

01-23-2008

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103476880

To the Director of the U.S. Patent and Trademark Office

Transmit the following documents or the new address(es) below.

**1. Name of conveying party(ies)**

Electrosource, Inc.

**2. Name and address of receiving party(ies)**

Name: Horizon Batteries Inc.

Internal Address: \_\_\_\_\_

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

**3. Nature of conveyance/Execution Date(s):**

Execution Date(s) September 29, 2003

☐ Assignment

☐ Merger

☐ Security Agreement

☐ Change of Name

☐ Joint Research Agreement

☐ Government Interest Assignment

☐ Executive Order 9424, Confirmatory License

☒ Other Reassignment Through Bankruptcy

Street Address: 5000 Legacy Drive, Suite 470

City: Plano

State: Texas

Country: USA Zip: 75024

Additional name(s) & address(es) attached? ☐ Yes ☒ No

**4. Application or patent number(s):**

☐ This document is being filed together with a new application.

A. Patent Application No.(s)

4,909,955

5,698,967

4,964,878

5,701,068

5,409,787

6,074,774

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

**5. Name and address to whom correspondence concerning document should be mailed:**

Name: Marvin G. Severson

Internal Address: \_\_\_\_\_

Street Address: 5000 Legacy Drive, Suite 470

City: Plano

State: Texas Zip: 75024

Phone Number: 972-943-6008

Fax Number: 972-403-7659

Email Address: mseverson1@aol.com

**6. Total number of applications and patents involved:**

**7. Total fee (37 CFR 1.21(h) & 3.41) \$ 240.00**

☐ Authorized to be charged by credit card

☐ Authorized to be charged to deposit account

☐ Enclosed

☐ None required (government interest not affecting title)

**8. Payment Information**

a. Credit Card Last 4 Numbers \_\_\_\_\_

Expiration Date \_\_\_\_\_

b. Deposit Account Number \_\_\_\_\_

Authorized User Name \_\_\_\_\_

**9. Signature:**

John R. Bailey  
Signature

1-18-08  
Date

John R. Bailey

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents:

10

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:  
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

01-02-2008

DEPARTMENT OF COMMERCE  
States Patent and Trademark Office



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DEC 04 2007

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)

Baer, Jose T. Data, Ajoy  
Davis, Bill C. Forouzan, Fardad  
Blanyer, Richard J. Morris, Chris  
Semmens, Michael G. Howard, Paul L.

Additional name(s) of conveying party(ies) attached? ☒ Yes ☐ No

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Execution Date(s)

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☐ Security Agreement ☐ Change of Name  
☐ Joint Research Agreement  
☐ Government Interest Assignment  
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Authorized User Name

9. Signature:

*John R. Bailey*  
Signature

John R. Bailey  
Name of Person Signing

11-29-07  
Date

Total number of pages including cover sheet, attachments, and documents:

10

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Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

PATENT  
REEL: 020442 FRAME: 0853

1. Name of conveying party(ies) – Continued

Jay, Benny E.  
Electrosource Inc.



IT IS HEREBY ADJUDGED and DECREED that the below described is SO ORDERED.

Dated: September 29, 2003

FRANK R. MONROE  
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

IN RE:

Electrosource, Inc.  
Debtor(s)

2809 IH 35 South  
San Marcos, Texas 78666

Employers Tax Identification No.:  
74-2466304

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Case No. 01-14283

Chapter 11

**ORDER GRANTING APPLICATION FOR FINAL DECREE**

CAME ON TO BE CONSIDERED Debtor's Application for Final Decree. The Court finds that such application should be granted.

IT IS THEREFORE ORDERED that a Final Decree is hereby entered and this case is hereby closed.

The entity submitting this Order represents to the Court that the underlying Application was filed and served in conformity with the local rules, that no pleading or response has been filed in

opposition thereto, and that the relief to be granted by this Order is consistent with the relief plead for in that Application.

# # #

This Order was prepared and is being submitted by:

BROWN MCCARROLL, L.L.P.

Patricia B. Tomasco

State Bar No. 01797600

Kell C. Mercer

State Bar No. 24007668

111 Congress Avenue, Suite 1400

Austin, Texas 78701

(512) 472-5456

(512) 479-1101 (telecopy)

ATTORNEYS FOR DEBTOR



5. The effective date of the Plan was November 18, 2003. Pursuant to the terms of the Plan, a number of events occurred on the Effective Date. The Debtor paid, in full, all Allowed Administrative Claims. All outstanding stock of the Debtor has been canceled, and new stock in the Reorganized Debtor has been issued pursuant to the terms of the Plan. Under the Plan, the Reorganized Debtor is the disbursing agent charged with making the payments necessary for consummation of the Plan. In accordance with the Plan, the Reorganized Debtor commenced making payments under the Plan on or about November 18, 2002.

6. The property required by the Plan to be transferred to the reorganized Debtor has been transferred to the Reorganized Debtor.

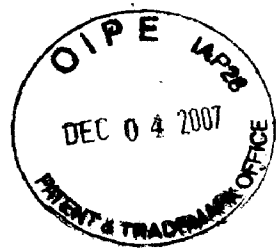
7. The Reorganized Debtor has assumed the business or the management of the property dealt with by the Plan.

8. All motions, contested matters, and adversary proceedings have been finally resolved.

Further Affiant Sayeth Not.

Benny Jay  
President and CEO of Electrosound, Inc.

A handwritten signature in black ink, appearing to read "Benny Jay", is written below the printed name and title.



UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TEXAS  
AUSTIN DIVISION

IN RE:

Electrosource, Inc.,  
Debtor

2809 IH 35 South  
San Marcos, Texas 78666

Employers Tax Identification No.:  
74-2466304

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Case No. 01-14283

Chapter 11

**SECOND AMENDED DISCLOSURE STATEMENT  
IN SUPPORT OF FIRST AMENDED JOINT PLAN OF REORGANIZATION**

**INTRODUCTION**

**A. General Information Concerning Disclosure Statement and Plan**

Electrosource, Inc. ("Debtor") and Maximum Charge Company, LLC ("Maxco"), submit this Disclosure Statement under section 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure to all of its known Creditors and Shareholders.

The purpose of this Disclosure Statement is to disclose information adequate to enable the Creditors and Shareholders to arrive at a reasonably informed decision in exercising the right to vote on the First Amended Joint Plan of Reorganization under Chapter 11 of the United States Bankruptcy Code (the "Plan"). A copy of the Plan is attached hereto as Exhibit "A." Capitalized terms used herein, if not separately defined, have the meanings assigned to them in the Plan or in the Bankruptcy Code and Bankruptcy Rules.

The Debtor and Maxco have promulgated the Plan consistent with the provisions of the Bankruptcy Code. The purpose of the Plan is to provide the maximum recovery to each Class of Claims in light of the assets and anticipated funds available for distribution to Creditors. The Debtor and Maxco believe that the Plan permits the maximum possible recovery for all Classes of Claims by facilitating a Reorganization of the Debtor's Estate.

This Disclosure Statement is not intended to replace a careful review and analysis of the Plan, including the specific treatment you will receive under the Plan. It is submitted as an aid and supplement to your review of the Plan in an effort to explain the terms and implications of the Plan.

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37524.1



#### **D. Debtor in Possession Financing**

As a result of the Debtor's depleted financial condition, Debtor required immediate post-petition financing to avoid irreparable harm to Debtor's estate. Specifically, post-petition financing was required to enable Debtor to maximize the value of Debtor's estate by finalizing the terms of a business agreement between Debtor and Eagle-Picher Industries, Inc. (the "Joint Venture").

In order to preserve the value of Debtor's property, Horizon Batteries, Inc. ("Horizon" or the "DIP Lender") agreed to provide Debtor a revolving credit facility in an amount up to \$300,000.00 ("DIP Financing"). The DIP Lender provided such advances in accordance with a budget, which allowed for revisions from time to time. In return, the DIP Lender was granted a superpriority administrative claim, and a lien, junior to existing liens, on substantially all of Debtor's Non-Intellectual Property Assets, in accordance with section 364(c) of the Bankruptcy Code (the "DIP Loan"). Non-intellectual property assets have been defined as all Debtor assets other than Intellectual Property Assets. Intellectual Property Assets have been defined to include Debtor's patents, patent processes, trade secrets, trade names, copyrights and licenses. In conjunction with the DIP Financing, the Bankruptcy Court also allowed the assumption and conditional modification of the license agreement by and between Electrosorce and Horizon.

Debtor was unable to obtain post-petition financing in the form of unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code, unsecured credit allowable under section 364(a) of the Bankruptcy Code, or secured credit pursuant to section 364 of the Bankruptcy Code, on terms and conditions more favorable to its estate than those offered by the DIP Lender.

The terms of the DIP Loan were negotiated with all parties represented by counsel, were commercially reasonable under the circumstances, were for reasonably equivalent value and fair consideration, were enforceable in accordance with their terms and were entered into in good faith. Any credit extended and loans made to Debtor by the DIP Lender were deemed extended in good faith, as that term is used in section 364(e) of the Bankruptcy Code and the DIP Lender is entitled to the protection provided by section 364(e) of the Bankruptcy Code.

Good cause was shown for authorizing the DIP Loan, which prevented immediate and irreparable harm to Debtor's assets and the estate's value, and preserved and maintained Debtor's assets and estate pending closing of the proposed Joint Venture. The DIP Financing, among other things, minimized disruption of Debtor's businesses and operation, permitted Debtor to meet payroll and other operating expenses and permitted Debtor to continue pursuing the closing of the Joint Venture and re-organization plan. The DIP financing was vital to avoiding irreparable harm to Debtor's estate and to maximizing the value of Debtor's estate. Consummation of the DIP Financing was, therefore, in the best interest of Debtor's estate and its creditors.

On or before the Effective Date, the following shall occur in implementation of the Plan:

1. All actions, documents and agreements necessary to implement the Plan shall have been effected or executed;
2. The Debtor shall have received all authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are determined by the Debtor to be necessary to implement the Plan;
3. The Reserves shall be funded.

**B. Funding of Plan**

The total sources of funds to carry out the Plan shall be the Cash, Causes of Action, the then existing proceeds of the Causes of Action, the sale of stock in the Reorganized Debtor, and the royalties received by the Reorganized Debtor from the Joint Venture formed by Maxco and Eagle Picher.

If it is the successful plan proponent, Maxco will contribute a "new value" infusion of \$200,000.00 and will establish a senior loan facility in the form of a line-of-credit loan not to exceed \$1,000,000.00 which will enable the reorganized Debtor

1. to pay in full all Class 1 and Class 5 creditors at confirmation;
2. to establish a reserve fund to support distributions to all other classes of creditors by the end of the first fiscal year;
3. to provide working capital for the first twelve months of operations as a reorganized Company.

**C. Vesting of assets in the Reorganized Debtor**

1. Unless otherwise dealt with under the Plan, the property of the Debtor's estate, which term shall include all property of the estate under 11 U.S.C. § 541, shall vest in the Reorganized Debtor on the Effective Date (the "Vested Property").
2. From and after the Effective Date, the Reorganized Debtor may operate the Reorganized Debtor pursuant to the terms of the Plan, and may use, acquire and dispose of property free of any restrictions imposed under the Bankruptcy Code.

3. The Order confirming the Plan shall provide the Reorganized Debtor with express authority to convey, transfer and assign any and all Vested Property and to take all actions necessary to effectuate same.

4. As of the Effective Date, all Vested Property shall be free and clear of all liens, claims and interests of holders of Claims and Equity Interests, except to the extent Vested Property Constitutes the Lenders Collateral or as otherwise provided in this Plan.

5. The Reorganized Debtor will be responsible for paying any quarterly U. S. Trustee fees that accrue after the Effective Date. The Debtor is not current in its 10-K and 10-Q reporting obligations. Upon the Effective Date, the Reorganized Debtor shall become current on 10-K and 10-Q reporting obligations, and shall be responsible for filing any post-confirmation 10-K and 10-Q filings, as necessary.

6. The Reorganized Debtor shall make all disbursements as and when provided for under the Plan. The Reorganized Debtor shall serve without bond.

7. From and after the Effective Date, and until all payments and distributions to holders of Allowed Claims have been made under the Plan, the Reorganized Debtor shall remain constituted and in existence. The Reorganized Debtor shall be authorized, without any supervision or approval of the Bankruptcy Court or the Office of the United States Trustee, as the case may be, to employ and compensate such persons, including counsel and accountants, as each may deem necessary to enable it to perform its functions hereunder, and the fees and costs of such employment and other expenditures shall be paid from the Reorganized Debtor. Any fees and expenses of professionals incurred during the period between the Confirmation Date and the Effective Date shall remain subject to the jurisdiction of the Court and approved in accordance with the Plan.

8. After the Effective Date, the affairs of the Reorganized Debtor and of all assets held or controlled by the Reorganized Debtor shall be managed under the direction of the Reorganized Debtor as provided by the terms of the Plan. In the performance of its duties hereunder, the Reorganized Debtor shall have the rights and powers of a debtor in possession under 11 U.S.C. § 1107, and such other rights, powers and duties incident to causing performance of the obligations under the Plan or otherwise as may be reasonably necessary, including, without limitation, the filing of any necessary tax returns.

**E. Filing of Tax Returns and Delivery of Data as to Debtor**

The Reorganized Debtor shall be authorized to prepare, execute and file on behalf of the Debtor and the Reorganized Debtor, and shall use reasonable efforts to do so, any necessary federal, state or local tax returns for 2001 and any preceding years for which no such tax returns have been filed and are due and pay any taxes due in connection with such returns. The Reorganized Debtor shall use its reasonable judgment in determining which tax returns are necessary. The Reorganized