

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2013-06-10** | Period of Report: **2013-06-05**  
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FILER

**B456 SYSTEMS, INC.**

CIK: **1167178** | IRS No.: **043583876** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-34463** | Film No.: **13902406**  
SIC: **3690** Miscellaneous electrical machinery, equipment & supplies

Mailing Address  
200 WEST STREET  
WALTHAM MA 02451

Business Address  
200 WEST STREET  
WALTHAM MA 02451  
6177785700

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**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) **June 5, 2013**

**B456 SYSTEMS, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction  
of incorporation)

**001-34463**  
(Commission  
File Number)

**04-3583876**  
(IRS Employer  
Identification No.)

**B456 Systems, Inc.**  
**200 West Street**  
**Waltham, Massachusetts**  
(Address of principal executive offices)

**02451**  
(Zip Code)

Registrant's telephone number, including area code **(617) 778-5700**

**N/A**

(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 communications 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 7.01. Regulation FD Disclosure.**

Monthly Operating Report

On June 5, 2013, the Company filed its monthly operating report for the period from April 1, 2013 to April 30, 2013 (the “Monthly Operating Report”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). The Monthly Operating Report is attached as Exhibit 99.1 and is incorporated herein by reference.

The information set forth in this Item 7.01 and the attached exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

**Cautionary Statement Regarding Financial Operating Data**

The Company cautions investors and potential investors not to place undue reliance on the information contained in the Monthly Operating Report, which was not prepared for the purpose of providing the basis for an investment decision relating to any of the securities of the Company. The Monthly Operating Report is limited in scope, covers a limited time period and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court. The Monthly Operating Report was not prepared in accordance with Generally Accepted Accounting Principles in the United States, has not been audited or reviewed by independent accountants, is in a format prescribed by applicable bankruptcy laws and is subject to future adjustment and reconciliation. There can be no assurance that, from the perspective of an investor or potential investor in the Company’s securities, the Monthly Operating Report is complete. The Monthly Operating Report also contains information for periods which are shorter than or otherwise different from those required in the Company’s reports pursuant to the Securities Exchange Act of 1934 (the “Securities Exchange Act”), and such information may not be indicative of the Company’s financial condition or operating results for the period that would be reflected in the Company’s financial statements or in its reports pursuant to the Securities Exchange Act. Information set forth in the Monthly Operating Report should not be viewed as indicative of future results.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Monthly Operating Report for the period from April 1, 2013 to April 30, 2013, filed with the United States Bankruptcy Court for the District of Delaware

**SIGNATURES**

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

B456 SYSTEMS, INC.  
(Registrant)

Date: June 10, 2013

By: /s/ Eric J. Pyenson

Name: Eric J. Pyenson

Title: General Counsel

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In Re:  
B456 SYSTEMS, INC., et al. (1)  
Debtors

Chapter 11  
Case Number: 12-12859 (KJC)  
Jointly Administered  
Hon. Kevin J. Carey

**Monthly Operating Report**  
**For the Period April 1, 2013 through April 30, 2013**

Required Documents	Form No.	Documents Complete	Explanation Attached	Debtors' Statement
Schedule of Operating Cash Flow	MOR-1	X		
Schedule of Disbursements by Legal Entity	MOR- 1a	X		
Schedule of Professional Fees and Expenses Paid	MOR- 1b	X		
Bank Account Reconciliations, Bank Statements and Cash Disbursements Journal				X
Statements of Operations	MOR-2	X		
Balance Sheets	MOR-3	X		
Status of Post Petition Taxes				X
Summary of Unpaid Post Petition Accounts Payable	MOR-4	X		
Trade Accounts Receivable and Aging	MOR-5	X		
Debtor Questionnaire	MOR-6	X		

I declare under penalty of perjury (28 U.S.C. Section 1746) that the information contained in this monthly operating report (including attached schedules) is true and correct to the best of my knowledge, information and belief.

/s/ David Prystash

David Prystash

June 4, 2013

Notes:

The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: B456 Systems, Inc. (f/k/a A123 Systems, Inc.) (3876); B456 Securities Corporation (f/k/a/ A123 Securities Corporation) (5388); and Grid Storage Holdings LLC (N/A). The above-captioned Debtors' mailing address is c/o A123 Systems, Inc., 200 West Street, Waltham, Massachusetts 02451.

The information contained herein is provided to fulfill the requirements of the Office of the United States Trustee. The financial statements provided here include consolidated results for B456 Systems, Inc (the "Company") as the Company has several non-debtor subsidiaries. All information contained herein is unaudited and subject to future adjustment. The Company maintains its books and records on a business unit reporting level and those units do not in all cases correspond to legal entities. Certain assumptions have been made as noted herein. In addition, the Company maintains certain liabilities on its balance sheet (such as benefits and tax related liabilities) that may relate to one or more of the Company's subsidiaries and no conclusion as to the legal obligation is made by the presentation herein.

## General Notes

**Condensed Combined Debtor-in-Possession Financial Statements** – The condensed combined financial statements and supplemental information contained herein are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America (“U.S. GAAP”) in all material respects. In addition, the financial statements and supplemental information contained herein represent the condensed combined financial information for Debtors only. Non-debtor subsidiaries are not included in the condensed combined income statement or condensed combined balance sheet.

American Institute of Certified Public Accountants Statement of Position 90-7, “Financial Reporting by Entities in Reorganization under the Bankruptcy Code” (“SOP 90-7”), which is applicable to companies in chapter 11, generally does not change the manner in which financial statements are prepared. It does require, however, that the financial statements for periods subsequent to the filing of the chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. The Debtors’ condensed combined financial statements contained herein have been prepared in accordance with the guidance in SOP 90-7. The unaudited condensed combined financial statements have been derived from the books and records of the Debtors. This information, however, has not been subject to procedures that would typically be applied to financial information presented in accordance with U.S. GAAP, and upon the application of such procedures, the Debtors believe that the financial information could be subject to changes, and these changes could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all of the adjustments that would typically be made in accordance with U.S. GAAP.

The results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the combined results of operations, financial position, and cash flows of the Debtors in the future.

**Intercompany Transactions** – Receivables and payables between the Debtors have been eliminated; however, intercompany transactions between the Debtors and non-debtor affiliates have not been eliminated in the financial statements contained herein. No conclusion as to the legal obligation related to these intercompany transactions is made by the presentation herein.

**Liabilities Subject to Compromise** – As a result of the chapter 11 filings, the payment of prepetition indebtedness is subject to compromise or other treatment under a plan of reorganization. The determination of how liabilities will ultimately be settled and treated cannot be made until the Court approves a chapter 11 plan of reorganization. Accordingly, the ultimate amount of such liabilities is not determinable at this time. SOP 90-7 requires prepetition liabilities that are subject to compromise to be reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. The amounts currently classified as liabilities subject to compromise are preliminary and may be subject to future adjustments depending on Court actions, further developments with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims, rejection of executory contracts, continued reconciliation or other events.

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**MOR-1**  
**Debtors Combined Schedule of Operating Cash Flow**  
**For the Period April 1, 2013 through April 30, 2013**  
**(USD 000s)**

<b>BEGINNING CASH BALANCE (BANK) (1)</b>	<b>\$ 186,963</b>
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<b>RECEIPTS:</b>	
Accounts Receivable	410
Other	141
<b>Total Receipts</b>	<b>\$ 551</b>
<b>OPERATING DISBURSEMENTS (2)</b>	
Compensation & benefits	81
Operating disbursements	757
Intercompany Cash (From) / To Non- Debtors (3)	-
<b>Total Operating Disbursements</b>	<b>\$ 838</b>
Restructuring Disbursements	-
<b>Net Operating Cash Flow</b>	<b>\$ (287)</b>
<b>Total Disbursements Excl. Professional Fees</b>	<b>\$ 838</b>
Professional Fees	5,856
<b>Net Cash Flow</b>	<b>\$ (6,143)</b>
Change in Check Float	(232)
<b>ENDING CASH BALANCE (BANK) (1)</b>	<b>\$ 180,589</b>

Notes:

- (1) Cash balances do not tie exactly to balance sheet as these do not include unavailable funds, outstanding checks, de-minimis bank account balances and other timing related differences.
- (2) Disbursements reflect when the relevant disbursement accounts are funded via check or wire rather than when clearing the bank.
- (3) Payment on account of invoices related to material procured from non-debtor subsidiaries.

**MOR-1a**  
**Schedule of Disbursements by Legal Entity**  
**For the Period April 1, 2013 through April 30, 2013**  
**(USD 000s)**

Filing Entities:	Case No:	Total Disbursements (1)
1 A123 Systems, Inc.	12-12859	\$ 6,694
2 A123 Securities Corporation	12-12860	\$ -
3 Grid Storage Holdings LLC	12-12861	\$ -
		<b>\$ 6,694</b>

Notes:

- (1) Disbursements includes payments to third party vendors, suppliers, employees, professionals, interest, disbursements in accordance with various 1<sup>st</sup> day motions and transfers of cash from the Debtors' to the Non-Debtors.

**MOR-1b**  
**Schedule of Professional Fees and Expenses Paid (1),(2)**  
**For the Period April 1, 2013 through April 30, 2013**

Professional	Amount Paid this Period			Cumulative Amount Since Petition date		
	Fees	Expenses	Total	Fees	Expenses	Total
Alvarez & Marsal North America LLC	802,806	24,635	827,441	2,510,497	123,497	2,633,994
Blackstone Advisory Partners L.P.	118,414	13,280	131,694	2,023,027	19,304	2,042,331
Brown Rudnick LLP	575,096	10,499	585,595	1,912,440	66,355	1,978,795
Latham & Watkins LLP	3,197,111	36,163	3,233,274	7,132,781	127,382	7,260,163
Lazard Frères & Co. LLC	445,000	44,717	489,717	4,925,000	51,437	4,976,437
Richards, Layton & Finger, P.A	368,219	16,448	384,667	792,678	76,434	869,111
Logan & Company, Inc.	-	-	-	9,936	352,527	362,463
Saul Ewing LLP	42,900	3,074	45,973	147,958	12,730	160,688
<b>TOTAL</b>	<b>5,549,545</b>	<b>148,817</b>	<b>5,698,362</b>	<b>19,454,317</b>	<b>829,666</b>	<b>20,283,983</b>

Professional	Role
Alvarez & Marsal North America LLC	Debtors' Financial Advisors
Blackstone Advisory Partners L.P.	Financial Advisor to UCC
Brown Rudnick LLP	UCC Counsel
Latham & Watkins LLP	Debtors' Bankruptcy Co-Counsel
Lazard Frères & Co. LLC	Debtors' Investment Banker
Richards, Layton & Finger, P.A	Debtors' Bankruptcy Co-Counsel
Logan & Company, Inc.	Debtors' Administrative Advisor
Saul Ewing LLP	UCC Co-Counsel

Notes:

- (1) Debtors' & UCC retained financial professionals as approved by the Court.  
(2) Fees for Blackstone and Lazard include fees paid upon closing in connection with the sale transactions as approved by the Court.

**Debtors Statement with respect to Bank Account Reconciliations, Bank Statements**  
**and Cash Disbursements Journal**  
**For the Period April 1, 2013 through April 30, 2013**

Bank Account Reconciliations & Cash Disbursements Journals



The Debtors affirm that bank reconciliations are prepared for all open and active bank accounts on a monthly basis. The Debtors affirm that within its financial accounting systems, check registers and/or disbursements journals are maintained for each disbursement account.

Bank statements

The Debtors affirm that bank statements for all open and active bank accounts are retained by the Debtors.

Closed Bank Accounts

The Debtors affirm that the following bank account(s) were closed during the current reporting period.

<u>Debtor</u>	<u>Bank Name</u>	<u>Type</u>	<u>Acct#</u>
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Operating	*****1058
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Operating	*****6522
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Deposit	****0448
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Deposit	*****1157
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Collateral MMA	*****4582
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Collateral MMA	*****4597
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Collateral MMA	*****4605
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Collateral MMA	*****4624
A123 Systems, Inc. (DE)	Sillicon Valley Bank	Collateral MMA	*****3076
A123 Systems, Inc. (DE)	SVB Securities	Investment	*****2859
A123 Securities Corporation (MA)	SVB Asset Management	Investment	*****SV560
A123 Securities Corporation (MA)	SVB Securities	Investment	*****4405
A123 Securities Corporation (MA)	Sillicon Valley Bank	Deposit	*****1062

Opened Bank Accounts

The Debtors affirm that no bank account(s) was opened during the current reporting period.

- None

**MOR-2**  
**Debtors Condensed Combined Statements of Operations**  
**For the Period October 16, 2012 through April 30, 2013, and**  
**April 1, 2013 through April 30, 2013**  
**(USD 000s -Unaudited)**

	<u>Oct. 16, 2012 -</u> <u>Apr. 30, 2013</u>	<u>Apr. 1 2013 -</u> <u>Apr. 30 2013</u>
Total Revenue	\$ 61,597	\$ -

Cost of Goods Sold	70,982	–
Gross Profit (Loss)	(9,384)	–
Operating Expenses		
Research and Development	16,335	1
Sales & Marketing	3,170	18
General and Administrative	57,490	6,070
Total Operating Expenses	76,996	6,089
Operating Profit (Loss)	\$ (86,380)	\$ (6,090)
Interest (Expense), Net	(19,760)	2
Gain (Loss) on Sale	(37,529)	–
Gain (Loss) on Assets Adjustments (1)	–	897
Gain (Loss) on Foreign Exchange	(698)	–
Fair value adjustments	14,323	–
Income (Loss) Before Income Taxes	(130,044)	(5,190)
Provision for Income Tax	126	–
Net Income (Loss)	<u>(129,918)</u>	<u>(5,190)</u>

Notes:

(1) Gain on Asset Adjustments relates to reversals of non-cash accounting entries:

Write off Warrant and derivative liabilities	\$ 1,195
Write off PIPE Convertible Debt	64
Write off Embedded Derivate Asset	(44)
Write off Fed Tax Accrual	(154)
Wanxiang Debt LT	(174)
Other	10
<b>Total</b>	<u>\$ 897</u>

**MOR-3**  
**Debtors Condensed Combined Balance Sheets**  
**As of the Petition Date and April 30, 2013**  
**(USD 000s- Unaudited)**

	Oct. 15, 2012	Apr. 30, 2013
<b>Current Assets</b>		
Cash	\$ 18,140	\$ 191,034
Restricted Cash	2,216	–

Accounts Receivable, net	17,882	3,400
Inventory	70,580	–
Intercompany Receivables from Non-Debtors	20,005	3,740
Prepaid & Deferred Assets	26,005	1,810
<b>Total Current Assets</b>	<b>\$ 154,830</b>	<b>\$ 199,984</b>
Property & Equipment - Net	\$ 71,924	–
Goodwill & Intangibles	–	–
Long Term Grant Receivable	101,804	–
Other Assets	7,788	483
Intercompany Note Receivable from Non-Debtors	59,033	12,898
Other Long Term Investments	2,000	–
Investment in Subsidiaries	98,509	–
<b>TOTAL ASSETS</b>	<b>\$ 495,888</b>	<b>\$ 213,365</b>
<b>Liabilities &amp; Shareholders Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts Payable	–	957
Accrued Expenses	47,049	10
Deferred Liabilities	51,233	–
Interim Debtor In Possession Loan	–	–
Inter Company Payables to Non-Debtors	–	1,230
Other	6,270	4,442
<b>Total Current Liabilities</b>	<b>\$ 104,552</b>	<b>\$ 6,639</b>
Long Term Debt	\$ 4,035	\$ –
Other Liabilities	18,737	–
<b>Total Liabilities</b>	<b>\$ 127,324</b>	<b>\$ 6,639</b>
<b>Liabilities Subject to Compromise</b>		
Inter Company Payables to Non-Debtors	\$ 20,439	\$ 4,602
Obligations to Third Parties	207,065	201,986
<b>Total Liabilities Subject to Compromise</b>	<b>\$ 227,504</b>	<b>\$ 206,588</b>
<b>Shareholders Equity (Deficit)</b>	<b>\$ 141,060</b>	<b>\$ 138</b>
<b>Total Liabilities &amp; Shareholders Equity (Deficit)</b>	<b>\$ 495,888</b>	<b>\$ 213,365</b>

See Notes to Debtors Condensed Combined Balance Sheets on the following page

**MOR-3**  
**Notes to Debtors Condensed Combined Balance Sheets**  
**As of the Petition Date and April 30, 2013**  
**(USD 000s - Unaudited)**

1. Debt is comprised of the following:

	<u>10/15/2012</u>	<u>4/30/2013</u>
Senior Secured Bridge Loan Facility	12,500	-
Less discount related to fair value of associated warrants	<u>(11,287)</u>	<u>-</u>
Net Senior Secured Bridge Loan Facility	1,213	-
Mass clean energy loan	2,822	-
Interim Debtor In Possession Loan	<u>-</u>	<u>-</u>
Total	4,035	-
Less amounts classified as current	<u>-</u>	<u>-</u>
Long Term Debt	<u>4,035</u>	<u>-</u>

2. Liabilities subject to compromise consist of the following:

<u>Liabilities Subject to Compromise</u>	<u>15-Oct-12</u>	<u>30-Apr-13</u>
2015 Convertible Notes	\$ 2,748	\$ 2,759
3.75% 2016 Convertible Notes	140,744	143,750
Accounts Payable	29,131	10,317
Accrued Expenses	7,601	45,161
Non-Debtor Intercompany Payables	20,439	4,602
Deferred Revenue	130	-
Other Liabilities	12,388	-
Preferred Stock Warrant Liability	14,323	-
<b>TOTAL</b>	<b><u>\$ 227,504</u></b>	<b><u>\$ 206,588</u></b>

**Declaration Regarding the Status of Post Petition Taxes of the Debtors  
As of April 30, 2013**

COMMONWEALTH OF MASSACHUSETTS,

MIDDLESEX COUNTY

David Prystash hereby declares and states:

1. I am Chief Financial Officer for B456 Systems, Inc., a corporation organized under the laws of the State of Delaware and the Debtor in the above-captioned chapter 11 cases (the "Debtors"). I am familiar with the Debtors' day-to-day operations, business affairs and books and records.

2. All statements in this Declaration are based on my personal knowledge, my review of the relevant documents, my discussions with other employees of the Debtors, or my opinion based upon my experience and knowledge of the Debtors' operations and financial condition. If I were called upon to testify, I could and would testify to each of the facts set forth herein based on such personal knowledge, review of documents or opinion. I am authorized to submit this Declaration on behalf of the Debtors.

3. To the best of my knowledge, the Debtors have filed all necessary federal, state and local tax returns and made all required post petition tax payments in connection therewith on a timely basis or have promptly remediated any late filings or payments that may have occurred due to unintentional oversights. (1)

Dated: June 4, 2013

Respectfully submitted,

Waltham, Massachusetts

/s/ David Prystash

David Prystash

(1) The Debtors use ADP for the remittance of all payroll taxes.

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**MOR-4**  
**Combined Debtors Summary of Unpaid Post Petition Accounts Payable**  
**April 30, 2013**  
**(USD 000s - Unaudited)**

	Days Past Due (1)					Total
	Current	1-30 Days	31-60 Days	61-90 Days	> 90 Days	
Trade Debt	\$ -	\$ -	\$ 263	\$ 219	\$ 405	\$ 886
	0%	0%	0%	0%	0%	0%
<b>Other Payables</b>						
						\$ 71
						<b>\$ 957</b>

Notes:

(1) Days since date of invoice.

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**MOR-5**  
**Combined Debtors Accounts Receivable and Aging**  
**April 30, 2013**  
**(USD 000s - Unaudited)**

	Days Aged (net)					Total
	Current	1-30 Days	31-60 Days	61-90 Days	> 90 Days	
Customer Receivables	-	-	-	-	-	\$ -
	0%	0%	0%	0%	0%	0%

**Adjustments**

Prepetition LC Cash Collateral	\$	3,340
<b>Total Accounts Receivable</b>	<b>\$</b>	<b>3,340</b>

**MOR-6**

**Debtor Questionnaire**

**For the Period April 1, 2013 through April 30, 2013**

	<u>Yes</u>	<u>No</u>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.		<b>X</b>
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation.		<b>X</b>
3. Have all post petition tax returns been timely filed? If no, provide an explanation.	<b>X</b>	
4. Are workers compensation, general liability and other necessary insurance coverage' s in effect? If no, provide an explanation.	<b>X</b>	
5. Have any bank accounts been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.		<b>X</b>