

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

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): December 23, 2011

Tegal Corporation

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-26824

(Commission
File Number)

68-0370244

(I.R.S. Employer
Identification No.)

140 2nd Street, Suite 318
Petaluma, CA 94952

(Address of Principal Executive Offices)

(707) 763-5600

(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.01. Completion of Disposition of Assets

In connection with the proposed sale of its intellectual property portfolio for Nanolayer Deposition Technology (NLD), on December 23, 2011 Tegal Corporation (the "Company") awarded three of the four offered lots to multiple IC and semiconductor equipment manufacturers for aggregate consideration of approximately \$4 million, of which the Company has received to date approximately \$3.6 million. NLD is a process technology that bridges the gap between high throughput, non-conformal chemical vapor deposition (CVD) and highly conformal, low throughput atomic layer deposition (ALD). The portfolio included over 35 US and international patents in the areas of pulsed-CVD, plasma-enhanced ALD, and NLD.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

[99.1](#) Press Release dated December 30, 2011

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 30, 2011

TEGAL CORPORATION

By: /s/ Christine Hergenrother

Name: Christine Hergenrother

Title: Chief Financial Officer



News Release

Tegal Corporation 140 2nd St., Suite 318, Petaluma, CA 94952 [T] (707) 763-5600 [F] (707) 773-2854 www.tegal.com

Tegal Announces Sale of Nanolayer Deposition Patent Portfolio

Patents applying to copper barrier and low-k dielectric technology still under auction

Petaluma, Calif., December 30, 2011 – Tegal Corporation (NASDAQ: TGAL) today announced that it has awarded patents to multiple bidders for three of the four bid lots of Tegal’s NLD Patent Portfolio recently offered for sale for an aggregate consideration of approximately \$4M. To date, approximately \$3.6M has been received.

Tegal sold over 30 patents from the NLD portfolio—which includes more than 35 U.S. and international patents in the areas of pulsed-chemical vapor deposition (CVD), plasma-enhanced atomic-layer deposition (ALD) and NLD. NLD is a process technology that bridges the gap between high throughput, non-conformal chemical vapor deposition and lower throughput, highly conformal atomic layer deposition (ALD). Tegal offered the patent portfolio for sale earlier this year in an effort to complete the divestment of its semiconductor capital equipment assets.

In March 2010, Tegal sold its legacy thin-film etch and physical vapor deposition (PVD) product lines to OEM Group, Inc. of Gilbert AZ, and in February of this year, sold its deep reactive ion etch (DRIE) assets to SPTS of Newport, Wales, UK.

The company reports that discussions are ongoing for placement of Lot 4 of the portfolio, which applies to copper barrier and low-k dielectric technology. “Interest in Lot 4 is coming primarily from IC device manufacturers, reports Robert Ditzio, Tegal’s Chief Technologist, whereas interest in Lots 1 through 3 was driven largely by equipment manufacturers.” Additional information about Lot 4 can be found on the Tegal website at www.tegal.com.

About Tegal

Since its founding in 1972, Tegal Corporation has been dedicated to the development and application of emerging technologies. Often on the forefront of major inventions, Tegal’s process and capital equipment know-how enabled the development and manufacturing of leading-edge devices – from early microprocessors to advanced memory and LEDs, as well as to newest filtering and sensing devices that are present in the most advanced smart phones. Tegal draws upon its historic market and technology leadership in semiconductors and MEMS devices to engage in the promotion of other emerging technologies, including PV-based solar power generation and medical diagnostic and therapeutic devices. Tegal is actively evaluating opportunities for partnerships with diversified technology-based companies in order to exploit our shared experience and to enhance our value as a public company. Tegal is headquartered in Petaluma, California. Please visit us on the web at www.tegal.com.

Contact:

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