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8 Attorneys for Reorganized Debtors

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SAN JOSE DIVISION**

12 In re:) Cases Substantively Consolidated
)
13 **ATI LIQUIDATING, INC.,**) Case No. 09-54511-RLE-11
formerly known as)
14 Aviza Technology, Inc.,)
Employer's Tax ID No.: 20-1979646)
15)
AI LIQUIDATING, INC.,) Case No. 09-54514-RLE-11
16 formerly known as Aviza, Inc.,)
Employer's Tax ID No.: 20-0249205)
17)
TTI LIQUIDATING, INC.,) Case No. 09-54515-RLE-11
18 formerly known as)
Trikon Technologies, Inc.,) *[No Hearing Requested]*
19 Employer's Tax ID No.: 95-4054321)
)
20 Debtor(s).)
)
21 440 Kings Village Road)
Scotts Valley, CA 95066)
22

23 **NOTICE BY REORGANIZED DEBTORS PURSUANT TO PLAN OF LIQUIDATION RE**
PROPOSED PAYMENT OF LIQUIDATION INCENTIVE SUPPLEMENT

24 **PLEASE TAKE NOTICE** of the following:

25 1. This notice (the "Notice") is provided pursuant to the provisions of the DEBTORS'
26 JOINT PLAN OF LIQUIDATION (DATED MARCH 2, 2010) (as amended¹, the "Plan"). In the absence of

27 _____
28 ¹ The Plan was modified pursuant to the Bankruptcy Court's ORDER APPROVING STIPULATION RE
POST-CONFIRMATION MODIFICATION OF DEBTORS' JOINT PLAN OF LIQUIDATION (DATED MARCH 2, 2010)

1 any objection to the calculation of the proposed payment set forth herein pursuant to the procedure
2 described below, within fifteen (15) days hereof, the Reorganized Debtors (defined below) shall be
3 authorized to proceed with the proposed payment.

4 **BACKGROUND**

5 2. On June 9, 2009 (the "Petition Date"), ATI Liquidating, Inc., formerly known as
6 Aviza Technology, Inc. ("ATI"), AI Liquidating, Inc. formerly known as Aviza, Inc. ("Aviza" or the
7 "Seller") and TTI Liquidating, Inc., formerly known as Trikon Technologies Inc. ("TTI" and
8 collectively with ATI and Aviza, the "Reorganized Debtors" or the "Company") each filed their
9 individual voluntary petitions under Chapter 11 of the Bankruptcy Code. Prior to the confirmation
10 of their Plan (defined below), ATI, Aviza and TTI operated their respective businesses as debtors in
11 possession under 11 U.S.C. § § 1107 and 1108.

12 3. During the Chapter 11 cases, the Company operated its business pursuant to an
13 agreed budget (the "Cash Collateral Budget")² with its lender (the "Banks"). The Reorganized
14 Debtors have paid the Banks in full in accordance with the terms of the Plan. The Reorganized
15 Debtors also have paid or reserved for all Allowed Claims (including all Allowed Secured Claims,
16 Priority Claims, Tax Claims and Administrative Convenience Claims have been paid or reserved for,
17 as those terms are defined in the Plan) in accordance with the terms of the Plan.

18 4. Pursuant to its order dated April 8, 2010 (the "Confirmation Order"), this Court
19 confirmed the Plan. The Plan became effective, and the Reorganized Debtors are performing their
20 obligations thereunder. Unsecured creditors have been paid (or reserves established) in full with
21 interest. The Reorganized Debtors remain in the process of liquidating personal property assets and
22 winding down their subsidiaries pursuant to the Plan.

23 5. An Official Committee of Unsecured Creditors (the "Committee") was appointed by
24 the United States Trustee in the bankruptcy case and was represented by counsel. Pursuant to
25 Section 6.25 of the confirmed Plan, the Committee was dissolved upon payment of final
26 distributions by the Reorganized Debtors to creditors in the bankruptcy case.

27 **THE LIQUIDATION INCENTIVE SUPPLEMENT**

28 6. Pursuant to the Plan, a program (designated under the Plan as the "Liquidation
Incentive Program") was established to compensate certain eligible employees of the Company
based on sales, budget savings or otherwise. Such program includes the "Liquidation Incentive
Supplement" which is defined under section 1.54 of the Plan as "15% of Available Cash remaining

entered on April 27, 2010 and the ORDER GRANTING MOTION BY REORGANIZED DEBTOR FOR APPROVAL OF
NONMATERIAL AMENDMENTS TO CONFIRMED PLAN (the "Plan Modification Order") entered on November
5, 2012. The Plan Modification Order, among other things, revised the definition of "Notice Parties" under
the Plan (section 1.58 of the Plan, which is set forth in footnote 3 below) to modify the manner of notice to be
provided to stockholders. The other modifications to the Plan are not relevant to the matters set forth in this
Notice.

² The Cash Collateral Budget initially ran through December 2010. The Reorganized Debtors
subsequently supplemented the Cash Collateral Budget, first through 2011 and then through 2012, and
provided such supplements to counsel for the Official Committee of Unsecured Creditors until its dissolution.

1 after payment in full with interest on, or reservation for, all Allowed Claims of Creditors which will
2 be paid to eligible employees pursuant to the Liquidation Incentive Program.” Section 1.12 of the
3 Plan defines “Available Cash” in part as “any and all cash and cash equivalents owned or held by the
4 Reorganized Debtors available for payment of Claims after payment of Allowed Administrative
5 Claims, Allowed Tax Claims, Allowed Priority Claims, and Allowed Secured Claims, and after
6 reserving for all expenses incurred and anticipated to be incurred, including costs and expenses for
7 legal or other services, as provided for in the Plan.”

8 7. Section 6.6 of the Plan provides in part as follows:

9 at such time as all Allowed Claims of Creditors have been paid in
10 full (with interest) or reserved for, the amount of the Liquidation
11 Incentive Supplement ... shall be immediately payable, subject to the
12 procedure described in the last paragraph of this Section 6.6. The
13 Liquidation Incentive Supplement shall be allocated as determined by
14 the Responsible Person based in proportion on the salary of each
15 participating employee as well as the participating employee’s level of
16 involvement (e.g., performance, responsibility and time committed).
17 Eligibility to participate in a Liquidation Incentive Supplement shall
18 be determined by the Responsible Person.

19 8. Section 6.6 of the Plan requires the Reorganized Debtors to comply with a procedure
20 to provide notice to certain Notice Parties³ prior to making any payments from the Liquidation
21 Incentive Supplement as follows:

22 Prior to making any payments from the . . . Liquidation Incentive
23 Supplement, the Reorganized Debtors shall serve written notice to the
24 Notice Parties of the proposed payments, including an accounting of
25 the amounts to be paid (i.e., . . . the associated percentage applied
26 pursuant to the Liquidation Incentive Program). The Reorganized
27 Debtors shall be authorized to make all such proposed payments
28 fifteen (15) days after service of such notice unless, before the
expiration of such fifteen (15)-day period, any Notice Party has filed
an objection to such proposed payments with the Bankruptcy Court
and scheduled a hearing on such objection within thirty (30) days after
the filing of such objection, with proper notice to the Reorganized
Debtors. Objections may only be filed as to the calculation of the
proposed payment (and not to the Reorganized Debtors’ right and

³ Section 1.58 of the Plan defines the “Notice Parties” as follows: “**Notice Parties**” means the Reorganized Debtors, counsel for the Reorganized Debtors, the Creditors’ Committee, counsel for the Creditors’ Committee, the United States Trustee, the Responsible Person, the Banks, counsel for the Banks, and any Creditor who, after the Confirmation Hearing, delivers a notice to the Debtors requesting to be added as a notice party; provided that (a) any Creditor whose Claim has been paid in full shall no longer be a Notice Party; (b) if all Creditors have been paid in full with interest in accordance with the Plan, the Reorganized Debtors shall cause any notice required to be mailed to the Notice Parties to be posted on its website prior to mailing notice to the Notice Parties, and such notice shall remain on its website for a period of not less than 90 days from the date such notice was mailed to the Notice Parties; and (c) the United States Trustee shall no longer be a Notice Party upon closing of the Bankruptcy Case.

1 discretion to make such payment). If any such objection is filed, the
2 Reorganized Debtors shall not make payment of any amount in dispute
3 from . . . the Liquidation Incentive Supplement unless the Bankruptcy
4 Court enters an order approving such payment or the objection is
5 withdrawn.

6 9. Subject to the notice procedure set forth above, the Reorganized Debtors propose to
7 pay a Liquidation Incentive Supplement in the amount of \$211,765 which amount represents 15% of
8 the Reorganized Debtors' Available Cash and is calculated as follows:

9 Presently, the Reorganized Debtors hold approximately \$2,700,000 in
10 cash on hand. Based on remaining disputed claims and on all
11 expenses incurred and anticipated to be incurred, the Reorganized
12 Debtors have determined that Available Cash is \$1,411,766 of which
13 15%, or \$211,765, is the proposed Liquidation Incentive Supplement.
14 The Reorganized Debtors expect to make an initial distribution of the
15 approximate \$1,200,000 cash balance to shareholders pursuant to the
16 Plan.

17 10. As set forth above, the Reorganized Debtors shall be authorized to proceed with
18 payment of the Liquidation Incentive Supplement within fifteen (15) days from the date of service of
19 this Notice unless, before the expiration of such fifteen (15) day period, a recipient of this Notice has
20 filed an objection to the calculation of the proposed Liquidation Incentive Supplement payment with
21 the Bankruptcy Court and scheduled a hearing on such objection within thirty (30) days after the
22 filing of such objection, with proper notice to the Reorganized Debtors. If any such objection is
23 filed, the Reorganized Debtors shall not make the proposed payment unless the Bankruptcy Court
24 approves such payment or the objecting party withdraws the objection.

25 11. Questions regarding this Notice may be directed to the attorneys for the Reorganized
26 Debtors, Thomas T. Hwang, via telephone at (650) 857-1717 or via email at:
27 hwang.thomas@dorsey.com.

28 Dated: August 2, 2013

DORSEY & WHITNEY LLP

By: /s/ Thomas T. Hwang
Thomas T. Hwang
Attorneys for Reorganized Debtors

1 **CERTIFICATE OF SERVICE**

2 I am a citizen of the United States and employed in Santa Clara County. I am over the age of
3 eighteen years and not a party to the above-entitled action; my business address is 305 Lytton
4 Avenue, Palo Alto, California 94301.

5 On August 2, 2013, at my place of business, I served a true and correct copy of the within
6 document(s) in the manner indicated below:

7 **By Mail** by enclosing said document(s) in an envelope and depositing the sealed envelope
8 with the United States Postal Service with the postage fully prepaid, addressed as follows:

9 **Reorganized Debtors and Responsible Person**

10 ATI Liquidating, Inc.
11 AI Liquidating, Inc.
12 TTI Liquidating, Inc.
13 Attn: Patrick C. O'Connor
14 440 Kings Village Road
15 Scotts Valley, CA 95066

16 **United States Trustee**

17 Office of the U.S. Trustee
18 Attn: John Wesolowski
19 280 S. First Street, #268
20 San Jose, CA 95113-3004

21 This Certificate was executed on August 2, 2013 at Palo Alto, Santa Clara County,
22 California. I declare under penalty of perjury that the foregoing is true and correct.

23 */s/ Sandra Bloomer*

24

SANDRA BLOOMER