

February 25, 2021

e-mail: gberman@dsi.biz

To the Creditors and Shareholders of:

**STION CORPORATION
6321 IGNACIO AVENUE
SAN JOSE, CALIFORNIA**

**FINAL COMMUNICATION
CASE NOW CLOSED**

--and--

**95 W L RUNNELS INDUSTRIAL DR
HATTIESBURG, MISSISSIPPI**

Re: Notice of Conclusion of the Administration of the Assignment Estate

Dear Sir or Madam:

As creditors will recall, Stion Corporation (the “Company”) made an assignment for the benefit of creditors pursuant to California law (the “Assignment”) on November 13, 2017. The Company was an American manufacturer of solar panels. Its manufacturing and production facility was located in Hattiesburg, MS. The Company also maintained research and development offices in San Jose, CA.

The Mississippi Development Authority (“MDA”) asserted that it is owed approximately \$90 million including interest and that its claim is secured by a lien on substantially all of the plant equipment located in the Hattiesburg facility. Khosla Ventures III, LP (“Khosla Ventures”), asserted that it is owed approximately \$10 million and that its claim is secured by a lien on substantially all of the Company’s assets, including patents and other intellectual property.

The MDA did not have a lien on any patents or intellectual property, nor did it have a lien on the assets in San Jose, CA. The Mississippi equipment was being “sanitized” to comply with the Department of Homeland Security’s requirements. Khosla Ventures agreed to fund the clean-up costs associated with that equipment which was ultimately completed. Khosla Ventures also advanced monies to our office, as Assignee, to administer the other aspects of the assignment administration. The San Jose equipment was sold to Caelux in satisfaction of Khosla Ventures’ lien on that equipment and with Khosla’s consent.

The Mississippi assets however were more difficult to sell. A Chinese party was found that had interest in the equipment and which signed a letter of intent and funded an initial deposit. That deposit was forfeited when the buyer failed to go forward with an asset purchase agreement. The forfeited monies were applied to ongoing administrative costs, with the knowledge of both the MDA and Khosla. Once the Chinese buyer walked away from the sale, the Assignee “abandoned” the Mississippi equipment to the MDA as the secured creditor. We ultimately learned that the building housing the equipment experienced a fire in late December 2018 and

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Thereafter, the MDA's collateral was sold, also to Caelux, at a price almost 50% less than what the Chinese buyer had originally offered to pay.


Thereafter, the MDA filed suit against the Assignee claiming our office caused the loss in realized value to the MDA. The matter, as to the Assignee, was resolved early in 2021. A portion of the forfeited deposit was also subject to litigation, in this case, an interpleader action. The Assignee has had no interest in the dispute over which secured creditor, the MDA or Khosla Ventures, has the right to the remaining deposit. The action remains ongoing in Mississippi state court and the Assignee has been dismissed from the interpleader action as the Assignee was merely holding the forfeited monies until the dispute can be resolved. The monies in question are now with the clerk of the applicable state court.

Summarizing the above, the MDA received the (limited) value in the Mississippi equipment; Khosla ventures received the (limited) value from the San Jose assets. Neither secured creditor was paid in full. No state tax claims received any payment and administrative expenses, including the Hattiesburg landlord, did not get paid in full. Sadly, there are no monies available for application to general unsecured creditor claims.

The Assignee has now closed its files in this matter and creditors are requested to mark their records accordingly.

Very truly yours,

DSI Assignments, LLC,
Solely as Assignee for the Benefit of
Creditors of Stion Corporation

By 
Geoffrey L. Berman