



Entered on Docket  
February 01, 2006

Hon. Gregg W. Zive  
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

In re:  
MEGA-C POWER CORPORATION  
  
Debtor.

BK-N 04-50962-GWZ  
Chapter 11

Date: January 5, 2006  
Time: 10:00 a.m.

**FINDINGS OF FACT AND CONCLUSIONS OF LAW RE MOTION TO APPROVE  
SETTLEMENT AGREEMENT WITH AXION ET AL.  
PURSUANT TO FED. R. BANKR. PROC. 9019**

The Motion to Approve Settlement Agreement With Axion Et Al Pursuant to Fed. R. Bankr. Proc. 9019 ("Motion") came on for hearing before the above-captioned Court on January 5, 2006, at 10:00 a.m. William M. Noall, Chapter 11 Trustee, appeared in person and by and through his counsel, Gerald M. Gordon, Esq., of the law firm of Gordon & Silver, Ltd. The Unaffiliated Shareholders appeared by and through their counsel, David W. Huston, Esq. and Donald N. Plumley, Esq. of the law firm of Lang Michener, LLP. The Taylor Group appeared by and through Fred A. Platt, Esq. and Gregory L. Wilde, Esq., Axion Power Corporation and Axion Power International, Inc. appeared by and through their counsel, Cecilia L. Rosenauer, Esq. of the law firm of Cecilia L.

1 Rosenauer, Ltd. Sally Fonner, Trustee of the Shareholders Trust appeared by and through her counsel  
2 Alan R. Smith, Esq. of the law firm of Alan R. Smith. All other appearances were noted in the  
3 record.

4 As orally set forth on the record, the Court considered the Motion and papers and pleadings  
5 in support thereof, all oppositions thereto, the arguments of counsel, other pleadings, papers,  
6 documents, cases and precedents and transcripts as orally identified by the Court on the record  
7 pertaining both to this Case and adversary proceedings pending in this Cases, and the findings of fact  
8 and conclusions of law previously announced by this Court at the hearing held in this matter on  
9 September 1, 2005.

10 In accordance with Fed. Rules Civ. Proc. Rule 52, as adopted pursuant to Fed. R. Bankr. 7052  
11 made applicable by operation of Fed. R. Bankr. Proc. 9014, the Court has set forth orally and recorded  
12 in open court its findings of facts and conclusions of law in support of the Order Approving Motion  
13 to Approve Settlement Agreement With Axion Et Al Pursuant to Fed. R. Bankr. P. 9019 (“Order”),  
14 and such findings and conclusions are incorporated herein. The Court enters these additional findings  
15 of fact and conclusions of law:

16 **FINDINGS OF FACT**

17 1. The Parties to the Settlement Agreement, a copy of which Settlement Agreement is  
18 attached to the Motion as Exhibit “A”, is the result of good faith, arms-length negotiations.

19 2. Article 9 of the Shareholders Trust Agreement both originally and as amended,  
20 provides that the Trustee of the Shareholders Trust has the power to compromise claims. Article 9  
21 has not been amended out of the Shareholders Trust Agreement.

22 3. This Court makes no factual finding regarding Ms. Fonner’s conduct as Trustee but  
23 does find that the Settlement Agreement was reached in good faith by all parties and was consistent  
24 with Ms. Fonner’s powers as Trustee.

25 4. Under all the circumstances in the record, Axion is best situated to continue to raise  
26 capital research and develop the Technology and ultimately bring the results to market if its efforts  
27 are successful.  
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