer or the consummation of the Merger or any of the other Contemplated Transactions or the Shareholder Agreements; (ii) relating to the Offer, the Merger or any of the other Contemplated Transactions or the Shareholder Agreements and seeking to obtain from Parent or any of the Acquired Corporations any damages or other relief that may be material to Parent or the Acquired Corporations; (iii) seeking to prohibit or limit in any material respect Parent's ability to vote, transfer, receive dividends with respect to or otherwise exercise ownership rights with respect to the stock of any of the Acquired Corporations; (iv) that could materially and adversely affect the right or ability of Parent, or any of the Acquired Corporations, to own the assets or operate the business of any of the Acquired Corporations; or (v) seeking to compel any of the Acquired Corporations, Parent or any Subsidiary of Parent to dispose of or hold separate any shares of Company Common Stock or any material assets as a result of the Offer, the Merger or any of the other Contemplated Transactions;

(i) there shall not have occurred and be continuing: (i) any general suspension of trading in securities on the New York Stock Exchange or The Nasdaq Global Select Market (other than a shortening of trading hours or any coordinated trading halt triggered solely as a result of a specified increase or decrease in a market index); (ii) any declaration by a Governmental Body of a banking moratorium in the United States or in any other jurisdiction in which Parent or any of the Acquired Corporations has material assets or operations, or any suspension of payments in respect of banks in the United States or in any other jurisdiction in which Parent or any of the Acquired Corporations has material assets or operations; or (iii) a commencement of war or armed hostilities (other than a continuation of such wars, conflicts or actions in which the United States armed forces were engaged as of the date of this Agreement) directly involving the United States or any other jurisdiction in which Parent or any of the Acquired Corporations has material assets or operations which constitutes a Company Material Adverse Effect or materially or adversely affects or delays the consummation of the Offer;

(j) no Triggering Event shall have occurred;

(k) the Company shall have filed all statements, reports, schedules, forms and other documents required to be filed with the SEC since the date of this Agreement;

(l) neither the chief executive officer nor the chief financial officer of the Company shall have failed to provide any Certification with respect to any Company SEC Documents filed (or required to be filed) with the SEC on or after the date of this Agreement;

(m) Parent shall have received a Noncompetition Agreement, duly executed by each of Raymon F. Thompson and Larry E. Murphy, in the form provided by Parent to Messrs. Thompson and Murphy, which shall be in full force and effect; and

(n) this Agreement shall not have been terminated in accordance with its terms.

The foregoing conditions are for the sole benefit of Parent and Acquisition Sub and (except for the Minimum Condition) may be waived by Parent and Acquisition Sub, in whole or in part at any time and from time to time, in the sole discretion of Parent and Acquisition Sub. The failure by Parent or Acquisition Sub at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT is being executed and delivered as of November 16, 2009, by **LARRY MURPHY** ("Shareholder"), in favor of, and for the benefit of: **APPLIED MATERIALS, INC.**, a Delaware corporation ("Parent"), and the other Beneficiaries. Certain capitalized terms used in this Noncompetition Agreement are defined in Section 14.

RECITALS

A. The Shareholder, in the course of exercising his duties as an executive officer of Semitool, Inc., a Montana corporation (the "Company"), and in the course of operating the business of the other Acquired Corporations (as defined in the Merger Agreement), has obtained extensive and valuable knowledge and confidential information concerning the business of the Acquired Corporations.

B. The Shareholder, in the course of exercising his duties as an executive officer of the Company, and in the course of operating the business of the other Acquired Corporations, has also developed on behalf of the Acquired Corporations significant goodwill that is now a significant part of the value of the Acquired Corporations. This goodwill extends throughout the Restricted Territory.

C. Pursuant to and subject to the terms and conditions of a Agreement and Plan of Merger of even date herewith among Parent, the Company and a wholly-owned subsidiary of Parent (the "Merger Agreement"), Parent intends to purchase all of the outstanding shares of capital stock of the Company from the shareholders of the Company.

D. Parent wishes to protect its investment in the business it is acquiring pursuant to the Merger Agreement, including the confidential and proprietary information and goodwill possessed by the Shareholder, by restricting the activities of the Shareholder that might compete with or harm such business.

E. To enable Parent to secure more fully the benefits of the transactions contemplated by the Merger Agreement, Parent has required that the Shareholder enter into this Noncompetition Agreement; and the Shareholder is entering into this Noncompetition Agreement in order to induce Parent to execute the Merger Agreement and consummate the transactions contemplated thereby.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Shareholder agrees as follows:

1. Restriction on Competition. The Shareholder agrees that, during the Noncompetition Period, the Shareholder shall not, and shall not permit any of his Affiliates to:

(a) engage directly or indirectly in any aspect of the Business in any part of the Restricted Territory; or

(b) directly or indirectly be or become an officer, director, stockholder, owner, co-owner, Affiliate, partner, promoter, employee, agent, representative, designer, consultant, advisor, manager, licensor, sublicensor, licensee or sublicensee of, for or to, or otherwise be or become associated with or acquire or hold (of record, beneficially or otherwise) any direct or indirect interest in, any Person that engages directly or indirectly in any aspect of the Business in any part of the Restricted Territory;

provided, *however*, that the Shareholder may, without violating this Section 1, own, as a passive investment, shares of capital stock of a publicly-held corporation that engages in the Business if: (i) such shares are actively traded on an established national securities market in the United States; (ii) the number of shares of such corporation's capital stock that are owned beneficially by the Shareholder and the number of shares of such corporation's capital stock that are owned beneficially by Affiliates of the Shareholder collectively represent less than one percent of the total number of shares of such corporation's capital stock outstanding; and (iii) neither the Shareholder nor any Affiliate of the Shareholder is otherwise associated directly or indirectly with such corporation or with any Affiliate of such corporation.

2. No Hiring or Solicitation. The Shareholder agrees that, during the Noncompetition Period, the Shareholder shall not, and the Shareholder shall not permit any of his Affiliates to:

(a) hire any Specified Individual as an employee, consultant or independent contractor;

(b) directly or indirectly, personally or through others, encourage, induce, attempt to induce, solicit or attempt to solicit (on the Shareholder's own behalf or on behalf of any other Person) any Specified Individual to leave his or her employment, consulting or independent contractor relationship with Parent or any of Parent's Affiliates (including the Acquired Corporations); or

(c) directly or indirectly, personally or through others, encourage, induce, attempt to induce, solicit or attempt to solicit (on the Shareholder's own behalf or on behalf of any other Person) any customer or other Person who has purchased, intends to purchase or is considering purchasing any product or service of any of the Acquired Corporations to not do business with any of the Acquired Corporations or to do business with any Person that engages directly or indirectly in any aspect of the Business in any part of the Restricted Territory.

3. Representations, Warranties and Acknowledgments. The Shareholder represents, warrants and acknowledges, to and for the benefit of the Beneficiaries, that: (a) he has full power and capacity to execute and deliver, and to perform all of his obligations under, this Noncompetition Agreement; (b) neither the execution and delivery of this Noncompetition Agreement nor the performance of this Noncompetition Agreement will result directly or indirectly in a violation or breach of: (i) any agreement or obligation by which the Shareholder or any of his Affiliates is or may be bound; or (ii) any law, rule or regulation; and (c) the terms and conditions of this Noncompetition Agreement are fair and reasonable to the Shareholder in all respects and the restraints imposed herein and the enforcement of the terms and conditions hereof will not lead to any hardship or inconvenience or cause the Shareholder to be unable to engage in lawful professions, trades or businesses.

4. Specific Performance. The Shareholder agrees that, in the event of any breach or threatened breach by the Shareholder of any covenant, obligation or other provision set forth in this Noncompetition Agreement, each of Parent and the other Beneficiaries shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to: (a) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (b) an injunction restraining such breach or threatened breach. The Shareholder further agrees that no Beneficiary shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 4, and the Shareholder irrevocably waives any right it may have to require any Beneficiary to obtain, furnish or post any such bond or similar instrument.

5. Remedies Cumulative. The rights and remedies of Parent and the other Beneficiaries under this Noncompetition Agreement are not exclusive of or limited by any other rights or remedies which they may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative (and not alternative). Without limiting the generality of the foregoing, the rights and remedies of Parent and the other Beneficiaries under this Noncompetition Agreement, and the obligations and liabilities of the Shareholder under this Noncompetition Agreement, are in addition to their respective rights, remedies, obligations and liabilities under the law of unfair competition, under laws relating to misappropriation of trade secrets, under other laws and common law requirements and under all applicable rules and regulations.

6. Severability. If any provision of this Noncompetition Agreement or any part of any such provision is held under any circumstances to be invalid or unenforceable in any jurisdiction, then: (a) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be deemed amended to conform to applicable laws so as to be valid and enforceable to the fullest possible extent; (b) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and (c) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of this Noncompetition Agreement. Each provision of this Noncompetition Agreement is separable from every other provision of this Noncompetition Agreement, and each part of each provision of this Noncompetition Agreement is separable from every other part of such provision.

7. Governing Law; Venue.

(a) This Noncompetition Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware (without giving effect to principles of conflicts of laws).

(b) In any legal action or proceeding between any of the parties arising out of or relating to this Noncompetition Agreement each of the parties: (i) irrevocably and unconditionally consents and submits to the jurisdiction and venue of the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware); (ii) agrees that it will not attempt to deny or defeat such jurisdiction by motion or other request for leave from such court; and (iii) agrees that it will not bring any such action in any court other than the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware). Service of any process, summons, notice or document by U.S. mail addressed to the Shareholder at the address set forth on the signature page of this Noncompetition Agreement shall constitute effective service of such process, summons, notice or document for purposes of any such legal action or proceeding.

(c) THE SHAREHOLDER IRREVOCABLY WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NONCOMPETITION AGREEMENT OR THE ENFORCEMENT OF ANY PROVISION OF THIS NONCOMPETITION AGREEMENT.

(d) Nothing in this Section 7 shall be deemed to limit or otherwise affect the right of Parent or any other Beneficiary to commence any legal action or proceeding against the Shareholder in any forum or jurisdiction.

8. Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Noncompetition Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Noncompetition Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Noncompetition Agreement, or any power, right, privilege or remedy under this Noncompetition Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

9. Successors and Assigns. This Noncompetition Agreement shall be binding upon the Shareholder and shall inure to the benefit of Parent and the other Beneficiaries and the respective successors and assigns (if any) of the foregoing. Parent may freely assign any or all of its rights under this Noncompetition Agreement, in whole or in part, to any other Person, without obtaining the consent or approval of any other Person, in connection with: (a) the sale of the Company; or (b) the sale of a substantial part of the assets or business of the Company.

10. Attorneys' Fees. If any legal action or other legal proceeding relating to this Noncompetition Agreement or the enforcement of any provision of this Noncompetition Agreement is brought against the Shareholder, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

11. Captions. The captions contained in this Noncompetition Agreement are for convenience of reference only, shall not be deemed to be a part of this Noncompetition Agreement and shall not be referred to in connection with the construction or interpretation of this Noncompetition Agreement.

12. Construction. Whenever required by the context, the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; and the neuter gender shall include the masculine and feminine genders. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Noncompetition Agreement. Neither the drafting history nor the negotiating history of this Noncompetition Agreement shall be used or referred to in connection with the construction or interpretation of this Noncompetition Agreement. As used in this Noncompetition Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation." Except as otherwise indicated in this Noncompetition Agreement, all references in this Noncompetition Agreement to "Sections" are intended to refer to Sections of this Noncompetition Agreement.

13. Amendment. This Noncompetition Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of the parties sought to be bound by any such amendment, modification, alteration or supplement.

14. Defined Terms. For purposes of this Noncompetition Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any other Person that as of the date of this Noncompetition Agreement and as of any subsequent date, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person.

(b) "Beneficiaries" shall include: (i) Parent; (ii) each Affiliate of Parent; and (iii) the successors and assigns of each of the Persons referred to in clauses "(i)" and "(ii)" of this sentence.

(c) "Business" shall mean: (i) the design, development, manufacture, marketing, sale or distribution of tools, systems, equipment, products or technology used in connection with any of the following: front end of line or back end of line cleaning, stripping, surface preparation or etching; depositing copper or other interconnect material; semiconductor packaging (including back side metallization and TSV); wet solar processing; LED and battery fabrication; and plating of magnetic materials; (ii) any other business or activity engaged in by any of the Acquired Corporations during the one-year period prior to the Acceptance Time; and (iii) the provision of services relating to any of the foregoing.

(d) "Noncompetition Period" shall mean the period commencing on the Acceptance Time and ending on the second anniversary of the Acceptance Time.

(e) "Person" shall mean any: (i) individual; (ii) corporation, general partnership, limited partnership, limited liability partnership, trust, company (including any limited liability company or joint stock company) or other organization or entity; or (iii) governmental body or authority.

(f) "Restricted Territory" shall mean: (i) each county or similar political subdivision of each State of the United States of America; (ii) each State, territory or possession of the United States of America, and (iii) each country, province, territory or other jurisdiction throughout the world.

(g) "Specified Individual" shall mean any individual who is an employee, consultant or independent contractor of or to: (i) any Acquired Corporation on, or during the 30 days prior to, the Acceptance Time; or (ii) Parent or any of Parent's subsidiaries (including the Acquired Corporations) during the period beginning on the Acceptance Time and ending on the later of the end of the Noncompetition Period and the date on which the Shareholder ceases to be an employee of or a consultant to Parent or any of its subsidiaries.

15. Effective Date. This Noncompetition Agreement shall become effective at the Acceptance Time.

*****End of Noncompetition Agreement – Signature Page Follows*****

IN WITNESS WHEREOF, the Shareholder has duly executed and delivered this Noncompetition Agreement as of the date first above written.

/s/ Larry E. Murphy

NONCOMPETITION AGREEMENT

THIS NONCOMPETITION AGREEMENT is being executed and delivered as of November 16, 2009, by **RAYMON F. THOMPSON** ("Shareholder"), in favor of, and for the benefit of: **APPLIED MATERIALS, INC.**, a Delaware corporation ("Parent"), and the other Beneficiaries. Certain capitalized terms used in this Noncompetition Agreement are defined in Section 14.

RECITALS

A. The Shareholder, in the course of founding and operating the business of **SEMITOOL, INC.**, a Montana corporation (the "Company"), and in the course of operating the business of the other Acquired Corporations (as defined in the Merger Agreement), has obtained extensive and valuable knowledge and confidential information concerning the business of the Acquired Corporations.

B. The Shareholder, in the course of founding and operating the business of the Company, and in the course of operating the business of the other Acquired Corporations, has also developed on behalf of the Acquired Corporations significant goodwill that is now a significant part of the value of the Acquired Corporations. This goodwill extends throughout the Restricted Territory.

C. Pursuant to and subject to the terms and conditions of a Agreement and Plan of Merger of even date herewith among Parent, the Company and a wholly-owned subsidiary of Parent (the "Merger Agreement"), Parent intends to purchase all of the outstanding shares of capital stock of the Company from the shareholders of the Company.

D. Parent wishes to protect its investment in the business it is acquiring pursuant to the Merger Agreement, including the confidential and proprietary information and goodwill possessed by the Shareholder, by restricting the activities of the Shareholder that might compete with or harm such business.

E. To enable Parent to secure more fully the benefits of the transactions contemplated by the Merger Agreement, Parent has required that the Shareholder enter into this Noncompetition Agreement; and the Shareholder is entering into this Noncompetition Agreement in order to induce Parent to execute the Merger Agreement and consummate the transactions contemplated thereby.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Shareholder agrees as follows:

1. Restriction on Competition. The Shareholder agrees that, during the Noncompetition Period, the Shareholder shall not, and shall not permit any of his Affiliates to:

(a) engage directly or indirectly in any aspect of the Business in any part of the Restricted Territory; or

(b) directly or indirectly be or become an officer, director, stockholder, owner, co-owner, Affiliate, partner, promoter, employee, agent, representative, designer, consultant, advisor, manager, licensor, sublicensor, licensee or sublicensee of, for or to, or otherwise be or become associated with or acquire or hold (of record, beneficially or otherwise) any direct or indirect interest in, any Person that engages directly or indirectly in any aspect of the Business in any part of the Restricted Territory;

provided, *however*, that the Shareholder may, without violating this Section 1: (i) own, as a passive investment, shares of capital stock of a publicly-held corporation that engages in the Business if: (A) such shares are actively traded on an established national securities market in the United States; (B) the number of shares of such corporation's capital stock that are owned beneficially by the Shareholder and the number of shares of such corporation's capital stock that are owned beneficially by Affiliates of the Shareholder collectively represent less than one percent of the total number of shares of such corporation's capital stock outstanding; and (C) neither the Shareholder nor any Affiliate of the Shareholder is otherwise associated directly or indirectly with such corporation or with any Affiliate of such corporation; or (ii) pursue any Opportunity (as such term is defined in Section 2(b) of the Consulting Agreement between Parent and the Shareholder, dated as of the date hereof (the "Consulting Agreement")) for which Parent has given its prior written consent to the Shareholder to pursue such Opportunity in accordance with the Consulting Agreement.

2. No Hiring or Solicitation. The Shareholder agrees that, during the Noncompetition Period, the Shareholder shall not, and the Shareholder shall not permit any of his Affiliates to:

(a) hire any Specified Individual as an employee, consultant or independent contractor;

(b) directly or indirectly, personally or through others, encourage, induce, attempt to induce, solicit or attempt to solicit (on the Shareholder's own behalf or on behalf of any other Person) any Specified Individual to leave his or her employment, consulting or independent contractor relationship with Parent or any of Parent's Affiliates (including the Acquired Corporations); or

(c) directly or indirectly, personally or through others, encourage, induce, attempt to induce, solicit or attempt to solicit (on the Shareholder's own behalf or on behalf of any other Person) any customer or other Person who has purchased, intends to purchase or is considering purchasing any product or service of any of the Acquired Corporations to not do business with any of the Acquired Corporations or to do business with any Person that engages directly or indirectly in any aspect of the Business in any part of the Restricted Territory.

3. Representations, Warranties and Acknowledgments. The Shareholder represents, warrants and acknowledges, to and for the benefit of the Beneficiaries, that: (a) he has full power and capacity to execute and deliver, and to perform all of his obligations under, this Noncompetition Agreement; (b) neither the execution and delivery of this Noncompetition Agreement nor the performance of this Noncompetition Agreement will result directly or indirectly in a violation or breach of: (i) any agreement or obligation by which the Shareholder or any of his Affiliates is or may be bound; or (ii) any law, rule or regulation; and (c) the terms and conditions of this Noncompetition Agreement are fair and reasonable to the Shareholder in all respects and the restraints imposed herein and the enforcement of the terms and conditions hereof will not lead to any hardship or inconvenience or cause the Shareholder to be unable to engage in lawful professions, trades or businesses.

4. Specific Performance. The Shareholder agrees that, in the event of any breach or threatened breach by the Shareholder of any covenant, obligation or other provision set forth in this Noncompetition Agreement, each of Parent and the other Beneficiaries shall be entitled (in addition to any other remedy that may be available to it, including monetary damages) to: (a) a decree or order of specific performance or mandamus to enforce the observance and performance of such covenant, obligation or other provision; and (b) an injunction restraining such breach or threatened breach. The Shareholder further agrees that no Beneficiary shall be required to obtain, furnish or post any bond or similar instrument in connection with or as a condition to obtaining any remedy referred to in this Section 4, and the Shareholder irrevocably waives any right it may have to require any Beneficiary to obtain, furnish or post any such bond or similar instrument.

5. Remedies Cumulative. The rights and remedies of Parent and the other Beneficiaries under this Noncompetition Agreement are not exclusive of or limited by any other rights or remedies which they may have, whether at law, in equity, by contract or otherwise, all of which shall be cumulative (and not alternative). Without limiting the generality of the foregoing, the rights and remedies of Parent and the other Beneficiaries under this Noncompetition Agreement, and the obligations and liabilities of the Shareholder under this Noncompetition Agreement, are in addition to their respective rights, remedies, obligations and liabilities under the law of unfair competition, under laws relating to misappropriation of trade secrets, under other laws and common law requirements and under all applicable rules and regulations.

6. Severability. If any provision of this Noncompetition Agreement or any part of any such provision is held under any circumstances to be invalid or unenforceable in any jurisdiction, then: (a) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be deemed amended to conform to applicable laws so as to be valid and enforceable to the fullest possible extent; (b) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and (c) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of this Noncompetition Agreement. Each provision of this Noncompetition Agreement is separable from every other provision of this Noncompetition Agreement, and each part of each provision of this Noncompetition Agreement is separable from every other part of such provision.

7. Governing Law; Venue.

(a) This Noncompetition Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware (without giving effect to principles of conflicts of laws).

(b) In any legal action or proceeding between any of the parties arising out of or relating to this Noncompetition Agreement each of the parties: (i) irrevocably and unconditionally consents and submits to the jurisdiction and venue of the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware); (ii) agrees that it will not attempt to deny or defeat such jurisdiction by motion or other request for leave from such court; and (iii) agrees that it will not bring any such action in any court other than the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware). Service of any process, summons, notice or document by U.S. mail addressed to the Shareholder at the address set forth on the signature page of this Noncompetition Agreement shall constitute effective service of such process, summons, notice or document for purposes of any such legal action or proceeding.

(c) THE SHAREHOLDER IRREVOCABLY WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS NONCOMPETITION AGREEMENT OR THE ENFORCEMENT OF ANY PROVISION OF THIS NONCOMPETITION AGREEMENT.

(d) Nothing in this Section 7 shall be deemed to limit or otherwise affect the right of Parent or any other Beneficiary to commence any legal action or proceeding against the Shareholder in any forum or jurisdiction.

8. Waiver. No failure on the part of any Person to exercise any power, right, privilege or remedy under this Noncompetition Agreement, and no delay on the part of any Person in exercising any power, right, privilege or remedy under this Noncompetition Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No Person shall be deemed to have waived any claim arising out of this Noncompetition Agreement, or any power, right, privilege or remedy under this Noncompetition Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such Person; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

9. Successors and Assigns. This Noncompetition Agreement shall be binding upon the Shareholder and shall inure to the benefit of Parent and the other Beneficiaries and the respective successors and assigns (if any) of the foregoing. Parent may freely assign any or all of its rights under this Noncompetition Agreement, in whole or in part, to any other Person, without obtaining the consent or approval of any other Person, in connection with: (a) the sale of the Company; or (b) the sale of a substantial part of the assets or business of the Company.

10. Attorneys' Fees. If any legal action or other legal proceeding relating to this Noncompetition Agreement or the enforcement of any provision of this Noncompetition Agreement is brought against the Shareholder, the prevailing party shall be entitled to recover reasonable attorneys' fees, costs and disbursements (in addition to any other relief to which the prevailing party may be entitled).

11. Captions. The captions contained in this Noncompetition Agreement are for convenience of reference only, shall not be deemed to be a part of this Noncompetition Agreement and shall not be referred to in connection with the construction or interpretation of this Noncompetition Agreement.

12. Construction. Whenever required by the context, the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; and the neuter gender shall include the masculine and feminine genders. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Noncompetition Agreement. Neither the drafting history nor the negotiating history of this Noncompetition Agreement shall be used or referred to in connection with the construction or interpretation of this Noncompetition Agreement. As used in this Noncompetition Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation." Except as otherwise indicated in this Noncompetition Agreement, all references in this Noncompetition Agreement to "Sections" are intended to refer to Sections of this Noncompetition Agreement.

13. Amendment. This Noncompetition Agreement may not be amended, modified, altered or supplemented other than by means of a written instrument duly executed and delivered on behalf of the parties sought to be bound by any such amendment, modification, alteration or supplement.

14. Defined Terms. For purposes of this Noncompetition Agreement:

(a) "Affiliate" shall mean, with respect to any specified Person, any other Person that as of the date of this Noncompetition Agreement and as of any subsequent date, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person.

(b) "Beneficiaries" shall include: (i) Parent; (ii) each Affiliate of Parent; and (iii) the successors and assigns of each of the Persons referred to in clauses "(i)" and "(ii)" of this sentence.

(c) "Business" shall mean: (i) the design, development, manufacture, marketing, sale or distribution of tools, systems, equipment, products or technology used in connection with any of the following: front end of line or back end of line cleaning, stripping, surface preparation or etching; depositing copper or other interconnect material; semiconductor packaging (including back side metallization and TSV); wet solar processing; LED and battery fabrication; and plating of magnetic materials; (ii) any other business or activity engaged in by any of the Acquired Corporations during the one-year period prior to the Acceptance Time; and (iii) the provision of services relating to any of the foregoing.

(d) "Noncompetition Period" shall mean the period commencing on the Acceptance Time and ending on the second anniversary of the Acceptance Time.

(e) "Person" shall mean any: (i) individual; (ii) corporation, general partnership, limited partnership, limited liability partnership, trust, company (including any limited liability company or joint stock company) or other organization or entity; or (iii) governmental body or authority.

(f) "Restricted Territory" shall mean: (i) each county or similar political subdivision of each State of the United States of America; (ii) each State, territory or possession of the United States of America, and (iii) each country, province, territory or other jurisdiction throughout the world.

(g) "Specified Individual" shall mean any individual who is an employee, consultant or independent contractor of or to: (i) any Acquired Corporation on, or during the 30 days prior to, the Acceptance Time; or (ii) Parent or any of Parent's subsidiaries (including the Acquired Corporations) during the period beginning on the Acceptance Time and ending on the later of the end of the Noncompetition Period and the date on which the Shareholder ceases to be an employee of or a consultant to Parent or any of its subsidiaries.

15. Effective Date. This Noncompetition Agreement shall become effective at the Acceptance Time.

*****End of Noncompetition Agreement – Signature Page Follows*****

IN WITNESS WHEREOF, the Shareholder has duly executed and delivered this Noncompetition Agreement as of the date first above written.

/s/ Raymon F. Thompson

TENDER AND SUPPORT AGREEMENT

THIS TENDER AND SUPPORT AGREEMENT, dated as of November 16, 2009 (this "Agreement"), is among **APPLIED MATERIALS, INC.**, a Delaware corporation ("Parent"), **JUPITER ACQUISITION SUB, INC.**, a Montana corporation and a wholly owned subsidiary of Parent ("Acquisition Sub"), and the individual or entity listed on Schedule A hereto (the "Shareholder"). Capitalized terms used but not defined herein have the meanings assigned to them in the Agreement and Plan of Merger dated as of the date of this Agreement (the "Merger Agreement") among Parent, Acquisition Sub and **SEMITOOL, INC.**, a Montana corporation (the "Company").

RECITALS

A. The Shareholder owns beneficially (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) and/or of record (as specified on Schedule A) the shares of Company Common Stock set forth opposite such Shareholder's name on Schedule A (all such shares of Company Common Stock that are outstanding as of the date hereof, together with any other shares of Company Common Stock that are hereafter issued to, or are otherwise acquired or owned, beneficially or of record, by such Shareholder during the Agreement Period (as defined below), including through the exercise of any stock options, warrants, convertible or exchangeable securities or other similar instruments of the Company, and any other securities of the Company described in Section 11, but excluding any shares that are disposed of in compliance with Section 7(b), collectively, the "Subject Shares").

B. Concurrently with the execution and delivery of this Agreement, Parent, Acquisition Sub and the Company are entering into the Merger Agreement, a copy of which has been made available to the Shareholder, which provides for, among other things, the making of a tender offer (such offer, as it may be amended from time to time as permitted by the Merger Agreement, the "Offer") by Acquisition Sub for all of the outstanding shares of Company Common Stock, and the merger of Acquisition Sub with the Company (the "Merger"), upon the terms and subject to the conditions set forth therein.

C. As an inducement to and condition to Parent's and Acquisition Sub's willingness to enter into the Merger Agreement, the Shareholder has agreed to enter into this Agreement with Parent.

AGREEMENT

In consideration of the foregoing and of the mutual covenants, representations, warranties and agreements set forth herein, and intending to be legally bound, the parties hereby agree as follows:

SECTION 1. Agreement to Tender.

(a) *Tender*. The Shareholder hereby agrees to validly tender or cause to be tendered in the Offer any and all Subject Shares of such Shareholder, pursuant to and in accordance with the terms of the Offer, no later than five business days after the receipt by such Shareholder of a letter of transmittal with respect to the Offer. In furtherance of the foregoing, at the time of such tender, the Shareholder shall: (i) deliver to the depositary designated in the Offer (the "Depositary"): (A) a letter of transmittal with respect to its Subject Shares complying with the terms of the Offer; (B) a certificate or certificates representing such Subject Shares or an "agent's message" (or such other evidence, if any, of transfer as the Depositary may reasonably request) in the case of a book-entry transfer of any Subject Shares; and (C) all other documents or instruments, to the extent applicable, in the form required to be delivered by the shareholders of the Company pursuant to the terms of the Offer; and/or (ii) cause its broker or such other Person that is the holder of record of any Subject Shares to tender such Subject Shares pursuant to and in accordance with the terms of the Offer and within the timeframe specified in the first sentence of this Section 1(a). The Shareholder agrees that once its Subject Shares are tendered, such Shareholder will not withdraw or cause or permit to be withdrawn any of such Subject Shares from the Offer, unless and until this Agreement shall have been terminated in accordance with Section 12(d).

(b) *Return of Subject Shares*. If the Offer is terminated or withdrawn by Acquisition Sub, or the Merger Agreement is validly terminated prior to the Acceptance Time, Parent and Acquisition Sub shall promptly return, and shall cause any depository acting on behalf of Parent and Acquisition Sub to return, all tendered Subject Shares to the registered holders of the Subject Shares tendered in the Offer.

SECTION 2. Documentation and Information. The Shareholder: (a) consents to and authorizes the publication and disclosure by Parent, Acquisition Sub or the Company, as applicable, of such Shareholder's identity and holdings of Subject Shares, the nature of such Shareholder's commitments, arrangements and understandings under this Agreement (including, for the avoidance of doubt, the disclosure of this Agreement) and any other information, in each case, that Parent, Acquisition Sub or the Company, as applicable, reasonably determines is required to be disclosed by applicable Legal Requirements in any press release, any of the Offer Documents, the Schedule 14D-9 or any other disclosure document (whether or not filed with the SEC) in connection with the Offer, the Merger and the other Contemplated Transactions; and (b) agrees to promptly give to Parent, Acquisition Sub or the Company, as applicable, any information it may reasonably require for the preparation of any such disclosure documents. The Shareholder: (i) represents and warrants that none of the information provided by or on behalf of such Shareholder pursuant to this Section 2 will, at the time it so provided, contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) agrees to promptly notify Parent, Acquisition Sub and the Company, as applicable, of any required corrections with respect to any such information, if and to the extent that any such information shall have become false or misleading in any material respect. Notwithstanding the foregoing, Parent, Acquisition Sub and the Company shall use reasonable efforts to inform the Shareholder of any public disclosure of such information about the Shareholder prior to making such disclosure public. The Shareholder shall consult with Parent before issuing any press releases or otherwise making any public statements with respect to the transactions contemplated hereby and shall not issue any such press release or make any public statement without the approval of Parent, except as may be required by applicable Legal Requirements.

SECTION 3. Voting Agreement. The Shareholder irrevocably and unconditionally agrees that if such Shareholder's Subject Shares have not been previously accepted for payment pursuant to the Offer, such Shareholder shall, or shall cause the holder of record thereof on any applicable record date, at any meeting (whether annual or special and whether or not an adjourned or postponed meeting) of the holders of Company Common Stock, however called (each, a "Company Shareholders Meeting"), or (if applicable) pursuant to any consent of the shareholders of the Company in lieu of a meeting or otherwise, to:

(a) be present, in person or represented by proxy, or otherwise cause such Shareholder's Subject Shares to be counted for purposes of determining the presence of a quorum at such meeting (to the fullest extent that such Subject Shares may be counted for quorum purposes under applicable Legal Requirements); and

(b) vote (or cause to be voted) with respect to all such Shareholder's Subject Shares to the fullest extent that such Subject Shares are entitled to be voted at the time of any vote:

(i) in favor of: (A) the approval of the Merger Agreement; (B) without limitation of the preceding clause "(A)," the approval of any proposal to adjourn or postpone the Company Shareholders Meeting to a later date if there are not

sufficient votes for approval of the Merger Agreement on the date on which the Company Shareholders Meeting is held; *provided*, *however*, that the Shareholder shall not be required to approve a proposal to adjourn the meeting past the Outside Date (as defined in the Merger Agreement); and (C) any other matter necessary, or reasonably requested by Parent, for the consummation of the Contemplated Transactions, including the Offer and the Merger; and

(ii) against: (A) any action (including any amendment to the Company's articles of incorporation or bylaws, as in effect on the date hereof), agreement or transaction that would reasonably be expected to frustrate the purposes of, impede, hinder, interfere with, nullify, prevent, delay or adversely affect, in each case in any material respect, the consummation of the Contemplated Transactions, including the Offer and the Merger; (B) any Acquisition Proposal or any agreement related thereto, and any action in furtherance of any Acquisition Proposal; (C) any merger, acquisition, sale, consolidation, reorganization, recapitalization, extraordinary dividend, dissolution, liquidation or winding up of or by the Company, or any other extraordinary transaction involving the Company (other than the Merger) or any of its Subsidiaries; and (D) any action, proposal, transaction or agreement that would reasonably be expected to result in a breach, in any material respect, of any covenant, representation or warranty or any other obligation or agreement of such Shareholder under this Agreement.

SECTION 4. Irrevocable Proxy. The Shareholder hereby revokes (and agrees to cause to be revoked) all proxies, if any, that it has heretofore granted with respect to its Subject Shares. The Shareholder hereby irrevocably appoints Parent as attorney-in-fact and proxy for and on behalf of such Shareholder, until the end of the Agreement Period, for and in the name, place and stead of such Shareholder, to:

(a) attend any and all Company Shareholder Meetings;

(b) vote, express consent or dissent or issue instructions to the record holder to vote such Shareholder's Subject Shares in accordance with the provisions of Section 3 at any and all Company Shareholder Meetings; and

(c) if applicable, grant or withhold, or issue instructions to the record holder to grant or withhold, in accordance with the provisions of Section 3, all written consents with respect to the Subject Shares at any and all Company Shareholder Meetings or otherwise.

The foregoing proxy shall be deemed to be a proxy coupled with an interest, is irrevocable (and as such shall survive and not be affected by the death, incapacity, mental illness or insanity of such Shareholder) until the end of the Agreement Period and shall not be terminated by operation of law or upon the occurrence of any other event other than the termination of this Agreement pursuant to Section 12(d). The Shareholder authorizes such attorney and proxy to substitute any other Person(s) to act hereunder, to revoke any substitution and to file this proxy and any substitution or revocation with the Secretary of the Company. The Shareholder hereby affirms that the irrevocable proxy set forth in this Section 4 is given in connection with and granted in consideration of and as an inducement to Parent and Acquisition Sub entering into the Merger Agreement and that such irrevocable proxy is given to secure the obligations of such Shareholder under Section 3.

SECTION 5. Representations and Warranties of the Shareholder. The Shareholder represents and warrants to Parent and Acquisition Sub as follows (it being understood that, except where expressly stated to be given or made as of the date hereof only,

the representations and warranties contained in this Agreement shall be made as of the date hereof, as of the Acceptance Time and, if such Shareholder's Subject Shares have not been previously accepted for payment pursuant to the Offer, as of the date of each Company Shareholders Meeting or (if applicable) consent in lieu thereof).

(a) *Organization.* If such Shareholder is not an individual, it is duly organized and validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) *Authorization*. If such Shareholder is not an individual, it has full corporate, limited liability company, partnership or trust power and authority to execute and deliver this Agreement and to perform its obligations hereunder. If such Shareholder is an individual, he or she (or the representative or fiduciary signing on his or her behalf, as applicable) has full legal capacity, right and authority to execute and deliver this Agreement and to perform his or her obligations hereunder. If such Shareholder is not an individual, the execution, delivery and performance by such Shareholder of this Agreement and the consummation by such Shareholder of the transactions contemplated hereby have been duly authorized by all necessary corporate, limited liability company, partnership or trust action on the part of such Shareholder. This Agreement has been duly executed and delivered by or on behalf of such Shareholder and constitutes a valid and legally binding obligation of such Shareholder in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) *No Violation*.

(i) The execution and delivery of this Agreement by such Shareholder does not, and the performance by such Shareholder of such Shareholder's obligations hereunder will not: (A) if such Shareholder is not an individual, contravene, conflict with, or result in any violation or breach of any provision of its articles of incorporation, bylaws or similar organizational documents; (B) assuming compliance with the matters referred to in Section 5(c)(ii), contravene, conflict with, or result in a violation or breach of any Legal Requirement or any judgment, injunction, order or decree of any Governmental Body with competent jurisdiction applicable to such Shareholder; or (C) constitute a default, or an event that, with or without notice or lapse of time or both, could become a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which such Shareholder is entitled under any provision of any Contract binding upon such Shareholder, or result in the imposition of any Encumbrance on any assets of such Shareholder, except, in the case of clauses "(B)" and "(C)" of this sentence, for such matters as would not, individually or in the aggregate, reasonably be expected to prevent, delay, impair or otherwise adversely affect, in each case, in any material respect, the ability of Shareholder to perform its obligations hereunder or to consummate the transactions contemplated hereby.

(ii) No consent, approval, order, authorization or permit of, or registration, declaration or filing with or notification to, any Governmental Body or any other Person is required by or with respect to such Shareholder in connection with the execution and delivery of this Agreement by such Shareholder or the performance by such Shareholder of such Shareholder's obligations hereunder, except for the filing with the SEC of any Schedules 13D or 13G or amendments to Schedules 13D or 13G and filings under Section 16 of the Securities Exchange Act of 1934, as amended as may be required in connection with this Agreement and the transactions contemplated hereby.

(d) *Ownership of Subject Shares.* As of the date hereof, the Shareholder is, and (except with respect to any Subject Shares Transferred in accordance with Section 7(b) or accepted for payment pursuant to the Offer) at all times during the Agreement Period will be, the beneficial and/or record owner (as specified on Schedule A) of, and have good and marketable title to, such Shareholder's Subject Shares free and clear of all Encumbrances, including any limitations or restrictions on such Shareholder's voting or disposition rights pertaining thereto. Other than as provided in this Agreement, such Shareholder has, and (except with respect to any Shares Transferred in accordance with Section 7(b) or accepted for payment pursuant to the Offer) at all times during the Agreement Period will have, with respect to such Shareholder's Subject Shares, the sole power, directly or indirectly, to vote, dispose of, exercise, exchange and convert, as applicable, such Subject Shares, and to demand or waive any appraisal or dissenters' rights or issue instructions pertaining to such Subject Shares with respect to the matters set forth in this Agreement, in each case with no limitations, qualifications or restrictions on such rights, and, as such, has, and (except with respect to any Shares Transferred in accordance with Section 7(b) or accepted for payment pursuant to the Offer) at all times during the Agreement Period will have, the complete and exclusive power to, directly or indirectly: (i) issue (or cause the issuance of) instructions with respect to the matters set forth in Section 4; (ii) agree to all matters set forth in this Agreement; and (iii) demand and waive appraisal or dissenters' rights. Except to the extent of any Subject Shares acquired after the date hereof (which shall become Subject Shares upon that acquisition), the number of shares of the Company Common Stock set forth on Schedule A opposite the name of such Shareholder are the only shares of Company Common Stock owned beneficially and/or of record (as specified on Schedule A) by such Shareholder on the date of this Agreement. Other than the Subject Shares and any shares of Company Common Stock that are the subject of unexercised Company Options held by such Shareholder (the number of which is set forth opposite the name of such Shareholder on Schedule A), such Shareholder does not own any shares of Company Common Stock or any options to purchase or rights to subscribe for or otherwise acquire any securities of the Company and has no interest in or voting rights with respect to any securities of the Company. Except as provided in this Agreement, there are no agreements or arrangements of any kind, contingent or otherwise, to which such Shareholder is a party obligating Shareholder to Transfer or cause to be Transferred, any of such Shareholder's Subject Shares. Except pursuant to this Agreement, no Person has any contractual or other right or obligation to purchase or otherwise acquire any of such Shareholder's Subject Shares.

(e) *No Other Proxies.* None of such Shareholder's Subject Shares are subject to any voting agreement, trust or other agreement or arrangement with respect to voting or to any proxy, on the date of this Agreement, except pursuant to this Agreement.

(f) *Absence of Litigation.* As of the date hereof, there is no Legal Proceeding pending against, or, to the knowledge of such Shareholder, threatened against or otherwise affecting, such Shareholder or any of its or his properties or assets (including such Shareholder's Subject Shares) that could reasonably be expected to impair in any material respect the ability of such Shareholder to perform its or his obligations hereunder or to consummate the transactions contemplated hereby on a timely basis.

(g) *Opportunity to Review; Reliance.* Such Shareholder has had the opportunity to review the Merger Agreement and this Agreement with counsel of its own choosing. Such Shareholder understands and acknowledges that Parent and Acquisition Sub are entering into the Merger Agreement in reliance upon such Shareholder's execution, delivery and performance of this Agreement.

(h) *Finders' Fees*. No investment banker, broker, finder or other intermediary is entitled to a fee or commission from Parent, Acquisition Sub or the Company in respect of this Agreement based upon any arrangement or agreement made by or on behalf of such Shareholder in its or his capacity as such.

SECTION 6. Representations and Warranties of Parent and Acquisition Sub. Parent and Acquisition Sub hereby represent and warrant to the Shareholder, as of the date hereof, as of the Acceptance Time and as of the date of each Company Shareholders Meeting, that: (a) such party has full power and authority to execute and deliver this Agreement and to perform its obligations hereunder; (b) the execution, delivery and performance by such party of this Agreement and the consummation by such party of the transactions contemplated hereby have been duly authorized by all necessary action on the part of such party; and (c) this Agreement constitutes a valid and legally binding obligation of such party in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

SECTION 7. No Proxies for or Liens on Subject Shares; No Solicitation.

(a) *Prohibition on Transfer*. Except pursuant to the terms of this Agreement, during the Agreement Period, the Shareholder shall not (and the Shareholder shall not permit any Person under the Shareholder's control to), without the prior written consent of Parent, directly or indirectly: (i) grant or permit the grant of any proxies, powers of attorney, rights of first offer or refusal or other authorizations in or with respect to, or enter into any voting trust or voting agreement or arrangement with respect to, any Subject Shares or any interest therein; (ii) sell (including short sell), assign, transfer, tender, pledge, encumber, grant a participation interest in, hypothecate or otherwise dispose of (including by gift) (each, a "Transfer") any Subject Shares or any interest therein; (iii) create or otherwise permit any Encumbrances to be created on any Subject Shares; (iv) enforce or permit the execution of the provisions of any redemption, share purchase or sale, recapitalization or other agreement with the Company or any other Person, with respect to any Subject Shares or any interest therein; (v) enter into any Contract with any Person with respect to the direct or indirect Transfer of any Subject Shares or any interest therein; (vi) enter into a swap or other agreement or any transaction that transfers, in whole or in part, the economic consequence of ownership of any Subject Shares; or (vii) agree to do any of the foregoing. The Shareholder shall not, and shall not permit any Person under such Shareholder's control or any of its or their respective Representatives to, seek or solicit any such Transfer or any such Contract. Without limiting the foregoing, the Shareholder shall not take any other action that would in any way restrict, limit or interfere in any material respect with the performance of such Shareholder's obligations hereunder (or with the Contemplated Transactions) or make any representation or warranty of such Shareholder in this Agreement untrue or incorrect.

(b) *Exceptions*. Notwithstanding the foregoing, the Shareholder shall have the right to Transfer all or any portion of its or his Subject Shares to a Permitted Transferee of such Shareholder if and only if prior thereto and as a condition to the effectiveness of such Transfer, such Permitted Transferee shall have agreed in writing, in a manner reasonably acceptable in form and substance to Parent: (i) to accept such Subject Shares subject to the terms and conditions of this Agreement; and (ii) to be bound by this Agreement and to agree and acknowledge that such Person shall constitute a Shareholder for all purposes of this Agreement; *provided* that notwithstanding any such Transfer, such Shareholder shall continue to be liable for any breach by any Permitted Transferee of its or his agreements and covenants under this Agreement. "Permitted Transferee" means, with respect to the Shareholder: (A) a spouse, lineal descendant or antecedent, brother or sister, adopted child or grandchild of such Shareholder; (B) any trust, the trustees of which include only the Shareholder and/or the other Persons named in clause "(A)" of this sentence and the beneficiaries of which include only the Shareholder and/or the Persons named in clause "(A)" of this sentence; (C) any corporation, limited liability company or

partnership, the shareholders, members or general and limited partners of which include only the Persons named in clauses "(A)" or "(B)" of this sentence; or (D) if such Shareholder is a trust, the beneficiary or beneficiaries authorized or entitled to receive distributions from such trust.

(c) *Effect of Attempted Transfer*. Any attempted Transfer of Subject Shares, or any interest therein, in violation of this Section 7 shall be null and void. In furtherance of this Agreement, the Shareholder hereby authorizes Parent and Acquisition Sub to direct the Company to impose stop orders to prevent the Transfer of any Subject Shares on the books of the Company in violation of this Agreement. If so requested by Parent, the Shareholder agrees that its Subject Shares shall bear a legend stating that they are subject to this Agreement.

(d) *No Solicitation*. During the Agreement Period, the Shareholder shall not (and the Shareholder shall ensure that its Representatives do not), directly or indirectly, take any action that the Company is prohibited from taking under Section 5.3 of the Merger Agreement.

SECTION 8. Waiver of Dissenters' Rights. The Shareholder hereby irrevocably and unconditionally waives, and agrees not to assert, exercise or perfect, any and all rights he or it may have as to appraisal, dissent or any similar or related matter with respect to any of such Shareholder's Subject Shares that may arise with respect to the Merger or any of the Contemplated Transactions, including under Sections 35-1-826 through 35-1-839 of the Montana Business Corporation Act.

SECTION 9. Notices of Certain Events. The Shareholder shall notify Parent of any development occurring after the date hereof that causes, or that would reasonably be expected to cause, any breach of any of such Shareholder's representations or warranties in this Agreement.

SECTION 10. Further Assurances. Parent and the Shareholder will each execute and deliver, or cause to be executed and delivered, all further documents and instruments and use their respective commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Legal Requirements, to perform their respective obligations under this Agreement.

SECTION 11. Certain Adjustments. In the event of a stock dividend or distribution, stock split, reverse stock split, recapitalization, subdivision, combination, merger, consolidation, reclassification, spin-off, readjustment, exchange of shares or the like, on, of or affecting the Subject Shares, the term "Subject Shares" shall be deemed to refer to and include such shares as well as all such stock dividends and distributions and any securities into which or for which any or all of such shares may be changed or exchanged or which are received in the transaction.

SECTION 12. Miscellaneous.

(a) *Notices.* Any notice or other communication required or permitted to be delivered to any party under this Agreement shall be in writing and shall be deemed properly delivered, given and received: (i) if delivered by hand, when delivered; (ii) if sent via facsimile with confirmation of receipt, when transmitted and receipt is confirmed; (iii) if sent by electronic mail, telegram, cablegram or other electronic transmission, upon delivery; (iv) if sent by registered, certified or first class mail, the third business day after being sent; and (v) if sent by overnight delivery via a national courier service, one business day after being sent, in each case to the address or facsimile telephone number set forth beneath the name of such party below (or to such other address or facsimile telephone number as such party shall have specified in a written notice given to the other parties hereto):

If to Parent or Acquisition Sub, to:

Applied Materials, Inc.
2881 Scott Boulevard, M/S 2064
Santa Clara, CA 95050
Attention: Joseph Sweeney, Senior Vice President,
General Counsel and Corporate Secretary
Facsimile: (408) 563-4635

and to:

Applied Materials, Inc.
3050 Bowers Avenue, M/S 0105
Santa Clara, CA 95054
Attention: Greg Psihas, Vice President,
Corporate Business Development
Facsimile: (408) 986-7260

with a copy (which shall not constitute notice) to:

Dewey & LeBoeuf LLP
1950 University Avenue, Suite 500
East Palo Alto, California 94303
Attention: Keith A. Flaum
Lorenzo Borgogni
Facsimile: 650-845-7333

If to a Shareholder, to his, her or its address set forth on a signature page hereto, with a copy (which shall not constitute notice) to:

Davis Wright Tremaine LLP
1201 Third Avenue, Suite 2200
Seattle, Washington 98101
Attention: Marcus J. Williams
Facsimile: 206-757-7999

(b) *Amendment and Waivers*.

(i) Any provision of this Agreement may be amended during the Agreement Period if, but only if, such amendment is in writing and is signed by each party to this Agreement.

(ii) No failure on the part of any party to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver of such power, right, privilege or remedy; and no single or partial exercise of any such power, right, privilege or remedy shall preclude any other or further exercise thereof or of any other power, right, privilege or remedy. No party shall be deemed to have waived any claim arising out of this Agreement, or any power, right, privilege or remedy under this Agreement, unless the waiver of such claim, power, right, privilege or remedy is expressly set forth in a written instrument duly executed and delivered on behalf of such party; and any such waiver shall not be applicable or have any effect except in the specific instance in which it is given.

(c) *Binding Effect; Benefit; Assignment.*

(i) The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any Person other than the parties hereto and their respective successors and permitted assigns. Without limiting any of the restrictions set forth in Section 7 or elsewhere in this Agreement, this Agreement shall be binding upon any Person to whom any Subject Shares are Transferred prior to the end of the Agreement Period.

(ii) Neither the Shareholder, on the one hand, nor Parent or Acquisition Sub, on the other hand, may assign this Agreement or any of his or its rights, interests or obligations hereunder (whether by operation of law or otherwise) without the prior written approval of Parent or such Shareholder, as applicable, except that each of Parent and Acquisition Sub may transfer or assign their respective rights and obligations under this Agreement, in whole or from time to time in part, to one or more of their respective Affiliates at any time; *provided* that such transfer or assignment shall not relieve such Person of its obligations under this Agreement.

(d) *Termination.* This Agreement shall automatically terminate and become void and of no further force or effect on the earliest to occur of: (i) the Effective Time; (ii) the termination of this Agreement by written notice from Parent to the Shareholder; (iii) the termination of the Offer by Parent or Acquisition Sub; and (iv) the termination of the Merger Agreement in accordance with its terms (the period from the date hereof through the termination of this Agreement being referred to as the "Agreement Period"); *provided* that: (A) Section 12(a) shall survive such termination; and (B) no such termination shall relieve or release the Shareholder, Parent or Acquisition Sub from any obligations or liabilities arising out of his or its breach of this Agreement prior to its termination.

(e) *Governing Law; Consent to Jurisdiction; Waiver of Jury Trial.*

(i) This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof (it being understood, however, that with respect to any matters of corporate law required to be governed by the laws of the State of Montana, such laws shall apply).

(ii) In any action between any of the parties arising out of or relating to this Agreement each of the parties: (A) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware); (B) agrees that it will not attempt to deny or defeat such jurisdiction by motion or other request for leave from such court; and (C) agrees that it will not bring any such action in any court other than the Court of Chancery of the State of Delaware in and for New Castle County, Delaware (unless the federal courts have exclusive jurisdiction over the matter, in which case the United States District Court for the District of Delaware). Service of any process, summons, notice or document to any party's address and in the manner set forth in Section 12(a) shall be effective service of process for any such action.

(iii) EACH PARTY ACKNOWLEDGES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT

HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS. EACH PARTY ACKNOWLEDGES, AGREES AND CERTIFIES THAT: (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD, IN THE EVENT OF LITIGATION, SEEK TO PREVENT OR DELAY ENFORCEMENT OF EITHER OF SUCH WAIVERS; (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVERS; (C) IT MAKES SUCH WAIVERS VOLUNTARILY; AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12(e)(iii).

(f) *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties hereto agree that the court making such determination shall have the power to limit the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified. In the event such court does not exercise the power granted to it in the prior sentence, the parties hereto shall replace such invalid or unenforceable term or provision with a valid and enforceable term or provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid or unenforceable term.

(g) *Enforcement.* The parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. Accordingly, in the event of any breach or threatened breach by Parent or Acquisition Sub, on the one hand, or the Shareholder, on the other hand, of any covenant or obligation of such party contained in this Agreement, the other party shall be entitled to obtain, without proof of actual damages (and each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy): (i) a decree or order of specific performance to enforce the observance and performance of such covenant or obligation; and (ii) an injunction restraining such breach or threatened breach; this being in addition to any other remedy to which any such party is entitled at law or in equity.

(h) *Expenses.* All costs and expenses incurred in connection with this Agreement shall be paid by or on behalf of the party incurring such cost or expense, whether or not the transactions contemplated by this Agreement are consummated.

(i) *Counterparts; Effectiveness.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication).

(j) *Entire Agreement.* This Agreement (including all Schedules hereto) and the other agreements referred to in this Agreement constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter hereof and thereof.

(k) *Headings.* The headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

(l) *Interpretation.*

(i) For purposes of this Agreement, whenever the context requires: the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; the feminine gender shall include the masculine and neuter genders; and the neuter gender shall include masculine and feminine genders.

(ii) The parties hereto agree that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Agreement.

(iii) As used in this Agreement, the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation.”

(iv) Unless otherwise indicated or the context otherwise requires: (A) any definition of or reference to any agreement, instrument or other document or any Legal Requirement herein shall be construed as referring to such agreement, instrument or other document or Legal Requirement as from time to time amended, supplemented or otherwise modified; (B) any reference herein to any Person shall be construed to include such Person’s successors and assigns; (C) any reference herein to “Sections,” “Exhibits” and “Schedules” are intended to refer to Sections of this Agreement and Exhibits or Schedules to this Agreement; and (D) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof.

(m) *Shareholder Capacity*. The Shareholder is signing and entering this Agreement solely in his capacity as the beneficial owner of Subject Shares, and nothing herein shall limit or affect in any way any actions that may be hereafter taken by him in his capacity as an employee, officer or director of the Company or any Subsidiary of the Company in accordance with the provisions of the Merger Agreement.

(n) *Non-Survival of Representations and Warranties.* None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time.

[The next page is the signature page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

APPLIED MATERIALS, INC.

By: _____
Name:
Title:

JUPITER ACQUISITION SUB, INC.

By: _____
Name:
Title:

[Shareholder signature on next page]

SHAREHOLDER

Name:
Address:

SCHEDULE A

Ownership of Company Common Stock

Name	Number of Shares of Company Common Stock Beneficially Owned	Number of Shares of Company Common Stock Owned of Record	Number of Shares Subject to Unexercised Company Options	Number of Subject Shares

Exhibit (d)(5)

CONSULTING AGREEMENT

THIS CONSULTING AGREEMENT, dated as of November 16, 2009 (this "Agreement"), by and between APPLIED MATERIALS, INC. (the "Company"), a Delaware corporation, and Raymon F. Thompson (the "Consultant").

WHEREAS, the Company, Jupiter Acquisition, Inc. and Semitool, Inc. ("Jupiter") entered into an Agreement and Plan of Merger ("Merger Agreement"), dated as of November 16, 2009;

WHEREAS, on the Closing Date (as defined in the Merger Agreement) the Company desires to engage the Consultant to provide services to it and its subsidiaries (including Jupiter) and the Consultant is willing to render such services on the terms and conditions set forth herein;

WHEREAS, the Consultant represents that he possesses skills, experience and knowledge that are of value to the Company and its subsidiaries.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. Consulting Term. The Company hereby retains the Consultant and the Consultant agrees to serve the Company as an independent consultant on the terms and subject to the conditions set forth herein. The Consultant shall be so retained for a period of two years commencing on the Closing Date (the "Consulting Term"). The Consulting Term shall not commence and this Agreement shall be null and void ab initio unless on the Closing Date the Consultant executes the Release Agreement attached hereto as Exhibit A.

2. Duties/Business Development.

(a) During the Consulting Term, the Consultant shall provide such services to the Company and its subsidiaries as are reasonably requested from him by the Company's Chief Executive Officer (the "CEO"), including, but not limited to, transitioning ownership of Jupiter, advising on product and technology strategy and roadmap, and retaining and expanding the Company's and its subsidiaries' customer base (such services, the "Services"). The Consultant shall perform the Services primarily at Jupiter's headquarters in Montana, with regular travel to the Company's headquarters and such other locations as appropriate to perform the Services. The Consultant hereby represents and warrants to the Company that Executive is not party to any contract, understanding, agreement or policy, written or otherwise, that would be breached by the Consultant's entering into, or performing services under, this Agreement.

(b) The Company and the Consultant acknowledge that from time to time during the Consulting Term the Consultant may develop strategies, projects, tactics, inventions, promotions and/or innovations relating to the business of the Company and its subsidiaries (each, an "Opportunity"), and the Company encourages the Consultant to do so. The Consultant shall propose each Opportunity to the Company, and the Consultant and the Company shall in good faith evaluate each Opportunity. The

Company shall, in its sole discretion, determine whether or not to pursue such Opportunity and inform Consultant in writing within thirty (30) days following the date on which Consultant presented an Opportunity to the Company. If the Company determines not to pursue the Opportunity, the Consultant shall be entitled to pursue the Opportunity independently but only if the Consultant receives the prior written consent of the Company, which consent shall not be unreasonably withheld.

3. Consulting Fee. During the Consulting Term, in full consideration of the performance by the Consultant of his obligations hereunder, the Company shall pay to the Consultant a fee (the "Fee") of Five Hundred Thousand Dollars ($500,000) per twelve month period to be paid in arrears in twelve equal monthly installments within thirty (30) days following the end of each month. Notwithstanding the foregoing, upon termination of the Consulting Term, the Consultant shall be entitled to receive and the Company and its subsidiaries shall be obligated to pay only that portion of the Fee that is earned and accrued up to the date of termination of the Consulting Term. Following the Consulting Term, the Company and its subsidiaries have no obligation hereunder or otherwise to retain or employ, pay compensation or provide benefits to, or otherwise to, the Consultant.

4. Expense Reimbursement. During the Consulting Term, the Consultant shall be reimbursed for expenses reasonably incurred by him in connection with performing the Services, provided that such expenses are incurred, documented and submitted to the Company in accordance with its expense reimbursement policies in effect from time to time.

5. No Employee Benefits nor Tax Withholding. The Consultant acknowledges that during the Consulting Term he will not be an "employee" (or person of similar status) of the Company, Jupiter or any of their subsidiaries for purposes of the Internal Revenue Code of 1986, as amended (the "Code"), and shall not participate in any employee benefit plans or arrangements of the Company or any of its subsidiaries, unless pursuant to a valid election under Section 4980B of the Code. The Consultant waives any rights he may have to participate by virtue of this Agreement in any employee, fringe benefit or other similar plan of the Company, Jupiter or any of its subsidiaries. The Consultant acknowledges that he will not be paid any "wages" (as defined in the Code) for the Services and that he shall be solely responsible for all taxes imposed on him by reason of any amounts payable under this Agreement. The Company shall not be responsible to the Consultant or any governing body for any income, Social Security or similar taxes related to any amounts payable under this Agreement.

6. Covenants.

(a) Unauthorized Disclosure. The Consultant agrees and understands that prior to and during the Consulting Term, he has been and will be exposed to and has received and will receive information relating to the affairs of Jupiter, the Company and its and their affiliates, including but not limited to technical information, intellectual property, business and marketing plans, strategies, customer information, other information concerning the Company products, promotions, development, financing, expansion plans, business policies and practices, and other forms of information considered by the Company to be confidential or in the nature of trade secrets ("Confidential Information"). The Consultant agrees that during the Consulting Term and thereafter, he will not disclose such Confidential Information, either directly or indirectly, to any third person or entity or use such Confidential

Information for any purpose other than performing the Services without the prior written consent of the Company. Upon the expiration of the Consulting Term, the Consultant shall deliver to the Company all written Confidential Information, including but not limited to documents, forms, papers, designs or other data containing or reflecting Confidential Information and shall ensure that all Confidential Information stored electronically or in any other form outside the premises of the Company is destroyed. This provision shall continue to apply after the termination of the Consulting Term without limit in point of time but shall cease to apply to information which may come into the public domain other than by breach of this provision. This confidentiality covenant has no temporal, geographical or territorial restriction.

(b) Proprietary Rights. The Consultant hereby assigns to the Company all of the Consultant's current and future interest in any and all materials containing, or which may contain, Confidential Information, including, but not limited to, work product, inventions, discoveries, improvements and patentable or copyrightable works, initiated, conceived or made by the Consultant, either alone or in conjunction with others, prior to the Consulting Term or during the Consulting Term in connection with performing the Services.

(c) Authority. The Consultant agrees that he is not and will not be deemed for any purpose to be an employee, director, officer, agent or partner of the Company or its subsidiaries. The Consultant assumes full responsibility for his acts except to the extent the Consultant is acting directly in accordance with the lawful instructions of the CEO. Except with respect to the expenses in Section 4, the Consultant shall not have any right, power or authority to create, and shall not represent to any person that he has the power to create, any obligation, express or implied, on behalf of the Company or its subsidiaries without prior written consent of the CEO.

(d) Remedies. The Consultant agrees that any breach of the terms of this Section 6 would result in irreparable injury and damage to the Company and its subsidiaries for which the Company and its subsidiaries would have no adequate remedy at law; the Consultant therefore also agrees that in the event of said breach or any threat of breach, the Company and its subsidiaries shall be entitled to an immediate injunction and restraining order to prevent such breach or threatened breach or continued breach by the Consultant and/or any and all persons and/or entities acting for and/or with the Consultant, without having to prove damages, in addition to any other remedies to which the Company and its subsidiaries may be entitled at law or in equity. The terms of this Section 6 and Section 7 shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including but not limited to the recovery of damages from the Consultant. The Consultant and the Company further agree that the provisions of the covenants contained in this Section 6 and Section 7 are reasonable and necessary to protect the businesses of the Company and its subsidiaries because of the Consultant's access to Confidential Information and his material participation in the operation of such businesses. Should a court, arbitrator or other similar authority determine, however, that any provisions of the covenants contained in this Section 6 and Section 7 are not reasonable or valid, either in period of time, geographical area, or otherwise, the parties hereto agree that such covenants should be interpreted and enforced to the maximum extent to which such court or arbitrator deems reasonable or valid.

The existence of any claim or cause of action by the Consultant against the Company and its subsidiaries, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company and its subsidiaries of the covenants contained in this Section 6 and Section 7.

7. No Conflicts of Interest.

(a) Consultant agrees to immediately disclose any potential or actual activity, including business activities and/or other employment, where his role or interest may be in conflict with the Company's interest. Although such activities are not automatically prohibited, written approval from the Company's Office of the Ombudsman is required to participate in any such activity. Consultant's obligation to provide written disclosure of potential conflicts of interest, or the appearance of conflicts of interest, and to have such activities reviewed and approved in advance by the Company's Office of the Ombudsman, continues throughout the Consulting Term.

(b) During the Consulting Term, Consultant agrees that he will not, without the prior express written permission of the Company [Law Department], work as an employee, officer, consultant, contractor, advisor, or agent of any company that is a customer, supplier, or competitor of the Company or its related entities. Similarly, Consultant agrees that, during the Consulting Term, he will not engage in any outside business activities that compete or appear to compete with the interests of the Company or its related entities. Consultant agrees not to solicit the business of any current or prospective customer of the Company for any company that competes with the Company.

(c) Consultant agrees to comply with all Company policies during the Consulting Term, including the Company's Standards of Business Conduct **[**a copy of which is attached**] [**a copy of which is available clicking on the following link: http://www.appliedmaterials.com/investors/cg_standards.html**]**

8. Non-Waiver of Rights. The failure to enforce at any time the provisions of this Agreement or to require at any time performance by any other party of any of the provisions hereof shall in no way be construed to be a waiver of such provisions or to affect either the validity of this Agreement or any part hereof, or the right of any party to enforce each and every provision in accordance with its terms.

9. Notices. Every notice relating to this Agreement shall be in writing and shall be given by personal delivery, by e-mail or by a reputable same-day or overnight courier service (charges prepaid), by registered or certified mail, postage prepaid, return receipt requested, or by facsimile to the recipient with a confirmation copy to follow the next day to be delivered by personal delivery or by a reputable same-day or overnight courier service to the appropriate party's address or fax number below (or such other address and fax number as a party may designate by notice to the other parties):

If to the Company: Applied Materials, Inc.

If to the Company: Applied Materials, Inc.
2881 Scott Boulevard, M/S 2064
Santa Clara, CA 95050
Attention: Joseph Sweeney, Senior Vice President,
General Counsel and Corporate Secretary
Facsimile: (408) 563-4635

and to:

Applied Materials, Inc.
3050 Bowers Avenue, M/S 0105
Santa Clara, CA 95054
Attention: Greg Psihas, Vice President,
Corporate Business Development
Facsimile: (408) 986-7260

If to the Consultant: Raymon F. Thompson

10. Binding Effect/Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, personal representatives, estates, successors (including, without limitation, by way of merger) and assigns. Notwithstanding the provisions of the immediately preceding sentence, the Consultant shall not assign all or any portion of this Agreement without the prior written consent of the Company.

11. Entire Agreement. This Agreement and the Noncompetition Agreement between the Company and Raymon F. Thomson, dated November 16, 2009, set forth the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior agreements, written or oral, between them as to such subject matter.

12. Severability. If any provision, including any phrase, sentence, clause, section or subsection, of this Agreement is determined by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, such circumstances shall not have the effect of rendering such provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision herein contained invalid, inoperative, or unenforceable to any extent whatsoever. Upon any such determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

13. Governing Law. This Agreement shall be governed in all respects, including without limitation as to its validity, interpretation, construction, performance and enforcement, by the internal laws of the State of Delaware, without giving effect to its principles or rules of conflict of laws.

14. Modifications and Waivers. No provision of this Agreement may be modified, altered or amended except by an instrument in writing executed by the parties hereto. No waiver by any party hereto of any breach by any other party hereto of any provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions at the time or at any prior or subsequent time.

15. Headings. The headings contained herein are solely for the purposes of reference, are not part of this Agreement and shall not in any way affect the meaning or interpretation of this Agreement.

16. Counterparts. This Agreement may be executed in two or more counterparts (including via facsimile or other electronic transmission), each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

17. No Third Party Beneficiaries. No person other than the Company and its subsidiaries and the Consultant is a beneficiary of this Agreement or may enforce the provisions hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by a duly authorized person and the Consultant has hereunto set his hand, in each case effective as provided in the Agreement.

APPLIED MATERIALS, INC.

By: /s/ Randhir Thakur

Name: Randhir Thakur

Title: Senior Vice President & General Manager, Silicon Systems Group

/s/ Raymon F. Thompson

Raymon F. Thompson

EXHIBIT A

RELEASE AGREEMENT

This RELEASE, executed on (this "Release Agreement"), is made by the undersigned (the "Executive") in favor of Applied Materials, Inc. (the "Company") and the other "Releasees" (as hereinafter defined).

WHEREAS, the Executive and the Company have entered into the Consulting Agreement, dated November 16, 2009 (the "Consulting Agreement");

NOW, THEREFORE, in consideration of the payments under the Consulting Agreement, the terms and provisions contained herein and in the Consulting Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Executive hereby agrees as follows:

1. Release.

(a) The Executive hereby knowingly and voluntarily releases and forever discharges the Company, Semitool, Inc. and its and their subsidiaries and affiliates (within the meaning of Rule 12b-2 promulgated pursuant to the Securities Exchange Act of 1934, as amended), together with all of their respective current and former officers, directors, consultants, agents, attorneys, representatives and employees, and each of their predecessors, successors and assigns (collectively, the "Releasees"), from any and all debts, demands, actions, causes of actions, accounts, covenants, contracts, agreements, claims, damages, omissions, promises, and any and all claims, liabilities and obligations whatsoever, of every name, nature, kind, character and description, known or unknown, direct or indirect, absolute or contingent, suspected or unsuspected, both in law and equity, which the Executive has ever had, now has, or may hereafter claim to have against the Releasees by reason of any matter whatsoever arising out of the Executive's employment with Jupiter (or any subsidiary thereof) or the termination of the Executive's employment with Jupiter (or any subsidiary thereof) (individually, a "Claim" and collectively, "Claims"). This Release Agreement shall apply to any Claim of any type, including, without limitation, any and all Claims of any type that the Executive may have arising under the common law, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans With Disabilities Act, the Family and Medical Leave Act, the Employee Retirement Income Security Act ("ERISA"), and the Sarbanes-Oxley Act of 2002, each as amended, and any other Federal, state or local relating to employment, employee benefits or termination of employment with Jupiter, worker or workplace protection statutes including but not limited to the Montana labor and employment laws and any claims under any agreement with Jupiter, as well as related or similar regulations, ordinances or common law worker or workplace protections, or under any policy, agreement, contract, understanding or promise, written or oral, formal or informal, between any of the Releasees and the Executive.

(b) For the purpose of implementing a full and complete release, the Executive understands and agrees that this Release Agreement is intended to include all Claims, if any, which the Executive may have, including Claims that the Executive does not now know or suspect to exist in the Executive's favor against Jupiter, the Company or any of the Releasees and that this Release Agreement extinguishes those Claims.

(c) The Executive represents and warrants that he or she has not filed any complaints or charges with any court or administrative agency against the Company, Jupiter or any of the Releasees, which have not been dismissed, closed, withdrawn or otherwise terminated on or before the date of this Release Agreement. The Executive further represents and agrees that he or she has not assigned nor transferred or attempted to assign or transfer, nor will the Executive attempt to assign or transfer, to any person or entity, any of the Claims the Executive is releasing in this Release Agreement. Furthermore, by signing this Release Agreement, the Executive (i) represents and agrees that he or she will not be entitled to any personal recovery in any action or proceeding that may be commenced on the Executive's behalf arising out of the matters released herein and (ii) covenants and agrees to refrain from directly or indirectly asserting any Claim, or commencing, instituting or causing to be commenced, any proceeding of any kind against any of the Releasees, based upon any Claim released or purported to be released hereby.

(d) The Executive (i) acknowledges that he or she fully comprehends and understands all the terms of this Release Agreement and their legal effects and (ii) expressly represents and warrants that (A) he or she is competent to effect the release made herein knowingly and voluntarily and without reliance on any statement or representation of the Company or its directors, officers, employees, accountants, advisors, attorneys, consultants or other agents and (B) he or she had the opportunity to consult with an attorney regarding this Release Agreement.

2. Entire Agreement. This Release Agreement, the Consulting Agreement and the Noncompetition Agreement between the Company and the Executive, dated November 16, 2009 constitutes the entire agreement and understanding between the Executive and the Company with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, between the Executive and the Company relating to the subject matter hereof (which shall not be deemed to include the Agreement), and there are no representations, understandings or agreements relating to the subject matter hereof that are not fully expressed in this Release Agreement.

3. Amendments. This Release Agreement may not be modified, amended, supplemented or canceled, except by written instrument executed by the person(s) against whose interest any of the foregoing shall operate.

4. Governing Law. This Release Agreement shall be governed by and construed in accordance with the laws of the State of Montana without giving effect to any choice of law rules that may require the application of the laws of another jurisdiction.

5. Third Party Beneficiaries. Each Releasee is expressly intended to be a third party beneficiary of this Release Agreement and each may enforce the terms and provisions of this Release Agreement.

IN WITNESS WHEREOF, the Executive has executed this Release Agreement to be effective as of the date first above written.

Signature of Executive

Printed Name of Executive

OFFER LETTER

November 14, 2009

Larry Murphy

Dear Larry:

I am pleased to extend an offer of employment to you for the position of Corporate Vice President & General Manager, Packaging & Plating, reporting to Randhir Thakur, Senior Vice President & General Manager, Silicon Systems Group. Your initial work location will continue to be Kalispell, Montana. We believe you will find great opportunity and professional challenge at Applied Materials, Inc. (hereafter referred to as "Applied"), where you will contribute to the success of a world-class organization.

This offer is contingent on the completion of Applied's acquisition of Semitool, Inc. (the "Merger"). If the Merger does not close, this offer will be null and void, and even if accepted, will not be binding on Applied or on you.

Base Salary and Incentive Bonus

Your starting base salary will be $350,000 per year, which is equivalent to $13,461.54 per bi-weekly pay period. You also will be eligible to participate in the Applied Incentive Plan ("AIP") for fiscal year 2010, with a target payout percentage of 70% of your base salary, pro-rated based on full months served during fiscal year 2010 from your start date. The funding of the Applied Incentive Plan generally is based on overall financial performance of Applied for the fiscal year. Individual incentive payments, if any, from any funded amounts are based on both your business unit performance and your individual performance. Salary and any incentive bonus payouts will be subject to applicable payroll tax withholding and deductions.

Sign-on Bonus

After thirty (30) days of continuous employment with Applied, you will receive a "Sign-on Bonus" in the amount of $75,000. The Sign-on Bonus will be paid to you on Applied's first regular payday following your completion of your first thirty (30) days of continuous employment with Applied (and in all cases within thirty (30) days of the date it is earned). Payment of the Sign-on Bonus will be subject to applicable payroll tax withholding and deductions.

Retention Bonus

If you remain an Applied employee in good standing through the second anniversary of the closing of the Merger (the "Second Anniversary Date"), you will earn a "Retention Bonus" in the amount of $1,025,000. If earned, the Retention Bonus will be paid to you on Applied's first regular payday following the Second Anniversary Date (and in all cases within thirty (30) days of the date it is earned). Payment of the Retention Bonus will be subject to applicable payroll tax withholding and deductions.

If you terminate your employment voluntarily (other than a resignation for Good Reason as defined below), or if Applied terminates your employment for Cause (as defined below), in either case before the Second Anniversary Date, you will not receive the Retention Bonus.

You (or your beneficiaries, with respect to payments after your death) will receive your Retention Bonus if, prior to the Second Anniversary Date, Applied terminates your employment other than for Cause, you resign your employment for Good Reason, or Applied terminates your employment as a result of your permanent and total disability or your death. The payment of your Retention Bonus under this paragraph is contingent on your (or, your beneficiaries, as applicable) signing and not revoking a general release of claims in a form reasonably acceptable to Applied, and provided that such release becomes effective and irrevocable not later than sixty (60) days following the termination date (such deadline, the "Release Deadline"). If the release does not become effective and irrevocable by the Release Deadline, you (and your beneficiaries) will forfeit any rights to receive any unpaid and unearned portion of the Retention Bonus. Any Retention Bonus payment due to you under this paragraph will be paid to you (or your beneficiaries after your death) on the sixty-first (61st) day following your termination of employment. In no event will the Retention Bonus be paid or provided until the release becomes effective and irrevocable.

Cause and Good Reason

For purposes of this letter, "Cause" will mean (a) an act of personal dishonesty taken by you in connection with your responsibilities as an employee and intended to result in your substantial personal enrichment; (b) you being convicted of, or pleading no contest or guilty to, a felony or misdemeanor that Applied reasonably believes has had or will have a material detrimental effect on Applied; (c) a willful act by you that constitutes gross misconduct and that is injurious to Applied; (d) following delivery to you of a written demand for performance that describes the basis for Applied's reasonable belief that you have not substantially performed your duties, your continued violations of your obligations to Applied that are demonstrably willful and deliberate on your part; and (e) your material violation of any written Applied employment policy or standard of conduct.

For purposes of this letter, resignation for "Good Reason" means your termination of employment within thirty (30) days following the end of the Cure Period (as defined below) as a result of the occurrence of any of the following without your consent: (a) a material diminution in your base compensation; (b) a material diminution in your authority, duties or responsibilities; (c) a material change in geographic location at which you must perform services; provided, however, that a relocation of your main work location to your home or to a location less than thirty-five (35) miles from your then-present work location will not be deemed a material change in geographic location for this purpose; or (d) any other action or inaction by Applied that constitutes a material breach of the terms of this offer letter; provided, however, that in all cases, you must provide written notice to Applied of the condition that could constitute a "Good Reason" event within ninety (90) days of the initial existence of such condition and such condition must not have been remedied by Applied within thirty (30) days (the "Cure Period") of such written notice.

Grant of Restricted Stock Units

Additionally, it will be recommended that you be granted restricted stock units (also referred to as "performance shares" by the Employee Stock Incentive Plan) under which up to 35,000 shares of Applied Common Stock may be earned subject to the terms and conditions of Applied's Employee Stock Incentive Plan (the "ESIP") and the applicable agreement(s). The restricted stock units will be scheduled to vest 25% each year over four (4) years, subject to your continued employment with Applied through each relevant vesting date.

The shares underlying the restricted stock units will be issued to you as they vest and the number of shares delivered to you will be reduced as necessary to satisfy applicable tax withholding. The award of restricted stock units to you does not constitute a contract of employment and does not obligate Applied to retain you in its employ for any period.

Benefits

Your service date with Semitool Inc. will be recognized by Applied for those benefits that vest according to service, assuming no significant interruptions in your service with Semitool Inc. As an Applied employee, you will accrue time off under Applied's Paid Time Off (PTO) program.

You will be eligible to participate in Applied's generally available benefit plans, including medical, dental, vision and 401(k) plans, effective the date these plans are made available to all employees of Semitool Inc., subject to eligibility requirements and any waiting periods required for administrative purposes and the requirements of such plans. Details about these benefit plans will be made available during orientation sessions presented by Applied representatives or at your request. Applied reserves the right to modify or terminate benefits from time to time as it deems necessary or appropriate.

Miscellaneous

Any ambiguities in this letter will be interpreted in such a way so that the payments of the Retention Bonus and all other payments and benefits under this letter are exempt from Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any guidance promulgated thereunder (together, "Section 409A") pursuant to Section 409A's "short-term deferral" exception or, in the alternative, to comply with Section 409A.

If and to the extent it is necessary to avoid subjecting you to an additional tax under Section 409A, payment of all or a portion of the Retention Bonus and any other severance-related deferred compensation payments will be delayed until the first payroll date that occurs on or after the date that is six (6) months and one (1) day following your termination of employment. In addition, each payment and benefit payable under this offer letter is intended to constitute a separate payment for purposes of the Section 409A-related Treasury Regulations. You and Applied agree to work together in good faith to consider amendments to this letter and to take reasonable actions to avoid subjecting you to an additional tax or income recognition under Section 409A prior to actual payment of the Retention Bonus or any other payments and benefits under this letter, as applicable. In no event will Applied reimburse you for any taxes that may be imposed on you as a result of Section 409A.

In the event that the Retention Bonus and any other payments or benefits provided for in this letter or otherwise payable to you (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this paragraph, would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then your benefits under this letter will be reduced so that no portion of such benefits is subject to the Excise Tax. Any reduction in payments and/or benefits required by this paragraph will occur in the following order: (1) reduction of cash payments; (2) reduction of vesting acceleration of equity awards; and (3) reduction of other benefits paid or provided to you. In the event that acceleration of vesting of equity awards is reduced, the acceleration of vesting will be cancelled in the reverse order of the date of grant of your equity awards. If two or more equity awards are granted on the same date, each award will be reduced on a *pro-rata* basis. You may not exercise any discretion with respect to the ordering of any reductions of payments or benefits under this paragraph. Any determination required under this paragraph will be made in writing by the independent public accountants who are primarily used by Applied immediately prior to the applicable change of control, Applied's legal counsel or such other person or entity to which the parties mutually agree (the "Accountants"), whose determination

will be conclusive and binding upon you and Applied for all purposes. For purposes of making the calculations required by this paragraph, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. You and Applied will furnish to the Accountants the information and documents they reasonably request in order to make a determination under this paragraph. Applied will bear all costs the Accountants may reasonably incur in connection with any calculations called for by this paragraph.

As part of the employment process, it is necessary for us to ask you to complete a number of forms. This offer of employment is contingent upon your ability to provide and maintain the following:

1) Successful completion of a pre-employment background screen; and

2) Proof of your identity and authorization to work in the United States; and

3) A signed copy of the Employee Agreement and the offer letter to Applied prior to the start date set forth in the offer letter; and

4) U.S. Export Compliance Agreement. If you are not a United States citizen, United States permanent resident, or a Canadian citizen, you may not be able to begin work at Applied until such time as Applied, in its sole discretion, has obtained a validated license authorizing your receipt of company information.

We also ask that, if you have not already done so, you disclose to Applied any and all agreements relating to your prior employment that may affect your eligibility to be employed by Applied or limit the manner in which you may be employed. Unless you have informed Applied otherwise in writing, it is Applied's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. Moreover, you agree that, during the term of your employment with Applied, you will devote your full business efforts and time to Applied and you will not engage in any other employment, occupation, consulting or other business activity for any direct or indirect remuneration without the prior approval of Applied's Board of Directors nor will you engage in any other activities that conflict with your obligations to Applied. If you serve on the Board of Directors of any other company or entity, please provide us with a list of such companies or entities. If Applied's Board of Directors deems such companies or entities to be competitors, customers or suppliers or your service on such board to otherwise represent a conflict of interest with your obligations to Applied, you will be required to resign your directorship with such companies or entities at the request of Applied's Board of Directors. Similarly, you agree not to bring any third party confidential information to Applied, including that of your former employers, and that in performing your duties for Applied you will not in any way utilize any such information.

During your employment at Applied, you may be required to participate in the Medical Monitoring Program. The MMP is part of Applied's employee health awareness program, and includes employees working in areas where toxic and/or hazardous substances are present. Via periodic medical exams, this program takes a proactive approach to detection of potential health problems. If required to participate, you will be notified in advance to allow for adjustment of your schedule.

If you agree to accept the terms of this offer and the attached Employee Agreement which contains provisions pertaining to your employment, including protection of intellectual property, at-will employment status and arbitration, please sign both documents and return them to Global Staffing Programs together with the document entitled "U.S. Export Compliance Agreement" and the "E-Mail Preferred Name Form". This offer will expire on November 18, 2009. This offer letter, including, but not limited to, its at-will employment provision, may not be modified or amended except by a written agreement signed by Applied's Chief Executive Officer

and you. This letter will be governed by the internal substantive laws, but not the choice of law rules, of the State of California. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, this letter will continue in full force and effect without such provision.

This offer letter, the attached Employee Agreement, the Noncompetition Agreement between you and Applied and the documents incorporated herein by reference set forth the terms of your employment with Applied and supersede any prior or concurrent representations or agreements including, but not limited to, any representations made during your recruitment, interviews or pre-employment negotiations, whether written or oral. In addition, once Applied becomes your employer following the Merger, this letter will supersede and replace all prior understandings and agreements, whether oral or written, regarding the terms and conditions of your employment with Semitool Inc. or any of its subsidiaries, including, but not limited to, your Change in Control Severance Agreement with Semitool Inc., dated August 10, 2009, and any other agreements or understandings with regards to compensation and severance matters, acceleration of equity awards and any notice of termination. Any such commitments or promises by Semitool Inc. will end as of the close of the Merger.

Enclosed you also will find a package of information and forms which are to be completed prior to your first day of employment. Review this information with special attention to the Employment Eligibility Verification Form I-9, which requires that you provide specific documentation to Applied on your first day of employment.

You will attend New Hire Orientation during your first few weeks of employment. Global Staffing will contact you with your orientation training dates upon receipt of your signed offer letter.

Sincerely,

/s/ Madonna C. Bolano for R. Thakur

Randhir Thakur
Senior Vice President & General Manager
Silicon Systems Group
408.584.0501

I accept the employment offer as stated above.

Signature /s/ Larry E. Murphy Date November 16, 2009

Start Date _____
(must be a Monday)

Please return one signed, original copy of this letter (together with the Employee Agreement, U.S. Export Compliance Agreement and the E-Mail Preferred Name Form) by the Tuesday prior to your start date to:

Madonna Bolano
APPLIED MATERIALS, INC.
3050 Bowers Ave
Santa Clara, CA 95052
Phone: 408.563.6584