

AUGUST TECHNOLOGY CORP
Form DEFA14A
July 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

August Technology Corporation
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

August Technology Corporation

Powerpoint Presentation to selected attendees of the

SEMICON West 2005 Tradeshow in San Francisco

Additional Information and Where to Find It

In connection with the proposed merger of August Technology Corporation and Rudolph Technologies, Inc., a registration statement of Rudolph, which will include a joint proxy statement of Rudolph and August, and other materials, will be filed with the SEC. WE URGE INVESTORS TO READ THE REGISTRATION STATEMENT AND JOINT PROXY STATEMENT AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT RUDOLPH, AUGUST AND THE PROPOSED TRANSACTION. Investors will be able to obtain free copies of the registration statement and joint proxy statement (when available) as well as other filed documents containing information about Rudolph and August at <http://www.sec.gov>, the SEC's website. Free copies of Rudolph's SEC filings may also be obtained at <http://www.rudolphtech.com>, and free copies of August's SEC filings may be obtained from August's website at <http://www.augusttech.com>.

Participants in the Solicitation

Rudolph, August and their respective executive officers and directors may be deemed, under SEC rules, to be participants in the solicitation of proxies from Rudolph's stockholders or August's shareholders with respect to the proposed transaction. Information regarding the officers and directors of Rudolph is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on April 22, 2005. Information regarding the officers and directors of August is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on April 29, 2005. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities holdings or otherwise, will be set forth in the registration statement and joint proxy statement and other materials to be filed with the SEC in connection with the proposed transaction.

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The New Rudolph

Creating A New Industry Leader

[LOGO]

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Safe Harbor Statement

The following material contains forward-looking statements relating to at least the following matters: industry projections and the company's long term operating model. Other forward-looking statements may be preceded by words such as "expects", "anticipates", and "intends". These forward-looking statements are based on our current expectations and projections. However, they are subject to various risks and uncertainties that could cause actual results to differ materially from those projected in such statements, including the following: cyclicality of the semiconductor industry, customer concentration, introduction of new products by our competitors, and sole or limited sources of supply. Other risks and uncertainties are detailed in our respective Annual Reports on Form 10-K for the year ended December 31, 2004 filed with the Securities and Exchange Commission (SEC).

The New Rudolph Mission

Planned profitable growth

Be a clear leader in metrology and inspection
with best-of-breed solutions in our chosen niches
and be the overall #2 pure-play process control supplier

be a desired stock investment

Transaction Summary

| | |
|-------------------------|---|
| Transaction Structure: | Cash and stock strategic merger with election feature subject to proration Minimum \$37.2 million cash, and Maximum \$60.0 million cash \$10.50 per share of Rudolph value based on June 27, 2005 closing price of \$13.77 Aggregate purchase price approximately \$193 million |
| Election: | Shareholders may select all cash or stock subject to proration |
| Exchange Ratio: | .7625 Rudolph shares per August share; Implied exchange ratio will vary depending on amount of cash received by shareholder through proration |
| Closing Conditions: | Shareholder approvals and HSR clearance |
| Estimated Closing Date: | 4th Quarter 2005 |

Company Overviews

[LOGO]

Thin film metrology and defect inspection systems

Year Founded: 1940

LTM Revenues*: \$88.4M

Headquarters: Flanders, NJ

Key Product Families:

Copper (Metal) Film Metrology

Transparent Thin Film Metrology

Macro Defect Inspection and Yield Data Management Systems

Integrated Metrology

Employees: 334

[LOGO]

Automated defect detection and review systems

Year Founded: 1992

LTM Revenues*: \$70.5M

Headquarters: Bloomington, MN

Key Product Families:

Macro Defect Inspection

2D & 3D Inspection

Defect Review

Data Management & Analysis

Employees: 254

**LTM as of March 31, 2005*

Company Overviews

[LOGO]

Thin film metrology and defect inspection systems

Year Founded: 1940

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Headquarters: Flanders, NJ

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Copper (Metal) Film Metrology

Transparent Thin Film Metrology

Macro Defect Inspection and Yield Data Management Systems

Integrated Metrology

Employees: 334

Complementary Expertise

**#2 in
Thin Film
Metrology**

**# 2 in
Macro Defect
Inspection**

[LOGO]

Automated defect detection and review systems

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Headquarters: Bloomington, MN

Key Product Families:

Macro Defect Inspection

2D & 3D Inspection

Defect Review

Data Management & Analysis

Employees: 254

**LTM as of March 31, 2005*

Rudolph's Products

| | |
|--------------------------------|------------------|
| Opaque (Copper) Film Metrology | <i>MetaPULSE</i> |
| Transparent Film Metrology | S200/300 |
| Macro Defect Detection | WaferView |
| Transparent Film Thickness | FOCUS |
| Integrated Metrology | i-MOD |

[GRAPHIC]

Opaque Film Metrology

[GRAPHIC]

Macro Defect Detection

[GRAPHIC]

Transparent Film Metrology

[GRAPHIC]

Transparent Film Thickness

August s Products

Macro Defect Inspection (Front End)

[GRAPHIC]

Wafer Bump/Probe Inspection (Back End)

[GRAPHIC]

Yield Data Management Systems

[GRAPHIC]

Advanced Review & Analysis

[GRAPHIC]

Complementary Products with Minimal Overlap

[LOGO]

Primarily Metrology

**\$88 million revenues with
>95% in metrology solution**

[LOGO]

Inspection & Review

**\$70 million revenues- with
>95% Inspection & Review**

Strategic Merger Rationale

Leadership with Complementary Product Offerings

The New Rudolph will have a leadership position in multiple businesses

Opaque (copper) thin film metrology

Macro defect inspection

Transparent film metrology

Strong Revenue Growth Potential

Rudolph's worldwide front-end fab relationships will help accelerate acceptance for August front-end tools

Ability to cross-sell complementary products into a more diversified customer base

Build on combined company's expertise in yield enhancement software

Redeployment of duplicative R&D into new product development

Opportunity for Expense Efficiencies

Eliminate redundant investments in automation and platform support

Consolidate Sales & Service offices worldwide

Eliminate duplicative public company and regulatory compliance costs

Improvement on each line of P&L is possible

Improved Financial Position

Creates Company with critical mass \$160M in LTM revenues as of 3/31/05

Proven Leadership Team with Extensive Experience in Semiconductor Manufacturing

Average of 20 years semiconductor business experience

***The New Rudolph* addressing automated Front End Macro Inspection from 2 directions**

Rapidly Growing Front End Macro Inspection

[LOGO]

[GRAPHIC]

**Leadership in Copper (Metal) &
Transparent Thin Film Metrology**

**Complete Metrology &
Inspection Solutions**

**Leadership in Back End
Inspection**

[GRAPHIC]

[LOGO]

Rapidly Growing Front End Macro Inspection

Strength Through Product Leadership

| | | | | | | |
|--------------------|------------------|-----------------------|---------------------|-----------------|-----------------------------|------------------------------|
| | Metrology | | Macro Defect | | | |
| Transparent | | Copper (Metal) | Front End | Back End | Integrated Metrology | Yield Data Management |

[LOGO]

[LOGO]

COMBINED

No Presence

Leadership

| Metrology | Copper | Macro Defect | Integrated | Yield |
|--------------------|----------------|---------------------|-------------------|-------------------|
| Transparent | (Metal) | Front End | Back End | Data |
| | | | Metrology | Management |

[LOGO]

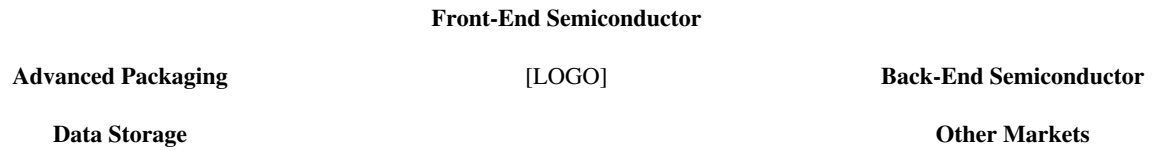
[LOGO]

COMBINED

No Presence

Leadership

The New Rudolph Market Reach



Addressing Multiple High Growth Markets

The New Rudolph Addressable Market (20k WSPM)

| | | Fab | | Bump Fab | | Test Floor |
|---|---------------------------------|----------------------------|---------------------|-------------------------------|-----------------------------|------------------------------------|
| Etch FEOL | Thin Films FEOL/BEOL | CMP BEOL | | Diffusion/ Implant | UBM [GRAPHIC] | Incoming QC (foundries) |
| [GRAPHIC] | [GRAPHIC] | [GRAPHIC] | | [GRAPHIC] | Litho [GRAPHIC] | [GRAPHIC] |
| | | Litho FEOL/BEOL | CMP FEOL | | Plating [GRAPHIC] | Post-Probe [GRAPHIC] |
| | | [GRAPHIC] | [GRAPHIC] | Outgoing QC | [GRAPHIC] | |
| Etch BEOL | | | | [GRAPHIC] | Etch [GRAPHIC] | Post-Saw [GRAPHIC] |
| [GRAPHIC] | | | | | Reflow [GRAPHIC] | |
| Total Tools = 64 90nm Cu Fab | | | | [GRAPHIC] | | |

Addressable Market for *The New Rudolph*

Copper metrology and automated macro defect inspection are two of the fastest growing market segments

| Market Segment | Primary Players | Segment Share | | | % Change 03-04 | Market Segment Size (\$M) | | | | CAGR 03-06 |
|--|---|-----------------|------------------|-------------------|----------------------|---------------------------|--------|--------|--------|---------------|
| | | 2002 | 2003 | 2004 | | 2003 | 2004 | 2005E | 2006E | |
| Thin Film Metrology | KLA-Tencor | 37% | 30% | 33% | 3% | \$ 365 | \$ 475 | \$ 550 | \$ 600 | 18% |
| | Rudolph Technologies | 15% | 11% | 14% | 3% | | | | | |
| | Veeco | 11% | 18% | 13% | (5)% | | | | | |
| Automated Macro Defect Inspection | KLA-Tencor August Technology Nikon | 95% 0% 0% | 57% 25% 1% | 45% 32% 13% | (12)% 7% 12% | \$ 31 | \$ 72 | \$ 70 | \$ 80 | 37% |

Source: Gartner Dataquest and Bear, Stearns & Co.

Clear Centers of Excellence in *The New Rudolph*

Corporate Headquarters

(Flanders, New Jersey)

Inspection Headquarters

Bloomington, MN

Metrology Headquarters

Flanders, NJ

Data Analysis and Review

Global Sales-Service-Support Network

Expanded Global Reach

[GRAPHIC]

Expand Geographic Reach

The New Rudolph

[CHART]

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Significant Cross-Selling Opportunities

[LOGO]

[LOGO]

Front End

**Logic
Memory
Mixed Signal**

Back End

[LOGO]

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The \$4 Billion Inspection/Metrology Market Ripe for Consolidation

| Cumulative Market Share (%) | [LOGO] | 2004 Process Control Revenues |
|-----------------------------|--------|--|
| 41 | [LOGO] | (1) KLA-Tencor |
| 69 | [LOGO] | (2) Hitachi (3) AMAT (4) <i>The New Rudolph</i> |
| 79 | [LOGO] | (4) FEI (5) ADE (6) Therma-Wave (7) Rudolph (8) Leica |
| 90 | [LOGO] | (9) Veeco (10) Nikon (11) Accretech (12) Nanometrics (13) Accent Optical (14) SII Technologies (15) Nova Instruments (16) August Tech |
| 100 | [LOGO] | (17) JEOL Others |

Source: Gartner Dataquest

Financial Benefits of *The New Rudolph*

A Tremendous Opportunity to Achieve Key Financial Benefits

Strong revenue synergy potential

Improved financial position

Pro Forma LTM revenues of \$160M

Gross Margin leverage to > 50%

Global Operating Efficiencies

Accretive Transaction \$10M in estimated annual synergies

The New Rudolph will be able to reduce the 20 Percentage Point Cost Disadvantage

[CHART]

Note: Small Cap group includes: ADEX, AUGT, NANO, NVMI, RTEC, TWAV
Large Cap group includes: AMAT, KLAC

Source: Needham & Co.

Realizing Cost Savings

Reduce unnecessary duplicative expenses

Platform development (stages and automation)

Technology development (software and process control systems)

SG&A expenses

Reduce operating costs

Estimated annual savings of \$10 million.

Create operating leverage

Supply chain/purchasing leverage

Expected Timing

HSR filing: in July

SEC S-4 filing: early August

Rudolph and August to hold special shareholders meetings to approve transaction

Close transaction: estimate 4th Quarter 2005

SUMMARY: Goals for *The New Rudolph*

Dramatically expand suite of new products and services by creating compelling value propositions for our customers

Enhance shareholder value and be a desired investment through consistently strong financial performance: **Planned profitable growth**

Successfully integrate cultures from 2 great franchises

Foster opportunities for personal and professional growth

Realize most of the financial benefits of critical mass within 1st year and become an industry consolidator

Thank You

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