



## Development Specialists, Inc.

Advisory and Fiduciary Services • Corporate Restructuring and Workouts • Interim Management • Insolvency Services

13 December 2012

*e-mail address: gberman@dsi.biz*

TO THE CREDITORS AND SHAREHOLDERS OF

SVTC TECHNOLOGIES, LLC.  
3901 N. FIRST STREET  
SAN JOSE, CA 95134

Re: **GENERAL ASSIGNMENT FOR THE BENEFIT OF CREDITORS**

As you were previously advised, SVTC Technologies, LLC (“SVTC” or the “Company”) executed a general assignment for the benefit of creditors in favor of California Assignments, LLC, (the “Assignee”) on Monday, October 15, 2012. This action was taken by the Members of SVTC after it was determined that it was not possible for the Company to continue operating as a going concern.

The Assignee has been made aware that the Company was financed through a loan from Wells Fargo Bank. Wells Fargo Bank has asserted that the Company was indebted to the Bank in the total amount of \$19,752,517.11 plus interest, attorney’s fees and expenses prior to assignment. The Company completed a sale of the assets located at the Company’s Austin, TX plant prior to the execution of the general assignment. That sale, to Novati Technologies, Inc. a company related to Tezzaron Semiconductor Corporation, generated a recovery of \$6,349,000 net of related expenses. These funds were paid to Wells Fargo Bank to reduce its secured loan.

After the execution of the general assignment, and as we previously advised, the Assignee noticed a sale of the San Jose FAB equipment (in bulk) and the owned real property. The sale was conducted on November 1, 2012. The Assignee accepted an offer for both the equipment and the real property submitted jointly by Telefunken Semiconductor, Inc., Counsel RB Capital and BidItUp, Inc. Subsequent to but before consummation of the sale, Counsel RB Capital and BidItUp, Inc. withdrew from the offer for the assets. The Assignee completed the agreement to sell the equipment and real property on November 15, 2012. The equipment sale realized \$7.25 million, which was paid to Wells Fargo Bank and applied against its outstanding secured claim.

The real property transfer is subject to the completion of a non-judicial foreclosure which the bank initiated on November 29, 2012. The non-judicial foreclosure was initiated to clear title to the real property in light of various mechanics liens filed by certain creditors against the real property. The majority of those mechanics liens were filed by creditors involved in the build out of the SVTC Solar facility located within the 3901 N. First Street property. Title to the property will transfer upon completion of the foreclosure process or sooner in the event the mechanics lien creditors are paid by SVTC Solar (see below) or agree to otherwise release their liens, all of which are junior to the remaining debt owed Wells Fargo Bank. The purchase price for the real property is \$5.25 million plus payment of certain defined carrying costs. Telefunken Semiconductor has executed a

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lease of the premises with the Assignee during the foreclosure period to allow it to begin removal of the purchased equipment.

SVTC Solar, Inc. ("Solar"), which we advised in our earlier communication is a separate legal entity from SVTC Technologies, LLC, completed an asset sale to the Research Foundation for the State University of New York on behalf of the College of Nanoscale Science and Engineering on November 30, 2012. Certain liabilities of Solar were assumed as part of the asset sale, including obligations owing to the general contractor for the build out of the 3901 N. First Street property and the basis for most of the mechanics liens. The Assignee is also completing a sale of the Company owned process intellectual property to Abound (BVI), Ltd. The proceeds from that sale, and the sale of any remaining equipment, will be paid to Wells Fargo Bank and applied against the outstanding loan balance. The Assignee will be vacating the leased premises that housed the company's offices, located at 3833 N. First Street on or before December 14, 2012. The Assignee has been paying rent to the landlord for its post assignment use of the facility; that rent will cease as of the surrender of the property to the landlord.

Attached hereto creditors will find the Statement of Condition prepared from the Company's books and records as of the date of the assignment. The information reflects historical values (cost) and does not represent the current or liquidation value of the assets. Creditors will note that the Company had losses from operations in 2012 of more than \$16 million.

Creditors are again reminded to file their claims with the Assignee. The last day to file proofs of claim in this estate is April 5, 2013. Creditors who fail to file their proofs of claim by that date will not be entitled to share in any distribution arising out of the liquidation of the Company's assets should there in fact be any funds available for distribution to unsecured creditors. The Assignee will accept proofs of claim via facsimile, so long as the facsimile is received by April 5, 2013 and the original signed proof of claim is received by the Assignee not later than April 12, 2013. Remember to include copies of all supporting invoices or statements with your proof of claim. The fact that the Assignee is accepting *proofs of claim* is not a guaranty that there will be any recovery by unsecured creditors from the liquidation of the assets of the Company.

Very truly yours,

California Assignments, LLC, solely in its capacity  
as Assignee for the Benefit of Creditors of SVTC TECHNOLOGIES, LLC  
BY DEVELOPMENT SPECIALISTS, INC., ITS SOLE AND MANAGING MEMBER

By  
Geoffrey L. Berman

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Enclosure (Statement of Condition)

SVTC Technologies, LLC  
Statement of Condition as of October 15, 2012

Assets

Cash	\$	1,413,206
Accounts Receivable	\$	2,793,462
Inventories	\$	2,181,570
Prepaid expenses	\$	683,955
Total Current Assets	\$	7,072,193
Property Plant & Equipment		
Net of depreciation	\$	40,450,107
Intangible Assets	\$	16,224
Goodwill	\$	-
Other Assets	\$	1,845,738
Total Other Assets	\$	42,312,069
Total Assets	\$	49,384,262

Liabilities

Accounts payable	\$	9,627,948
Accrued Liabilities	\$	3,248,051
Deferred Revenue - current	\$	279,231
Current portion WFB Revolver	\$	2,750,000
Current portion WFB Term Loan	\$	16,901,779
Other Short term debt	\$	293,755
Other current liabilities	\$	838,307
Term Loan, net of current portion	\$	-
Other Long Term liabilities	\$	16,710,231
Total Liabilities	\$	50,649,302

Member's Equity

Retained Member Interests	\$	15,464,594
Current year (loss)	\$	(16,729,634)
Total Shareholder's Equity	\$	(1,265,040)
Total Liabilities & Shareholder Equity	\$	49,384,262

Notes:

Unaudited based upon SVTC's historical books and records

Assets are stated at historical cost and do not reflect current liquidation values

Liabilities do not include accruing default interest, attorney's fees and expenses