

FUELCELL ENERGY INC

FORM 8-K (Unscheduled Material Events)

Filed 10/13/1998 For Period Ending 9/30/1998

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| Industry | Electronic Instr. & Controls |
| Sector | Technology |
| Fiscal Year | 10/31 |

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) September 30, 1998

Energy Research Corporation

(Exact Name Of Registrant As Specified In Its Charter)

New York

(State or Other Jurisdiction of Incorporation)

1-14204

(Commission File Number)

06-0853042

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

3 Great Pasture Road, Danbury, Connecticut

(Address of Principal Executive Offices)

06813

(Zip Code)

(203) 825-6000

(Registrant's Telephone Number, Including Area Code)

N/A

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

Item 5. Other Events.

On October 1, 1998, the Company issued a press release announcing that its Board of Directors has approved a plan to effect a spin-off to its stockholders of 100% of the shares of Evercel, Inc. ("Evercel"), a newly-formed, wholly-owned subsidiary of the Company. The Company will transfer to Evercel the principal assets and liabilities related to the Company's battery business group, effective on or about October 31, 1998. Following the transfer, the Company will distribute to its stockholders in a tax-free distribution one share of Evercel Common Stock for each share of Common Stock of the Company held. The Company will continue to operate its fuel cell business, and Evercel will own and operate the battery business group. The transaction is subject to certain conditions.

The press release is filed as an exhibit to this report and is incorporated by reference herein.

Item 7. Financial Statements and Exhibits.

Exhibit 99 Energy Research Corporation Press Release dated October 1, 1998.

SIGNATURE

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, thereunto duly authorized.

Dated: October 1, 1998

ENERGY RESEARCH CORPORATION

By:

\s\ Joseph G. Mahler

Joseph G. Mahler

Senior Vice President, CFO

Treasurer/Corporate Secretary

FOR IMMEDIATE RELEASE

**ENERGY RESEARCH CORPORATION ANNOUNCES
SPIN-OFF OF ITS BATTERY BUSINESS GROUP TO SHAREHOLDERS**

Danbury, Connecticut, October 1, 1998 -- Energy Research Corporation (AMEX:ERC) announced today that its Board of Directors has approved a plan to effect a spin-off to its stockholders of 100% of the shares of Evercel, Inc., a newly-formed, wholly-owned subsidiary of ERC. ERC will transfer to Evercel the principal assets and liabilities related to ERC's battery business group, effective on or about October 31, 1998. Following the transfer, ERC will distribute to its stockholders in a tax-free distribution one share of Evercel Common Stock for each share of ERC Common Stock held. ERC will continue to operate its fuel cell business, and Evercel will own and operate the battery business group. The transaction is subject to certain conditions.

Jerry D. Leitman, ERC's President and Chief Executive Officer, said, "The battery business group and the fuel cell business of ERC have distinctly different investment, operating and financial characteristics. The spin-off of Evercel will allow each company to more appropriately undertake capital requirements and investment decisions and to pursue separate business strategies. The spin-off will also allow investors to invest in either business without consideration of the other."

The spin-off will be reflected in ERC's financial statements as a charge against stockholders' equity. The anticipated pro forma consolidated effect on ERC of the spin-off, if it had occurred on July 31, 1998, would have been to reduce ERC's assets by approximately \$3.6 million and stockholders' equity by approximately \$0.3 million.

Immediately after the distribution of Evercel's shares to ERC's stockholders, in order to fund its commercialization efforts, Evercel plans to conduct a rights offering to its stockholders. As described more fully in a Registration Statement filed by Evercel with the Securities and Exchange Commission on September 30, 1998, Evercel will grant at no cost to holders of its Common Stock, transferable subscription rights ("Rights") to subscribe for and purchase an additional share of Evercel's Common Stock. Each holder of Evercel's Common Stock will receive one Right for each share of Common Stock held on the record date (which has not yet been determined). Each Right will be exercisable, for a period of approximately 30 days, to purchase one share of Common Stock of Evercel at a purchase price of \$2.00 per share. The Rights Offering will be made only by means of a Prospectus which will be delivered to stockholders concurrently with the distribution.

Jerry D. Leitman will continue as President and Chief Executive Officer of the Company and as Acting President and Chief Executive Officer of Evercel. ERC and Evercel anticipate completing the spin-off and rights offering by the end of the year.

Energy Research Corporation, located in Danbury and Torrington, Connecticut, is an internationally recognized leader in the field of electrochemical technology for electric power generation and storage. ERC is developing its Direct Fuel Cells and batteries through funding from and in cooperation with government, electric utility and major international industrial organizations.

This press release contains forward-looking statements concerning the transfer of ERC's battery business group to Evercel, the completion of the spin-off of Evercel to ERC's stockholders and the rights offering to Evercel's stockholders. There are a variety of factors which could cause actual events to differ materially from those projected in the forward-looking statements, including without limitation, (i) the risk that the transfer of the battery business group to Evercel, the spin-off or the rights offering may not be completed as the result of future developments in ERC's or Evercel's business or conditions in their industries, failure to obtain necessary government approvals, legal opinions, or third party consents or other developments, (ii) unanticipated costs and expenses or other events affecting ERC's or Evercel's business, and (iii) other risks listed in the Company's SEC reports, including the reports on Form 10-K for the year ended October 31, 1997 and Form 10-Q for the quarter ended July 31, 1998.

End of Filing

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