

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MARYLAND
Greenbelt Division

In re:)	
)	
AUTOMATED BUSINESS POWER, INC. ¹)	Case No. 13-27123
)	Chapter 11
Debtors.)	
_____)	Jointly Administered

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
BANKRUPTCY CODE FOR SECOND² AMENDED PLAN OF REORGANIZATION**

Automated Business Power, Inc. and Automated Business Power Holding Co., the Debtors and Debtors-in-Possession (collectively, the “Debtors”), submit this Disclosure Statement (the “Disclosure Statement”) pursuant to § 1125 of Title 11 of the United States Code (the “Bankruptcy Code”), to all holders of Claims against or Interests in the Debtors, as a prerequisite to soliciting acceptances to the Second Amended Plan of Reorganization (the “Plan”), which has been filed by the Debtors with the Clerk of the United States Bankruptcy Court for the District of Maryland (the “Bankruptcy Court”). The term “Disclosure Statement” as used herein shall encompass all exhibits annexed hereto as well as the Disclosure Statement document itself.

¹ The Debtors in these jointly-administered chapter 11 bankruptcy cases are Automated Business Power, Inc. (Case No. 13-27123) (“ABP, Inc.”) and Automated Business Power Holding Co. (Case No. 13-27125) (“ABP Holding”).

² The Second Amended Plan contains changes necessitated by Court Orders in connection with hearings held September 17, 2014 and agreements reached between the Debtors and certain creditors.

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I. INTRODUCTION

The purpose of this Disclosure Statement is to furnish information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtors and the condition of the Debtors' books and records, that would enable a hypothetical reasonable investor typical of the holders of Claims against or Interests in the Debtors to make an informed judgment about the Plan and whether or not to accept (vote for or against) the Plan.

The Debtors believe that this Disclosure Statement contains "adequate information" as that term is defined in § 1125(a)(1) of the Bankruptcy Code, for holders of Claims against or Interests in the Debtors as required by § 1125 of the Bankruptcy Code. The "adequate information" herein provided consists of information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtors and the condition of the Debtors' books and records that would enable a hypothetical reasonable investor typical of the holders of Claims against or Interests in to make an informed judgment about the Plan of Reorganization (the "Plan") filed by the Debtors dated May 5, 2014, as amended to reflect changes through September 16, 2014, and whether to accept or reject the Plan. The transmittal of this Disclosure Statement does not represent, and should not be interpreted as being, the Bankruptcy Court's recommendation to either accept or reject the Plan.

The Debtors both recommend that holders of Claims (creditors) vote in favor of the Plan on their ballot.

Definitions

Unless otherwise defined herein, the capitalized terms used in this Disclosure Statement shall be defined as set forth in the Plan.

List of Exhibits

Attached as exhibits (the “Exhibits”) to the Disclosure Statement are copies of the following documents, each of which is incorporated herein by reference:

Exhibit 1: The Plan

Exhibit 2: Projections for Income and Distributions

Availability of Other Information

The entire Court file in this Bankruptcy Case is available for review at the offices of the Clerk, United States Bankruptcy Court for the District of Maryland, 6500 Cherrywood Lane, Suite 300, Greenbelt, Maryland 20770 during the Court’s regular business hours. Additionally, certain items may be available online through PACER <https://ecf.mdb.uscourts.gov/cgi-bin/login.pl>. Persons with questions about the Plan or this Disclosure Statement may also contact the Debtors’ counsel, Nelson C. Cohen, via e-mail at ncohen@zuckerman.com.

Voting, Disclaimer, and Supremacy of Plan Provisions

After carefully reviewing the Plan, this Disclosure Statement, all of the Exhibits annexed hereto, please indicate your vote on the enclosed Ballot and return your Ballots to the Debtors’ counsel on or before November 4, 2014, at the following address: Nelson C. Cohen, Esquire, Zuckerman Spaeder LLP, 1800 M Street, NW, Suite 1000, Washington, DC 20036.

On September 25, 2014, the Bankruptcy Court entered an Order conditionally approving this Disclosure Statement for distribution to creditors (the “Disclosure Statement Order”).

APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN.

THE PLAN AND THIS DISCLOSURE STATEMENT ARE NOT REQUIRED TO BE AND HAVE NOT BEEN PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER APPLICABLE NONBANKRUPTCY LAW. NONE OF THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL OR REGULATORY AUTHORITY HAS APPROVED THIS DISCLOSURE STATEMENT, THE PLAN OR ANY SECURITIES OFFERED UNDER THE PLAN, OR HAS PASSED ON THE ACCURACY OR ADEQUACY OF THE STATEMENTS IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO REPRESENTATION CONCERNING THE DEBTORS, THE DEBTORS' BUSINESS OPERATIONS, THE VALUE OF THE DEBTORS' PROPERTY, OR THE PLAN, ARE AUTHORIZED BY THE DEBTORS UNLESS SET FORTH IN THIS DISCLOSURE STATEMENT. ACCORDINGLY, NO REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN, OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD BE RELIED UPON IN EXERCISING THE RIGHT TO VOTE OR NOT TO VOTE ON THE ACCEPTANCE OF THE PLAN AND ANY SUCH REPRESENTATION OR INDUCEMENT SHOULD BE REPORTED IMMEDIATELY TO COUNSEL FOR THE DEBTORS.

THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ATTACHED THERETO, AND THE AGREEMENTS AND DOCUMENTS DESCRIBED THEREIN. IF THERE IS A CONFLICT BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE PROVISIONS OF THE PLAN WILL GOVERN. YOU ARE ENCOURAGED TO REVIEW THE FULL TEXT

OF THE PLAN AND TO READ CAREFULLY THE ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS, BEFORE DECIDING HOW TO VOTE WITH RESPECT TO THE PLAN.

THE FINANCIAL INFORMATION SUBMITTED WITH THE DISCLOSURE STATEMENT AND PLAN HAS NOT BEEN SUBJECT TO AUDIT AND ANY ESTIMATES OF CLAIMS OR INTERESTS IN THIS DISCLOSURE STATEMENT MAY VARY FROM THE FINAL AMOUNTS OF CLAIMS OR INTERESTS ALLOWED BY THE BANKRUPTCY COURT. FURTHER, ANY ESTIMATES OF RECOVERIES IN THIS DISCLOSURE STATEMENT MAY VARY FROM RECOVERIES ACTUALLY RECEIVED.

THE DEBTORS BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF ALL CREDITORS. THE PLAN AND DISCLOSURE STATEMENT ARE COMPLEX INsofar AS THEY CONSTITUTE A LEGALLY BINDING COMMITMENT BETWEEN THE CREDITORS AND THE REORGANIZED DEBTORS. ACCORDINGLY, CREDITORS AND PARTIES-IN-INTEREST ARE URGED TO SEEK LEGAL COUNSEL IF UNSURE OF THE EFFECT OF THE PLAN AND DISCLOSURE STATEMENT.

THE ABSENCE OF PENDING OBJECTIONS TO CLAIMS OR PENDING AVOIDANCE ACTIONS OR THE ABSENCE OF AN INDICATION OF POTENTIAL OBJECTIONS TO CLAIMS OR AVOIDANCE ACTIONS, SHALL NOT SERVE AS A WAIVER OF SUCH RIGHTS, AND ALL CREDITORS AND PARTIES-IN-INTEREST ARE HEREBY EXPRESSLY ON NOTICE THAT THEY SHOULD NOT RELY ON THE DISCLOSURE STATEMENT OR ABSENCE OF NOTICE OF AN OBJECTION OR POSSIBLE AVOIDANCE ACTION UNDER SECTIONS 542-550 OF THE BANKRUPTCY CODE, AS A DEFENSE TO SUCH FURTHER OBJECTION OR AVOIDANCE ACTION.

The description of the Plan in this Disclosure Statement is a summary only, and creditors and other parties in interest are urged to review this entire Disclosure Statement and its Exhibits, the detailed description of the Plan contained herein, and the Plan itself which is annexed hereto for a full understanding of the Plan's provisions.

II. HISTORY AND BACKGROUND

The Debtors are Automated Business Power Holding Co. ("ABP Holding") and Automated Business Power, Inc., ("ABP") a wholly owned subsidiary of ABP Holding. Since 1987, ABP has been engaged in the business of the design and production of commercial off-the-shelf C41 integrated communication cases and systems, vehicular communications systems, advanced field deployable uninterruptible power supplies, AC-to-DC power supplies, DC-to-DC converters, uninterruptible power systems, Power/Voice/Data cases, speakers, speaker/voice systems and ancillary equipment for tactical transceivers, power amplifiers, SATCOM and other communications equipment. This equipment is utilized primarily by the military on almost every platform, including command posts, shelters, vehicles, aircraft and ships. Customers include the United States Government, the governments of Australia and the United Kingdom, the Defense Logistics Agency and almost every major defense contractor, including Lockheed Martin and Northrup Grumman. The Debtors are incorporated under the laws of the State of Nevada and currently have their principal place of business at 7611-J Rickenbacker Drive, Gaithersburg, Maryland.

III. EVENTS LEADING TO THE DEBTORS' CHAPTER 11 PETITION.

During the years between 1987 and 2007, Eyal Halevy, the founder of the Debtors, built the Debtors into successful enterprises. In 2007, Mr. Halevy began to consider retirement after 20 years of exhausting work that was required to build the Debtors into highly profitable

businesses. He learned that by creating an employee stock ownership plan, it was possible for him to sell the company to its employees without requiring the employees to pay the purchase price. There would also be significant tax savings by creating an employee stock ownership plan.

As part of the transaction to create the ESOP Plan, Evolve Bank & Trust, the independent trustee for the proposed ESOP, obtained a fair market valuation of ABP to determine the purchase price of Mr. Halevy's stock by the ESOP. Stout, Risius Ross, Inc. performed the valuation and concluded that the stock was worth \$125 Million. It was anticipated that PNC Bank would finance the purchase of the shares of ABP Holding Co. from Halevy.

Mr. Halevy agreed to accept promissory notes for the entire purchase price. On October 24, 2008, Mr. Halevy sold all of the issued and outstanding shares of ABP Holding Co. to Automated Business Power Holding Co. Employee Stock Ownership Trust (the "Trust") which forms a part of the Automated Business Power Holding Co. Stock Ownership Plan (the Trust and the Plan are collectively referred to as the "ESOP Plan"). In exchange for his stock, Mr. Halevy received a senior promissory note in the amount of \$57.5 Million, a junior secured promissory note in the amount of \$65.5 Million, and 173,000 warrants. Thereafter, the warrants issued to Halevy were reduced from 173,000 to 120,000. The warrants entitle Halevy to purchase shares at the exercise price of \$65.70 per share under certain terms and conditions. The warrants expire on October 24, 2021.

On November 20, 2008, the Debtors entered into a credit facility with PNC Bank, National Association ("PNC Bank")³, Tristate Bank, National Penn Bank, Santander Bank (formerly known as Sovereign Bank) and Citizens Bank of Pennsylvania (the "Lenders") in the

³ PNC Bank is both a lender and the Administrative Agent.

sum of \$33 Million to be used to satisfy a portion of the senior secured note held by Halevy. Later, the Credit Agreement was modified to increase the amount loaned by the Lenders by an additional \$21,545,000, bring the total amount owed to approximately \$54 Million. Between 2008 and the April 3, 2012 amendment and restatement of the loan, ABP Inc. paid the Lenders approximately \$46 Million on the \$54 Million loaned to the Debtors by the Lenders, leaving a balance owing of approximately \$8 Million.

On April 3, 2012, the Lenders and ABP entered into an Amended and Restated Credit Agreement which increased the amount loaned to ABP to \$58 Million, included the refinancing of the \$8 Million balance owed on the earlier loans. The April 2012 Loan was used to pay a portion of the senior and junior note owed to Halevy. Between the April 3, 2012 loan amendment and the Petition Date, the Debtor paid PNC Bank, as Administrative Agent, approximately \$28 Million, or approximately one-half of the principal amount of the April 2012 Loan. All told, ABP paid PNC Bank approximately \$74 Million between 2008 and the Petition Date. Other than the payment due on September 30, 2013, ABP never missed a payment on its obligations to the Lenders.

As a result of a variety of economic factors, including the “sequestration” and a “virtual freeze” on defense spending, ABP’s annual revenues declined precipitously during 2013. The sequestration involved automatic spending cuts imposed on defense and non-defense segments of the federal government for the years 2013 through 2021. One-half of the automatic spending cuts applied to the defense segment of the federal government. Confronted with substantial spending cuts, federal agencies had to find ways to absorb the cuts in their budgets. Many agencies reduced their purchasing from their contractor/suppliers to address the cuts to their budgets. In addition to the actual budget cuts resulting from sequestration, during the first nine

months of 2013 there was almost a complete freeze by the Pentagon on any spending or contract releases in ABP's niche of defense business. ABP, like other contractors who sell their products or services to federal agencies, understood that it would be severely affected by the sequestration. In February, 2013, the Debtors recognized that there was the potential for a precipitous decline in revenue as a result of the sequestration. Notwithstanding the fact that the Debtors had between \$7-8 Million in the bank at that time, the Debtors promptly contacted PNC Bank and participated in a series of meetings in an effort to restructure the loan. During what turned out to be futile negotiations, ABP continued to make its loan payments during 2013, further depleting its cash. Finally, it was impossible for ABP to make the monthly PNC Loan payment of more than \$1 Million that was due on September 30, 2013.

Immediately after ABP, Inc. missed the September 30, 2013 loan payment, PNC Bank took aggressive steps to secure the collateral. Initially, PNC Bank swept the Debtors' bank accounts held in PNC Bank of approximately \$619,000. Furthermore, pursuant to the terms of a 2008 Deposit Account Control Agreement, PNC Bank seized approximately \$202,000 of the Debtors' funds on deposit in the Debtors' Capital One Bank account. On October 7, 2013, the Debtors were advised by counsel for PNC that the Bank had notified substantially all of the Debtors' customers to send all future payments to PNC Bank and not to ABP. These actions deprived the Debtors of working capital to continue to manufacture its products, to maintain its inventory and to pay its employees.

Within one week of the payment default on the PNC Loan, the Debtors were without access to their accounts receivable and funds in their bank accounts. The Debtors had no choice but to file their bankruptcy petitions.

IV. BANKRUPTCY PROCEEDINGS

A. The Petition for Relief

The Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on October 8, 2013. The Debtors are authorized to operate their businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108 of the Bankruptcy Code.

B. The Employment of Professionals

1. Debtors' Professionals

The Debtors are represented in these bankruptcy cases by Zuckerman Spaeder LLP ("Zuckerman"). The Bankruptcy Court approved the employment of Zuckerman as Debtors' counsel on January 2, 2014.

On October 31, 2013 the Debtors applied for approval of the employment of Mendelson & Mendelson, CPA, as accountants for the Debtors. The Bankruptcy Court approved the employment of Mendelson & Mendelson on January 2, 2014.

On January 10, 2014 the Debtors applied for approval of Dickinson Wright as special ESOP Counsel to the Debtors. All shares of ABP Inc. are owned by ABP Holding Co. All shares of ABP Holding Co. are owned by the ABP Employee Stock Ownership Plan. The Bankruptcy Court approved the employment of Dickinson Wright on January 29, 2014.

On April 28, 2014, the Debtors applied for approval to employ the ESOP Professionals. The ESOP Professionals are Evolve Bank, N.A. the trustee for the ESOP Trust; Stout Risius & Ross, the entity that values the assets of the ESOP and American ESOP Advisors, an entity that provides reporting and record keeping services for the ESOP. The Bankruptcy Court approved the employment of the ESOP Professionals on May 20, 2014.

On May 7, 2014, the Debtors applied for approval to employ Dixon Hughes Goodman to audit the Debtors' 2013 financial statements. The Application to Approve the Employment of Dixon Hughes Goodman is pending before the Bankruptcy Court.

C. Operations

The Debtors continue to operate its business as debtors-in-possession under 11 U.S.C. §§ 1107 and 1108. The Debtors have operated profitably during the course of this Chapter 11, meeting all post-petition obligations. A copy of the Debtors Forecasted Income Statement for 2014 is attached hereto as Exhibit 3. Exhibit 3 shows the Debtors actual performance through August 2014 and forecasted performance for the balance of the year.

D. Cash Collateral and Adequate Protection

On October 10, 2013, the Debtors filed a Motion for Approval of Interim Use of Cash Collateral of PNC Bank N.A. and for fixing a date for a final hearing on the use of Cash Collateral. PNC Bank objected to the Debtors' use of Cash Collateral. The Court held a hearing on October 16, 2013 and permitted the Debtors to use Cash Collateral on an interim basis. The Bankruptcy Court held additional hearings and approved the Interim Use of Cash Collateral several more times during 2013. On January 8, 2014 the Court entered a Final Order Governing the Use of Cash Collateral ("Final Cash Collateral Order"). Briefly stated, the Final Cash Collateral Order permits the Debtors to use PNC's Cash Collateral until December 31, 2014 pursuant to the terms of the Final Cash Collateral Order and a budget attached to the Final Cash Collateral Order.

After the entry of the Final Cash Collateral Order, creditor Halevy, the former owner of ABP Holding, objected to its entry. Halevy asserted that insufficient notice of the

terms of the Cash Collateral Order had been provided to creditors. Among other things, Halevy objected to the Debtors' release of their claims against PNC Bank in exchange for the use of PNC Bank's Cash Collateral. A hearing is currently scheduled for July 23, 2014 to determine whether notice of the Final Cash Collateral Order was sufficient.

E. Post Petition Financing

On October 31, 2014, the Debtors sought approval of post petition financing from Halevy (the "Post Petition Financing Motion"). Specifically, the Debtors sought a line of credit of \$500,000, with interest payable at an annual interest rate of 7%. The line of credit was to expire on January 31, 2015. PNC Bank objected to the terms of the post petition financing, in part, because the loan was conditioned upon the Debtors' release of their claims (if any) against Halevy. On November 27, 2013, the Court entered an order permitting the Debtors to borrow funds from Halevy with certain restrictions and conditions. The November 27, 2013 Order also subordinated any post petition financing to the PNC Bank loan. The Debtors have not drawn on the line of credit and have no plans to do so.

F. Executory Contracts and Unexpired Leases

On May 5, 2014, the Debtors filed a Motion to Assume certain unexpired leases. The Debtors sought approval to assume leases of their principal place of business (Rickenbacker Drive) and another facility (Premiere Court) that the Debtors use for storage when necessary. The landlord for both the Rickenbacker Drive and Premiere Court locations is First Power Group, LLC. First Power Group is owned by Halevy, the former owner and director of the Debtors. On May 22, 2014, PNC Bank filed an Objection to the Motion to Assume certain unexpired leases contending that the rental rates are significantly above market. On September 17, 2014, the Court held a hearing on the Motion to Assume certain unexpired leases and ruled

that the assumption of the leases was approved with the Debtor authorized to pay prepetition arrears of approximately \$73,425 on the earlier of January 1, 2015 or within ten days following the Plan's Effective Date. The Debtor was also authorized to pay post-petition arrears in the approximate amount of \$293,877.61 in 48 equal monthly installments of \$6,122.45. All such payments are subject to the terms of any cash collateral order that may be in effect.

On May 5, 2014, the Debtors also filed a Motion to Assume a Consulting Agreement with UQU General, LLC. UQU General LLC is owned by Halevy, the former owner and director of the Debtors. Under the Consulting Agreement, Halevy provides advice and technical expertise to the Debtors. Mr. Halevy owned the Debtors for approximately twenty years and built the businesses into successful enterprises. His advice provides valuable, continuing support to the Debtors. On May 22, PNC Bank filed an Objection to the Motion to Assume the Consulting Agreement contending that the consulting fee is excessive. On September 17, 2014, the Court held a hearing on the Motion to Assume the Consulting Agreement and deferred ruling on the motion until confirmation.

Section V (B(2)(c) and (d) of this Disclosure Agreement provides additional information concerning the amounts owed under the unexpired leases and the Consulting Agreement.

G. Rule 2004 Examination Motions.

PNC Bank filed a motion for the Bankruptcy Rule 2004 Examination of the ESOP Trustee, Evolve Bank, which motion was opposed by Evolve Bank. PNC Bank filed a motion for the Bankruptcy Rule 2004 examination of Eyal Halevy which motion was opposed by Mr. Halevy. Eyal Halevy filed a motion for the Bankruptcy Rule 2004 examination of PNC Bank which motion was opposed by PNC Bank. At a hearing held September, 17 2014 in the

Bankruptcy Court. The court ruled that a limited examination of Halevy would proceed. The Court denied the Halevy motion for 2004 examination of PNC.

V. THE PLAN

A. General

The following is a summary of the significant provisions of the Plan. All statements made below are general in nature and are qualified in their entirety by reference to the complete terms of the Plan attached hereto and incorporated herein as Exhibit 1 and subject to the resolution of litigation and disputed claims. Claim Holders, Interest Holders and parties-in-interest are urged to read the entire Plan and consult with their respective counsel, accountants and business advisors in order to fully understand the Plan.

The Plan, upon confirmation by the Bankruptcy Court, shall be legally binding upon the Debtors and Claim Holders, Interest Holders and other parties-in-interest designated by § 1141(a) of the Bankruptcy Code. It is essential that Claim Holders and Interest Holders fully understand the Plan in order to make an informed decision with respect to the treatment of their respective Claims or Interests. Unless otherwise defined herein, all capitalized terms in this Disclosure Statement shall have the respective meanings assigned in the Plan. In the event that any disclosure herein provided appears to conflict with an express provision of the Plan, the explicit terms of the Plan, as incorporated as an integral element of this Disclosure Statement, are controlling.

The Debtors believe that the Plan provides for the greatest and earliest return feasible to the holders of Allowed Claims in a fair and equitable manner. The following is a summary of the classification and treatment of the Classes of Claims and Interests.

B. Treatment of Priority and Administrative Claims

1. **Allowed Professional Persons' Fees.**

Notwithstanding the requirement that all Allowed Administrative Expense Claims be paid in full as a condition to the effectiveness of the Plan, Professionals Persons employed in this case may agree to allow the effectiveness of the Plan to proceed without payment in full of the fees due to Professional Persons if there are not sufficient funds to pay the allowed Professional Person in full on the Effective Date. With the consent of the Professional Persons, they will receive monthly pro rata distributions from Excess Cash, capped at \$30,000 per month, toward the satisfaction of their respective outstanding and unpaid Allowed Administrative Expense Claims until such Allowed Administrative Expense Claims are paid in full. Notwithstanding the foregoing, Professional Persons with Administrative Expense Claims shall comply with the provisions of Section 6.6 of the Plan. The Debtors estimate that, on the Effective Date, there will be unpaid fees and expenses owing to Professional Persons of approximately \$210,000 after the amounts paid as authorized by Orders of the Court and the approved Cash Collateral Budget.

2. **Other Allowed Administrative Expense Claims.**

Except as provided below, Holders of Allowed Administrative Expense Claims (other than Professional Persons) will receive Cash equal to the unpaid portion of such Allowed Administrative Expense Claim on the later of (a) the Effective Date, (b) the date on which such entity becomes a holder of such Allowed Administrative Expense Claim, or (c) such date as such entity may agree to with the Debtors.

- (a) **Ordinary Course of Business Administrative Expenses.** Administrative Expense Claims representing liabilities incurred in the ordinary course of

business by the Debtors, as Debtors-in-Possession, or liabilities arising under other obligations incurred by the Debtors, as Debtors-in-Possession, whether or not incurred in the ordinary course of business, shall be paid by the Reorganized Debtors in accordance with the terms and subject to the conditions of any orders or agreements governing, instruments evidencing, or other documents relating to, such transactions.

- (b) Administrative Expense Claims of Halevy. As of the date of the Disclosure Statement, the Debtors have not borrowed any money pursuant to the DIP Loan Agreement approved by the Bankruptcy Court Order allowing Post Petition Financing. The DIP Loan facility shall be terminated on the Confirmation Date.
- (c) Administrative Expense Claim of First Power Group. The Debtors shall assume or have assumed the Lease Agreements with First Power Group LLC on or before the Effective Date. The Debtors and First Power Group LLC have agreed that on the earlier of (subject to any cash collateral agreement in effect) (i) ten (10) days following assumption of the Lease Agreements, or (ii) ten (10) days after the Effective Date, all amounts due and owing under the Lease Agreements prior to the Petition Date shall be paid in full, including past due real estate taxes and condo fees. The Debtor estimates the amounts due and owing before the Petition Date to be \$73,425.00. From the Petition Date through September 15, 2004, First Power is owed rent in the amount of \$228,898.60. After prior good faith negotiations, and in order to provide cash flow relief to the Debtors, the

Debtors and Halevy previously agreed that all amounts due and owing under the Lease Agreements after the Petition Date, and prior to the assumption of the Lease Agreements, would be paid in twenty-four (24) equal monthly installments with the first such monthly payment being due on the earlier of (i) the first day of the first full month following the Effective Date or (ii) January 15, 2015. After this agreement was reached, and in connection with the preparation of this Disclosure Statement, the Debtors prepared updated financial projections. Based upon the Debtors' concerns over cash flow going forward, and to insure the success of the Plan, the Debtors requested that Halevy agree to extend the repayment terms from twenty-four (24) months to forty-eight (48) months, with the first such monthly payment being due on the earlier of (i) ten days after the date of the assumption of the Lease Agreements or (ii) the Effective Date. Halevy has agreed to this requested additional accommodation to the Debtors. The Debtors estimate the amount due to First Power Group for the period from the Petition Date to the Effective Date to be approximately \$293,894. Amounts that become due under the Lease Agreements after their assumption shall be paid as and when due under the Lease Agreements. The Lease Agreements that the Debtors seek to assume provide that the Debtors will pay \$8,979 per month for each of the Rickenbacker Drive units and \$3,707 per month for the Premiere Court location, plus condo fees, taxes and other expenses described in the Lease Agreements.

(d) Administrative Expense Claims of UQU General LLP. The Debtors shall assume or have assumed the Consulting Agreement with UQU General LLC on or before the Effective Date. UQU is owed consulting fees of \$262,500 for the period before the Petition Date. From the Petition Date through September 15, 2014, UQU general is owed consulting fees in the amount of an additional \$262,500.00. In addition, the Consulting Agreement that the Debtors seek to assume provides that the Debtors will pay UQU General LLC \$21,875 per month, plus expenses. After prior good faith negotiations, the Debtors and UQU General LLC agreed that upon the Effective Date, all amounts due and owing under the Consulting Agreement, including the amount due before the Petition Date (\$262,500) through the date of the assumption of the Consulting Agreement would be paid in twenty-four (24) equal monthly installments with the first such monthly payment being due on earlier of (i) the first day of the first full month following the date of the assumption of the Consulting Agreement or (ii) January 15, 2015. After this agreement was reached, and in connection with the preparation of this Disclosure Statement, the Debtors prepared updated financial projections. Based upon the Debtors' concerns over cash flow going forward, and to insure the success of the Plan, the Debtors requested that Halevy agree to extend the repayment terms from twenty-four (24) months to forty-eight (48) months. Halevy has agreed to this requested additional accommodation to the Debtors. The Debtor and Halevy have further agreed that the Debtor pay the estimated arrears as of

the Effective Date (\$700,000) forty-eight (48) months commencing on the earlier of (i) ten days after the assumption of the Consulting Agreement or (ii) the Effective Date. Amounts becoming due under the Consulting Agreement after the date of assumption of the Consulting Agreement shall be paid as and when due under the Consulting Agreement in accordance with the terms thereof.

- (e) Other Administrative Expense Claims. Notwithstanding § 503(a) of the Bankruptcy Code, other than with respect to the Lease Agreements, the Consulting Agreement, and the DIP Loan, any person seeking payment of an Administrative Expense Claim under § 503 of the Bankruptcy Code that was incurred on or before the Effective Date but which has not been paid by the Debtors, shall be required to file an application for the allowance such claim within sixty (60) days of the Effective Date, and any such Claim not filed by that date shall be forever barred and discharged.
3. Allowed Priority Claims. The holders of Allowed Priority Claims will receive Cash equal to the unpaid portion of such Allowed Priority Claim, on the later of (a) the Effective Date, (b) the date on which said entity becomes a holder of such Allowed Priority Claim, or (c) such date as such entity may agree to with the Debtors.
4. Allowed Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, at the sole option of the Reorganized Debtors, each holder of an Allowed Priority Tax Claim shall receive, in full and complete settlement, satisfaction and

discharge of its Allowed Priority Tax Claim: (a) Cash in an amount equal to such Allowed Priority Tax Claim on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, or (b) equal annual Cash payments in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at a fixed annual rate, which is consistent with applicable laws or as set by order of the Bankruptcy Court, over a period not exceeding five (5) years after the Petition Date, which shall begin on, or as soon thereafter as is reasonably practicable, the later of the Effective Date and the first Business Day after the date that is thirty (30) calendar days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim. Notwithstanding the foregoing, payment terms for Allowed Priority Tax Claims shall not be less favorable than the treatment of General Unsecured Claims. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

C. Designation of Classes of Claims and Interests

Class 1. Class 1 consists of the Allowed Secured Claim of PNC Bank.

Class 2. Class 2 consists of Allowed Unsecured Claims of Halevy pursuant to the Automated Business Holding Co. Note.

Class 3. Class 3 consists of all other general unsecured claims.

Class 4. Class 4 consists of all Interests held in the Debtors.

D. Treatment of Claims And Interests Under the Plan

Claims and Interests shall receive the following treatment under the Plan:

Class 1 Claims (Secured Claim of PNC Bank)

1. Impairment

Class 1 is impaired by this Plan.

2. Treatment

The Allowed Secured Claim of the Administrative Agent and the Lenders, the PNC Loan Agreement, (as defined) shall be modified as follows: The monthly principal payments contemplated in Section 3.2 shall be modified to \$500,000 per month commencing on the Effective Date until the loan is repaid in full. In Section 4, the interest rate under all Interest Rate Options shall be modified to an interest rate of five percent (5%) per annum, and the Interest Period shall be one month. The Expiration Date shall be modified to January 31, 2018. All defaults under the PNC Loan Documents prior to the Effective Date shall be deemed waived without prejudice to the enforcement of any default or Event of Default after the Effective Date. Upon any Event of Default by the Debtors after the Effective Date, the Debtors shall not be permitted to make any dividends or other distributions of any nature under the Plan or otherwise until any such default is cured. Notwithstanding the foregoing, sections 8.1.11, 8.2.14 and 8.2.15 of the PNC Loan Documents shall be null and void as of the Effective Date.

Class 2 Claims (Unsecured Claim of Halevy Under ABP Holding Co. Note)

1. Impairment:

Class 2 is impaired by this Plan.

2. Treatment:

In full and complete satisfaction discharge and release of the Class 2 Claim, the holder of Allowed Class 2 Claim shall be treated as follows: Commencing on the Effective Date, the holder of the Allowed Class 2 Claim shall receive quarterly payments of interest only at a rate of three percent (3%) per annum. Additional interest at the rate of four percent (4%) interest per annum shall be added to the outstanding principal balance of the note evidencing the Allowed Class 2 Claim in accordance with the note instrument evidencing such claim. After payment in full of the Class 1 Secured Claim of PNC Bank, the Holder of the Allowed Class 2 Claim shall receive monthly payments of principal and interest at the rate of seven percent (7%) per annum in an amount sufficient to amortize and pay the Allowed Class 2 Claim in full over a period of three (3) years, unless otherwise agreed by the holder of the Allowed Class 2 Claim in its sole and absolute discretion. The Debtors estimate the Allowed Class 2 Claim to be approximately \$13 Million.

Class 3 Claims (General Unsecured Claims)

1. Impairment

Class 3 is impaired by this Plan.

2. Treatment

In full and complete satisfaction, discharge and release of the Class 3 Claims, the holders of Allowed Class 3 shall receive 100% of their Allowed Claims, without interest, from Excess Cash in quarterly pro rata payments commencing thirty (30) days after the Effective Date. The Debtors shall have the right to prepay Class 3 Claims from the proceeds of any post-Effective Date financing that the Debtors may obtain, provided however that no such prepayment shall be made until the holders of the Allowed Class 1 Claim and the Allowed Class

2 Claim are paid in full. The Debtors estimate the Allowed Class 3 claims to total approximately \$ 344,000.00.

Class 4 Interests (Automated Business Power Inc. and Automated Business Power Holding Co. Stock Interests)

1. Impairment

Class 4 Interests are impaired by this Plan.

2. Treatment

Class 4 Interests shall retain their respective Interests under the Plan.

E. Means of Execution of the Plan

Funding. The funds necessary to implement the Plan shall be generated from, among other things, (i) Cash Receipts from Operations; and/or (ii) the acquisition by the Debtors of new financing in an amount sufficient to pay the Class 1 Claim in full and, if possible, also the Allowed Class 2 Claim and Allowed Class 3 Claims.

Authority of Reorganized Debtors. By confirmation of the Plan, the Reorganized Debtors are authorized to carry out its duties under the Plan. In carrying out such duties, the Reorganized Debtors shall comply with all applicable laws.

Rights, Duties and Obligations of Reorganized Debtors. On the Effective Date, the Reorganized Debtors alone shall have the following rights, duties and obligations, inter alia:

- a. to use, sell or lease any or all of the property of the Estate;
- b. to distribute funds to holders of Allowed Claims and Interests consistent with the terms of this Plan;

- c. until December 31, 2017, to provide to PNC Bank, monthly financial information as required by the PNC Loan Documents;
- d. to file a final report and move to close the Debtors' Chapter 11 Cases;
- e. any other duties of a debtor consistent with the Bankruptcy Code, payment to holders of Claims and Interests, and to implement this Plan; and
- f. to file quarterly disbursement reports as required by the Office of the United States Trustee and pay such fees associated therewith.

Vesting of Assets. On the Effective Date, by virtue of the Confirmation of this Plan, the assets of the Estate shall vest in the Reorganized Debtors, free and clear of all liens, claims or encumbrances except as set forth in the Plan and no further order of Bankruptcy Court shall be required for the Reorganized Debtors to sell, convey, loan, or encumber any asset of the Estate.

F. Provisions Governing Distributions

Distributions of Cash. At the option of the Reorganized Debtors, any Cash payment to be made by the Reorganized Debtors pursuant to this Plan may be made by check drawn on a domestic bank or by wire transfer.

Delivery of Distributions and Undeliverable Distributions. Distributions to holders of Allowed Claims and Interests shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court unless superseded by the address as set forth on the Proofs of Claim filed by such Holders or other writing notifying the Debtors (or, after the Effective Date, the Reorganized Debtors) of a change of address. If any holder's distribution is returned as undeliverable, the holder of any such Claim or Interest shall not be entitled to any other or further distribution under this Plan on account of such Claim or Interest

unless the Debtors are notified of a new address within six (6) months of the Debtors' receipt of such returned distribution.

If such address is not provided within six (6) months of the date such undeliverable distribution was sent, the distribution shall be treated as Excess Cash and such distribution, as well as any future distributions shall not be payable to such holder and will be **FORFEITED** until notification of a valid address is received by the Reorganized Debtors and thereafter, future distributions to that holder may re-commence. **UPON CONFIRMATION OF THIS PLAN, ALL CREDITORS AGREE THAT THEY HAVE A DUTY TO KEEP THEIR ADDRESS FOR DISTRIBUTIONS CURRENT WITH THE REORGANIZED DEBTORS.**

Withholding and Reporting Requirements. In connection with this Plan and all documents executed in connection therewith and distributed thereon, the Reorganized Debtors shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authorities, and all distributions under this Plan shall be subject to any such withholding or reporting requirements.

Time Bar to Cash Payments. Checks issued by the Reorganized Debtors in respect of Allowed Claims or Interests shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Reorganized Debtors by the holder of the Allowed Claim or Interest to whom such check originally was issued. On the last distribution date, all distributions for which checks were not requested to be reissued shall be used to satisfy the costs of administering and fully consummating this Plan and the holder of any such Claim or Interest shall not be entitled to any other or further distribution under this Plan on account of such Claim or Interest.

Setoffs. The Reorganized Debtors may, in accordance with § 553 of the Bankruptcy Code and applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to this Plan, on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and causes of action of any nature that the Debtors or the Reorganized Debtors may hold against the holder of such Allowed Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, the Debtors-in-Possession, or the Reorganized Debtors of any such claims, rights and causes of action that the Debtors, the Debtors-in-Possession, or the Reorganized Debtors may possess against such holder; and provided further, however, that any claims of the Debtors arising before the Petition Date shall first be setoff against Claims against the Debtors arising before the Petition Date.

Professional Persons with Administrative Expense Claims. Notwithstanding § 503(a) of the Bankruptcy Code, each Professional Person or firm retained with approval by order of the Bankruptcy Court requesting compensation in this Chapter 11 Case pursuant to §§ 330 or 503(b) of the Bankruptcy Code for any fees for services rendered or reimbursement of expenses incurred on or before the Effective Date, shall be required to file an application for the allowance of final payment of said fees and expenses on or before sixty (60) days after the Effective Date, and any such claim not filed by that date shall be forever barred and discharged. Objections to any such application shall be filed within twenty (20) days after the filing of the application. The provisions of this paragraph are not intended to limit or expand the ability of Professional Persons to receive compensation for services performed or reimbursement for expenses incurred post-Effective Date to facilitate the consummation of this Plan and the performance by the Reorganized Debtors of their duties under this Plan. The Reorganized Debtors may pay any fees

and expenses of Professional Persons incurred after the Effective Date without further order of the Bankruptcy Court.

Reorganized Debtors' Retention of Claims Against Other Entities. Except as otherwise expressly provided herein, pursuant to § 1123(b)(3) of the Bankruptcy Code from and after the Effective Date, the Reorganized Debtors shall be deemed the representative of the Estate with, and shall retain and have, all rights and authority to continue, pursue or settle, in its discretion and without further Bankruptcy Court Order or any additional approvals, notices, authorizations or consents, any and all Causes of Action, including any Avoidance Action or the Litigation. Unless a Cause of Action against any entity is expressly waived, relinquished, released, compromised or settled as provided or identified in the Plan or any Final Order, the Debtors and the Reorganized Debtors expressly reserve and retain all Causes of Action for continuation or later prosecution or adjudication and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such Causes of Action upon or after the Confirmation of the Plan. The Reorganized Debtors shall have sole and complete discretion over whether and how to bring, continue, pursue, release, settle, or otherwise handle or resolve any Causes of Action, including Avoidance Actions and the Litigation, of the Debtors against any other entity. From and after the Effective Date, the Reorganized Debtors may settle, withdraw or take any other action with respect to any Cause of Action, including any Avoidance Action or the Litigation, without approval of the Bankruptcy Court.

G. Executory Contracts and Unexpired Leases

Rejection. Except as otherwise expressly set forth in this Plan, all executory contracts and unexpired leases of the Debtors shall be deemed assumed by the Reorganized

Debtors on the Effective Date unless an application to reject the executory contract or unexpired lease has been made to the Bankruptcy Court prior to the Confirmation Hearing.

Claims Arising From Rejection. Any Claim arising from the rejection of an unexpired lease or executory contract shall be filed with the Bankruptcy Court no later than thirty (30) days after the entry of a Final Order approving such rejection. If not timely filed, such Claim shall be forever barred. Any Allowed Claim arising from the rejection of an executory contract or an unexpired lease shall be deemed a Class 3 Claim.

H. Procedures for Resolving and Treating Disputed Claims and Interests

No Distribution Pending Allowance. Notwithstanding any other provision of the plan, the Reorganized Debtors are not required to distribute Cash or other property under the Plan on account of any Disputed Claim or Interest, unless and until such Claim or Interest becomes an Allowed Claim or Interest. Any non-disputed portions of such Claims or Interests shall be paid in accordance with the Plan.

Resolution of Disputed Claims. After the Confirmation Date, unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Reorganized Debtors shall have the right to make and file objections to Claims or Interests and shall serve a copy of each objection upon the holder of the Claim or Interest to which the objection is made as soon as practicable, but in no event later than one hundred twenty (180) days after the Confirmation Date. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Reorganized Debtors elects to withdraw any such objection or the Reorganized Debtors and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim or Interest subject to approval of the Bankruptcy Court.

Estimation. The Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any Disputed Claim or Interest pursuant to § 502(c) of the Bankruptcy Code regardless of whether the Reorganized Debtors have previously objected to such Claim or Interest, and the Bankruptcy Court will retain jurisdiction to estimate any Claim or Interest at any time, including during litigation concerning any objection to such Claim or Interest. In the event that the Bankruptcy Court estimates any Disputed Claim or Interest, that estimated amount may constitute either the Allowed amount of such Claim or Interest or a maximum limitation on such Claim or Interest, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claims or Interests, the Reorganized Debtors may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim or Interest. All of the aforementioned Claims or Interests objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims or Interests which have been estimated subsequently may be compromised, settled, withdrawn or otherwise resolved subject to approval by the Bankruptcy Court.

Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim becomes an Allowed Claim, the Reorganized Debtors shall, on the last Business Day of the first month following the month in which the Claim becomes an Allowed Claim, distribute to the holder of such Allowed Claim the amount of Cash that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date.

I. Effective Date of the Plan

Conditions Precedent to the Effective Date. The following are conditions precedent to the Effective Date of the Plan:

a. The Bankruptcy Court shall have entered an order confirming the Plan in form and substance satisfactory to the Debtors;

b. All documents, instruments and agreements, in form and substance satisfactory to the Debtors, provided for under or necessary to implement the Plan shall have been executed and delivered by the parties thereto, unless such execution or delivery has been waived by the parties benefited thereby.

Within fourteen (14) days after the occurrence of the Effective Date, the Reorganized Debtors shall file a pleading entitled “Certification of Occurrence of Effective Date” with the Court in which they shall state the date upon which the Effective Date occurred.

J. Effect of Confirmation

Release of Assets. Until the Effective Date, the Bankruptcy Court shall retain jurisdiction of the Debtors and the Estate Assets. Thereafter, jurisdiction of the Bankruptcy Court shall be limited to the subject matters set forth in Article XII of the Plan, and the Reorganized Debtors shall perform their affairs as provided in the Plan.

Binding Effect. Except as otherwise provided in § 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of this Plan shall bind any holder of a Claim against, or Interest in, the Debtors and their respective successors and assigns, whether or not the Claim or Interest of such holder is impaired under this Plan and whether or not such holder has accepted this Plan.

Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to § 105 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until

all obligations of the Reorganized Debtors under this Plan have been performed and the Chapter 11 Case has been closed.

Discharge. Except as otherwise provided in this Plan or the Confirmation Order, effective on the Effective Date, this Plan shall discharge and terminate all liability for any debt of or Claim against the Debtors that arose before the Effective Date, and any debt or claim of a kind specified in §§ 502(g), 502(h), or 502(I) of the Bankruptcy Code, whether or not:

(a) a Proof of Claim based on such debt or Claim was filed, or deemed filed, under § 501 of the Bankruptcy Code;

(b) such Claims are Allowed or Disallowed under § 502 of the Bankruptcy Code;

(c) such Claim was properly scheduled, if such claim holder had notice of this Chapter 11 Case before the Effective Date; or

(d) the holder of such Claim has accepted or rejected this Plan.

Release and Injunction. On the Effective Date, the Debtors, in their respective individual capacity and as Debtors-in-Possession, for and on behalf of the Estate, the Reorganized Debtors and each holder of a Claim against and Interest in the Debtors hereby release and discharge, absolutely, unconditionally, irrevocably and forever: (a) any and all Causes of Action against any current or former Representative, in their capacity as such, from any Claim or Cause of Action (i) arising from the beginning of time through the Confirmation Date related to acts or omissions to act (including, but not limited to, any Claims or Causes of Action arising out of any alleged fiduciary or other duty), or (ii) which might at any time after the Confirmation Date arise out of or relate, directly or indirectly, to any pre-Confirmation Date acts or omissions; (b) any and all Causes of Action against

any current or former Representative arising from or related to such Representative's acts or omissions to act in the Chapter 11 Case; and (c) to the extent not covered by (a) or (b), above, in consideration for certain concessions and compromises for the benefit of the Debtors and the Estate, as well as the treatment for claims agreed to hereunder, any all Causes of Action against Halevy, First Power Group LLC and UQU General LLC (collectively, together with the Representatives, the "Released Parties"), except that the Released Parties shall not be released from any liability relating to acts or omissions to act of gross negligence or willful misconduct. To the fullest extent permitted by applicable law, each holder of a Claim (whether or not Allowed) against or Interest in the Debtors, the Estate or the Reorganized Debtors shall be enjoined from commencing or continuing any action, employment of process or act to collect, offset or recover and shall be deemed to release any Claim against (i) any current or former officer, director, member or agent of the Debtors arising from the beginning of time through the Confirmation Date or which might at any time after the Confirmation Date arise out of or relate, directly or indirectly, to any pre-Confirmation Date acts or omissions related to his or her acts or omissions to act (including, but not limited to, any claims arising out of any alleged fiduciary or other duty), (ii) any current or former Representative arising from or related to such Representative's acts or omissions to act in the Chapter 11 Case; and/or (iii) Halevy, First Power Group LLC and UQU General LLC.

K. Litigation and Avoidance Actions

There is no litigation pending in other tribunals that has been stayed by these Chapter 11 Cases.

Upon confirmation of the Plan, the Debtors shall retain the sole and exclusive right and power to bring actions and assert rights under §§ 505, 506, 541, 542, 543, 544, 547, 548, 549, 550 and 553 of the Bankruptcy Code, as well as any other rights and powers conferred upon a Debtors-in-possession by the Bankruptcy Code. Because the Plan provides for the payment in full of all allowed Claims, the Debtors shall not bring any such action unless there is a default under the Plan that occurs on or before October 1, 2015.

L. Retention of Jurisdiction

Jurisdiction of Bankruptcy Court. The Bankruptcy Court shall, for a period of two years after the Effective Date, retain exclusive jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, §§ 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- a. To hear and determine any motions for the assumption or rejection of executory contracts or unexpired leases, and the allowance of any rejection Claims resulting therefrom;
- b. To determine any and all pending adversary proceedings, applications, and contested matters;
- c. To hear and determine any objection to any Claims or Interests;
- d. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- e. To issue such orders in aid of execution of the Plan to the extent authorized by § 1142 of the Bankruptcy Code;

f. To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

g. To hear and determine all applications for compensation and reimbursement of expenses of Professional Persons under §§ 330, 331, and 503(b) of the Bankruptcy Code;

h. To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court;

i. To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated thereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;

j. To take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan, including any release or injunction provisions set forth therein, or to maintain the integrity of the Plan following consummation;

k. To recover all assets of the Debtors and property of the Estate, wherever located;

l. To hear and determine matters concerning state, local, and federal taxes in accordance with §§ 346, 505, and 1146 of the Bankruptcy Code (including any requests for expedited determinations under § 505(b) of the Bankruptcy Code filed, or to be filed, with

respect to tax returns for any and all taxable periods ending after the Petition Date through, and including, the last distribution date);

m. To hear and determine any other matter related to the Plan and not inconsistent with the provisions of the Bankruptcy Code, Title 28 of the United States Code and other applicable law

n. To enter a final decree closing the Chapter 11 Case; and

o. To determine such other matters and for such other purposes as may be provided in the Confirmation Order.

M. Acceptance or Rejection of the Plan

Voting of Claims. Each holder of an Allowed Claim or Interest in an impaired Class of Claims or Interests shall be entitled to vote to accept or reject the Plan.

Acceptance by a Class of Creditors. Consistent with § 1126(c) of the Bankruptcy Code and except as provided for in § 1126(e) of the Bankruptcy Code, a Class of Creditors shall have accepted the Plan if it is **accepted** by at least two-thirds in dollar amount and more than one-half in number of the holders of Allowed Claims or Interests of such Class that have timely and properly voted to accept or reject the Plan.

Cram Down. The Debtors may utilize the provisions of § 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan over the rejection, if any, of any Class entitled to vote to accept or reject the Plan. See Section IX of this Disclosure Statement for additional information concerning Cram Down.

N. **Miscellaneous Provisions**

Effectuating Documents and Further Transactions. The Reorganized Debtors shall be authorized to execute, deliver, file, or record such contracts, instruments, releases and other agreements or documents and take such actions on behalf of the Reorganized Debtors as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Withdrawal or Revocation. The Debtors may withdraw or revoke the Plan at any time prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained therein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceeding involving the Debtors.

Reports and Payment of Statutory Fees. Until such time as the cases is closed, dismissed or converted, the Reorganized Debtors shall continue to report its disbursements each calendar quarter to the United States Trustee and shall timely pay all fees due under 28 U.S.C. 1930(a)(6).

Default. If the Reorganized Debtors substantially default on any payment of a tax or obligation due to any governmental unit under this Plan, then after written notice of such default and the failure of the Reorganized Debtors to cure such default, within thirty (30) days the entire tax debt still owed to such any governmental unit shall become due and payable immediately, and any such governmental unit may proceed with any remedies otherwise available to it under Federal and state law, including, but not limited to, the administrative collection provisions of the Internal Revenue Code and state tax collection procedures.

Modification of Plan. The Debtors reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order.

Exculpation. None of the Debtors, the Reorganized Debtors, or any of their respective current or former shareholders, officers, directors, employees, members or Representatives shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of this Plan, the consummation of this Plan or the administration of this Plan or the property to be distributed under this Plan, except for willful misconduct or gross negligence, and, in all respects, the Debtors, the Reorganized Debtors and each of their respective members, officers, directors, employees, advisors, professionals and agents shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

Notices. Any notices to or requests of the Reorganized Debtor by parties in interest under or in connection with the Plan shall be in writing and served either by (i) certified mail, return receipt requested, postage prepaid, (ii) hand delivery, or (iii) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

The Reorganized Debtors:

Automated Business Power, Inc.
Automated Business Power Holding Co.
7611-J Rickenbacker Drive
Gaithersburg, MD 20879
Attention: Daniel Akman

With a copy to:
Nelson C. Cohen, Esquire
Zuckerman Spaeder LLP
1800 M Street, N.W.
Suite 1000
Washington, D.C. 20036

The U.S. Trustee:
Office of the U.S. Trustee
6305 Ivy Lane
Suite 600
Greenbelt, MD 20770

VI. TAX CONSEQUENCES

Each creditor or interest holder should consult their own tax advisor to determine the treatment afforded their respective claims or interests by the plan under federal tax law, the tax law of the various states and local jurisdictions of the United States and the laws of foreign jurisdictions.

No statement in this disclosure statement should be construed as legal or tax advice. The Debtors and their counsel do not assume any responsibility or liability for the tax consequences a creditor or equity security holder may incur as a result of the treatment afforded their claim or interest under the plan.

VII. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The plan must be approved by the Bankruptcy Court after a confirmation hearing.

Elements of Confirmation

In order for the Plan to be confirmed, the Bankruptcy Code requires that the Bankruptcy Court determine that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures concerning the Plan have been adequate and have included information concerning all payments made or promised in connection with the Plan and this Chapter 11 case. The Bankruptcy Code also requires that: (1) the Plan be accepted by the requisite votes of Creditors except to the extent that confirmation despite dissent is available under section 1129 (b) of the Bankruptcy Code; (2) the Plan is feasible (that is, there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan without needing further financial reorganization not contemplated by the Plan);(3) the Plan is in the best interest of all creditors (that is, Creditors will receive at least as much under the Plan as they would receive in a hypothetical liquidation case under chapter 7 of the Bankruptcy Code). To confirm the Plan, the Bankruptcy Court must find that all of the above conditions are met, unless the applicable provisions of section 1129(b) of the Bankruptcy Code are employed to confirm the Plan, subject to satisfying certain conditions, over the dissent or deemed rejections of Classes of Claims.

Voting on the Plan and Acceptance

In order for the Plan to be accepted under the Bankruptcy Code (as opposed as opposed to being confirmed, as discussed, *infra*), the Plan has to be accepted by each Class of Creditors and Interest holders whose rights are impaired under the Plan. Each Class of Claims will be deemed to have accepted the Plan if it is accepted by Creditors holding at least two thirds in amount and more than one-half in number of the Allowed Claims or Interests of such Class of Claims or Interests that actually vote without including votes of insiders of the Debtors. Each

creditor who wishes to exercise the right to vote must do so by executing a ballot and returning the same to counsel for the Debtors, Zuckerman Spaeder LLP, 1800 M Street N.W., Suite 1000, Washington, D.C. 20036, Attention: Nelson C. Cohen, within the time period prescribed by the Bankruptcy Court. An official ballot accompanies this Disclosure Statement.

Best Interest of Creditors

In order for the Court to confirm the Plan, it must make a finding that the Plan is in the best interest of all Creditors impaired by the Plan who have not accepted the Plan. The “best interests” test requires that the Bankruptcy Court find either that all members of an impaired Class of Claims have accepted the Plan or that the Plan will provide each such member a recovery that has a value at least equal to the value of the distribution that each such member would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The Plan provides for the payment in full of all Allowed Secured Claims and all Unsecured Claims. It is unlikely that Creditors would receive payment in full in Chapter 7 liquidation of the Debtors. Therefore, the Debtors assert that liquidation under Chapter 7 of the Code would not be in the best interests of Creditors as it would diminish the value of distributions from property of the Debtors’ estate.

The “liquidation value” would consist primarily of the collection of the Debtors’ accounts receivable by a chapter 7 trustee or the sale of the Debtors’ accounts receivable at a significant discount. In either instance, the Debtors believe that if ABP’s operations cease and these cases are converted to cases under Chapter 7 of the Bankruptcy Code, it would be significantly more difficult to collect ABP’s accounts receivable once ABP’s customers learn of the liquidation.

The liquidation value would also include the net proceeds of the sale of ABP's very specialized manufacturing equipment. The Debtors do not believe that there is significant demand for the manufacturing equipment and therefore do not expect the sale proceeds to be significant.

Any liquidation value available to unsecured creditors would be further reduced by the costs of liquidation in a chapter 7 bankruptcy, adding another layer of expense that must be satisfied before payments to unsecured creditors are made. These expenses included commission and expenses of the chapter 7 trustee, administrative expense and unpaid expenses incurred in this Chapter 11 case. The Debtor's liquidation analysis is attached hereto as Exhibit 3.

For the reasons stated above, the Debtors believe that the Plan is in the best interest of creditors because it provides creditors with payment in full of their Allowed Claims, an amount greater than if the Debtors liquidated and the proceeds were used to pay Creditors.

VIII. FEASIBILITY

In connection with confirmation of the Plan, the Bankruptcy Court must determine that confirmation of the Plan is not likely to be following by the liquidation or the need for further financial reorganization of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan provides for reorganization of the Debtors' estates, the continued operation of the Debtors' business, and the distribution of cash flow from the Debtors' operations to creditors pursuant to the Plan and the Bankruptcy Code. See Exhibit 4 of this Disclosure Statement which contains Projections for Income and Distributions.

IX. CRAMDOW

Under § 1129(b) of the Bankruptcy Code, if one or more classes of impaired claims do not accept the Plan, then the Bankruptcy Court may confirm the Plan only if the Bankruptcy

Court finds that the Plan was accepted by at least one non-insider impaired class of claims and does not discriminate unfairly against, and is fair and equitable as to, all non-accepting impaired classes. This is referred to as a “cramdown.” The fair and equitable test requires the Bankruptcy Court to find that, with respect to classes of secured claims, the holders of the secured claims retain their liens, that each holder of such a claim receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the Plan, of at least the value of such holder’s interest in the estate’s interest in such property, and that each holder of such a claim realize the indubitable equivalent of such claim; and, with respect to classes of unsecured claims, unless all members of a non-accepting, impaired class receive payment in full of their allowed claims, no class that is junior in priority to the nonaccepting impaired class shall receive anything under the Plan. The third criterion is that all requirements of § 1129(a) of the Bankruptcy Code be met other than § 1129(a)(8) of the Bankruptcy Code. IF ANY CLASS REJECTS THE PLAN, THE DEBTORS WILL SEEK TO CONFIRM THE PLAN PURSUANT TO THE CRAMDOW METHOD PROVIDED BY SECTION 1129(b). THE TREATMENT AFFORDED CREDITORS IN EACH CLASS IN THE EVENT OF A “CRAMDOW” WILL BE AS INDICATED HEREIN. Any effort by the Debtors to confirm the Plan pursuant to the cramdown method will likely involve complex litigation which, regardless of the outcome, may impose substantial administrative expenses on the property of the estate.

X. ESTIMATED VALUE OF ESTATE ASSETS

The shares of ABP Holding Co. are held by the Automated Business Power Holding Company Employee Stock Ownership Plan (the “ESOP Plan”). The ESOP Plan is subject to annual reporting requirements imposed by the Internal Revenue Code, including a

requirement of an annual asset valuation. Evolve Bank, as trustee of the ESOP Plan, employs Stout Risius Ross, an independent firm, to value the ESOP Plan assets. As of December 31, 2012, SRR valued the ESOP Plan assets at \$11 Million above the amount of the debt owed to PNC Bank and Halevy. The December 31, 2012 valuation took into account the decline in the Debtors' financial performance in 2013 due to the spending cuts experienced by federal agencies as a result of the sequestration. The Debtors believe that as of the date of this Disclosure Statement, the ESOP Plan Assets are worth no less than the value estimated by Stout Risius Ross as of December 31, 2012. The Court has recently approved the employment of Stout Risius Ross to value the assets as of December 31, 2013. The Debtors will supplement the Disclosure Statement if a new valuation of the ESOP Plan assets becomes available.

XI. VOTING ON THE PLAN, APPROVAL OF THE DISCLOSURE STATEMENT AND CONFIRMATION

The Bankruptcy Court conditionally approved the Disclosure Statement for dissemination to creditors and interest holders in the Disclosure Statement Order dated September 25, 2014, along with the Plan and a ballot to vote to accept or reject the Plan. As set forth in the Disclosure Statement Order, the hearing on confirmation of the Plan (the "Confirmation Hearing") has been scheduled for December 17, 2014 at 10:00 a.m. Prevailing Eastern Time, before the Honorable Wendelin Lipp, United States Bankruptcy Judge, United States Bankruptcy Court, U.S. Courthouse at 6500 Cherrywood Lane, Greenbelt, Maryland 20770. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court, without further notice except for an announcement of the adjourned date made at the Confirmation Hearing.

Any Objection to confirmation must be made in writing and specify in detail the name and address of the objector, and the grounds and legal basis for the Objection. Any such

Objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and the following parties on or before November 4, 2014: (i) Counsel for the Debtors, Zuckerman Spaeder LLP, 1800 M Street. NW, Washington, DC 20036, Attn.: Nelson C. Cohen; and (ii) The Office of the United States Trustee, 6305 Ivy Lane, Suite 600, Greenbelt, MD 20770. Objections are governed by Bankruptcy Rule 9014.

Creditors are not required to attend the hearing on confirmation unless they have evidence or argument to present to the Bankruptcy Court concerning the matters to be addressed at the hearing on confirmation.

At the Confirmation Hearing, the Court will consider confirmation of the Plan. Pursuant to § 1126(a) of the Bankruptcy Code, any holder of an Allowed Claim or an Allowed Interest may accept or reject the Plan. The Bankruptcy Code defines acceptance of a plan by an Impaired class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of Allowed claims of that class that actually vote. Acceptance of the Plan need only be solicited from holders of Claims whose Claims belong to a Class that is “Impaired” and not deemed to have rejected the Plan. Except in the context of a “cram down” (described above), as a condition to confirmation of the Plan, the Bankruptcy Code requires that, with certain exceptions, each Impaired Class accepts the Plan. If the specified majorities are not obtained, the Debtors has the right, assuming that at least one Impaired Class has accepted the Plan, to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code. This procedure is commonly referred to as a “cram down.” No Class of Claims which is unimpaired by the Plan need submit a ballot for voting. The definition of Impairment is provided by §1124 of the Bankruptcy Code.

XII. RISK FACTORS.

The Debtors may withdraw or revoke the Plan at any time prior to the Confirmation Date but may not modify the Plan so that the Plan, as modified, fails to meet the requirements of §§ 1122 and 1123. If the Debtors revokes or withdraws the Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

After the entry of the Confirmation Order, the Reorganized Debtors may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with §1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A holder of an Allowed Claim or Interest that is deemed to have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Interest of such holder.

CONCLUSION AND RECOMMENDATION

Please read this Disclosure Statement and the Plan carefully and vote by using the ballot(s) included with this Disclosure Statement. The Debtors urge you to vote to ACCEPT the Plan and to evidence such acceptance by immediately returning their properly completed ballots

to the Debtors' counsel as set forth on the ballots within the time stated in the notice served with this Disclosure Statement.

Dated: October 2, 2014

Respectfully submitted,

/s/ Nelson C. Cohen

Nelson C. Cohen (MD Bar # 08994)

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