

UNITED STATES BANKRUPTCY COURT

DISTRICT OF COLORADO

In Re:)	In Proceedings Under Chapter 11
)	
BRIGHTLEAF TECHNOLOGIES, INC.,)	Case No. 16-10121-EEB
)	
Debtor.)	
)	

**REVISED DISCLOSURE STATEMENT FOR DEBTOR'S
FIRST AMENDED PLAN OF REORGANIZATION**

THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BY ANY SECURITIES.

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Attorneys for the Debtor and Debtor in Possession

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BrightLeaf Technologies, Inc. (the “Debtor”) submits this Revised Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to Holders of Claims in connection with the solicitation of acceptances of the Debtor’s First Amended Plan of Reorganization, dated October 14, 2016 (the “Plan”). A copy of the First Amended Plan is attached hereto as Exhibit A.

INTRODUCTORY DISCLOSURES

THIS DISCLOSURE STATEMENT (THE “DISCLOSURE STATEMENT”) IN SUPPORT OF THE PLAN, FILED BY THE DEBTOR, SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, INCLUDING PROVISIONS RELATING TO THE PLAN’S TREATMENT OF CLAIMS AGAINST THE DEBTOR. THE DISCLOSURE STATEMENT ALSO SUMMARIZES CERTAIN FINANCIAL INFORMATION CONCERNING THE DEBTOR AND THE CLAIMS ASSERTED AGAINST THE DEBTOR IN THE BANKRUPTCY CASE. WHILE THE DEBTOR BELIEVES THAT THE DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITH RESPECT TO THE INFORMATION SUMMARIZED, CREDITORS SHOULD REVIEW THE ENTIRE PLAN AND EACH OF THE DOCUMENTS REFERENCED HEREIN AND SHOULD SEEK THE ADVICE OF THEIR OWN COUNSEL BEFORE CASTING THEIR BALLOTS.

EXCEPT FOR THE INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS, NO REPRESENTATIONS CONCERNING THE DEBTOR, THE DEBTOR’S ASSETS AND LIABILITIES, THE PAST OR FUTURE OPERATION OF THE DEBTOR, THE PLAN, OR ALTERNATIVES TO THE PLAN ARE AUTHORIZED, NOR ARE ANY SUCH REPRESENTATIONS TO BE RELIED UPON IN ARRIVING AT A DECISION WITH RESPECT TO THE PLAN. ANY REPRESENTATIONS MADE TO SECURE ACCEPTANCE OR REJECTION OF THE PLAN, OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND ITS EXHIBITS, ARE UNAUTHORIZED AND SHOULD BE REPORTED TO THE DEBTOR.

THE APPROVAL OF THE DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE PLAN OR A GUARANTY OF THE ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT, EXPRESS OR IMPLIED, IS INTENDED TO GIVE RISE TO ANY COMMITMENT OR OBLIGATION OF THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED AS CONFERRING UPON ANY PERSON ANY RIGHTS, BENEFITS OR REMEDIES OF ANY NATURE WHATSOEVER. THE DISCLOSURE STATEMENT IS INFORMATIONAL ONLY. ADDITIONALLY, CREDITORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH CREDITOR SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY MATTER CONCERNING THE PLAN, INCLUDING THE TREATMENT OF CLAIMS UNDER THE PLAN, THE RELEASES PROVIDED BY AND PROPOSED UNDER THE PLAN, THE TRANSACTIONS AND INJUNCTIONS PROVIDED UNDER THE PLAN, AND THE VOTING PROCEDURES AND ELECTIONS APPLICABLE TO THE PLAN.

ARTICLE 1
IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT

This Disclosure Statement provides information regarding the chapter 11 plan of reorganization that the Debtor is seeking to have confirmed by the Bankruptcy Court. The Debtor believes that the Plan is in the best interests of all Creditors. The Debtor urges all Holders of Claims entitled to vote on the Plan to vote in favor of the Plan.

All capitalized terms used but not defined herein shall have the meanings provided to them in the Plan. The summary of the Plan provided herein is qualified in its entirety by reference to the Plan. In the case of any inconsistency between the summary herein and the Plan, the Plan shall govern. Unless the context requires otherwise, the words “we,” “our,” and “us” refer to the Debtor.

The Confirmation of the Plan and effectiveness of the Plan are subject to certain material conditions precedent described herein. There is no assurance that the Plan will be confirmed, or if confirmed, that the conditions required to be satisfied will be satisfied or waived.

You are encouraged to read this Disclosure Statement in its entirety, including without limitation, the Plan, which is annexed as Exhibit A hereto, and the section entitled “Risk Factors” before submitting your Ballot to vote on the Plan.

The Bankruptcy Court’s approval of this Disclosure Statement does not constitute a guarantee of the accuracy or completeness of the information contained herein or an endorsement of the merits of the Plan by the Bankruptcy Court.

Summaries of the Plan and statements made in this Disclosure Statement are qualified in their entirety by reference to the Plan, the exhibits and Schedules attached to the Plan and this Disclosure Statement and the Plan Supplement. The statements contained in this Disclosure Statement are made only as of the date of this Disclosure Statement, and there is no assurance that the statements contained herein will be correct at any time after such date. Except as otherwise provided in the Plan or in accordance with applicable law, the Debtor is under no duty to update or supplement this Disclosure Statement.

The information contained in this Disclosure Statement is included for purposes of soliciting acceptances to, and confirmation of, the Plan and may not be relied on for any other purpose. The Debtor believes that the summary of certain provisions of the Plan and certain other documents and financial information contained or referenced in this Disclosure Statement is fair and accurate. The summaries of the financial information and the documents annexed to this Disclosure Statement, including, but not limited to, the Plan, or otherwise incorporated herein by reference, are qualified in their entirety by reference to those documents.

No representations concerning the Debtor or the value of the Debtor’s property have been authorized by the Debtor other than as set forth in this Disclosure Statement. Any information, representations or inducements made to obtain acceptance of the Plan, which are other than or inconsistent with the information contained in this Disclosure Statement and in the Plan, should not be relied on by any Claim Holder entitled to vote on the Plan.

This Disclosure Statement has not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”) or any similar federal, state, local or foreign regulatory agency, nor has the SEC or any other such agency passed upon the accuracy or adequacy of the statements contained in this Disclosure Statement.

The Debtor has sought to ensure the accuracy of the financial information provided in this Disclosure Statement, but the financial information contained in, or incorporated by reference into, this Disclosure Statement has not been and will not be audited or reviewed by the Debtor’s independent auditors unless explicitly stated otherwise herein.

The Debtor makes statements in this Disclosure Statement that are considered forward-looking statements under the federal securities laws. The Debtor considers all statements regarding anticipated or future matters, including the following, to be forward-looking statements: any future effects as a result of the pendency of the Chapter 11 Cases; the Debtor’s expected future financial position, liquidity, results of operations, profitability and cash flows; projected dividends; financing plans; competitive position; business strategy; budgets; projected cost reductions; projected and estimated liability costs; results of litigation; disruption of operations; plans and objectives of management for future operations; contractual obligations; growth opportunities for existing services; projected price increases; and projected general market conditions.

Statements concerning these and other matters are not guarantees of the Debtor’s future performance. Such statements represent the Debtor’s estimates and assumptions only as of the date such statements were made. There are risks, uncertainties and other important factors that could cause the Debtor’s actual performance or achievements to be materially different from those they may project and the Debtor undertakes no obligation to update any such statement. These risks, uncertainties and factors include: the Debtor’s ability to develop, confirm and consummate the Plan; the Debtor’s ability to reduce its overall financial leverage; the potential adverse impact of the Chapter 11 Cases on the Debtor’s operations, management and employees, and the risks associated with operating businesses in the Chapter 11 Cases; customer response to the Chapter 11 Cases; general economic, business and market conditions; exposure to litigation; dependence upon key personnel; financial conditions of the Debtor’s customers; limited access to capital resources; changes in laws and regulations; and inability to implement business plan.

ARTICLE 2

GENERAL INFORMATION ABOUT CHAPTER 11

A. What is Chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. In addition to permitting debtor rehabilitation, chapter 11 of the Bankruptcy Code promotes equality of treatment for similarly situated creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the bankruptcy commencement date. The Bankruptcy

Code provides that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession.”

Consummating a plan is the principal objective of a chapter 11 case. A bankruptcy court’s confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court, in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor’s debt in accordance with the terms of the confirmed plan.

B. Why Did I Receive This Disclosure Statement?

The Debtor is seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtor to prepare a Disclosure Statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan. This Disclosure Statement is being submitted in accordance with such requirements.

C. Am I Entitled to Vote On the Plan?

Your ability to vote and your distribution under the Plan, if any, depend on what kind of Claim or Interest you hold. A summary of the Classes of Claims and Interests (each, a category of Holders of Claims or Interests and their respective voting statuses) is set forth in Article 6 of this Disclosure Statement and Article 3 of the Plan pursuant to section 1122(a).

You should refer to this entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims against and Interests in each of the Debtor.

D. What are the Contents of the Solicitation Packages?

All parties in interest will receive: (i) a copy of the Disclosure Statement and all related exhibits, including the Plan; (ii) the Order Approving the Disclosure Statement; (iii) the notice of the Confirmation Hearing; and (iv) an appropriate Ballot.

The notices sent to parties in interest will indicate that this Disclosure Statement, the Plan and all of the exhibits thereto are available upon written request to Craig Schuenemann, Bryan Cave LLP, 1700 Lincoln Street, Suite 4100, Denver, Colorado 80203, craig.schuenemann@bryancave.com.

E. What is the Deadline to Vote on the Plan?

The Deadline to submit Ballots accepting or rejecting the Plan is _____, 2016.

F. How Do I Cast My Ballot on the Plan?

This Disclosure Statement, accompanied by a Ballot to be used for voting on the Plan, is being distributed to the Holders of Claims entitled to vote on the Plan. If you are a Holder of

Claim that is entitled to vote, you may vote for or against the Plan by completing the Ballot and returning it in the envelope provided to the Balloting Agent as follows:

Craig Schuenemann
Bryan Cave LLP
1700 Lincoln Street
Suite 4100
Denver, Colorado 80203-4541
craig.schuenemannn@bryancave.com
Facsimile: (303) 335-3778

Any Ballot that is properly executed by the Holder of a Claim, but which does not clearly indicate an acceptance or rejection of the Plan or which indicates both an acceptance and a rejection of the Plan, shall not be counted.

Each Holder of a Claim may cast only one Ballot per each Claim held. By signing and returning a Ballot, each Holder of a Claim will certify to the Bankruptcy Court and the Debtor that no other Ballots with respect to such Claim and/or Equity Interest have been cast or, if any other Ballots have been cast with respect to such Class of Claims, such earlier Ballots are thereby superseded and revoked.

G. Why is the Bankruptcy Court Holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on Confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Plan.

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under the plan of reorganization, any person acquiring property under the plan of reorganization, any creditor or equity interest holder of a debtor and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of the plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

H. When is the Confirmation Hearing?

The Bankruptcy Court will hold the Confirmation hearing at _____ on _____, 2016.

I. What is the Impact of the Plan on the Debtor' Business?

The Debtor is reorganizing pursuant to chapter 11 of the Bankruptcy Code. As a result, Confirmation of the Plan means that the Debtor will not be forced to go out of business. The Debtor will remain in business going forward using cash that it receives from its acquired interest in Carpe Solar, LP to service its ongoing obligations.

ARTICLE 3
THE DEBTOR'S CORPORATE HISTORY,
STRUCTURE AND BUSINESS OVERVIEW

A. Corporate History

The Debtor is a Delaware Corporation and is headquartered in Montrose, Colorado. The Debtor owns and operates a solar panel production facility. The Debtor began operation in April, 2008, under a predecessor entity, Aquasoladyne Partners, L.P. The Debtor was created with the goal of cost effectively harvesting solar energy for the benefit of its customers. Debtor sought to accomplish this goal through solar panel innovation that outpaced other competitors in the solar panel industry.

B. Business Overview

The Debtor, through extensive engineering and innovation, has created a product with the ability to achieve unmatched 70% energy efficiency in the capture of solar energy. Debtor's solar panels represent a leap forward in solar capture technology and are unmatched in the industry. Debtor controls the patents and proprietary production knowledge necessary to sell, manufacture and install its panels.

Development of Debtor's solar capture technology was both costly and time consuming. Unfortunately, Debtor had exhausted substantially all of its working capital by the time its technology had matured to the point of large scale production. Debtor now sits on the verge of mass market interest but is without the resources to produce its product at a scale that would yield large scale returns to its current creditors and equity holders.

C. The Solar Industry

The solar energy industry is in its infancy but expanding quickly. In the first quarter of 2016, 1,665 megawatts (MW) of solar PV were installed in the United States with the solar industry adding more new capacity during this period than coal, natural gas and nuclear combined. According to GTM Research and the Solar Energy Industries Association's (SEIA) U.S. Solar Market Insight, Q2 2016, the 1,665 MW accounted for 64 percent of all new electric generating capacity brought on-line in the first quarter of the year. This trend will continue and may be hastened by a rise in the price of traditional energy sources such as oil and coal. Additionally, international demand for solar energy outpaces its growth and potential in the United States.

D. Debtor's Prepetition Debt Structure

As of the Petition Date, the Debtor's total consolidated debt was approximately \$11,800,000.00. The Debtor's secured obligations totaled approximately \$1,059,121.00 and were with two parties, the State of Colorado on a note issued by the Governor's Energy Office and an entity known as ROM Financial, Inc. The remaining \$10,236,503.00 in debt was owed to a series of unsecured creditors. Those unsecured claims arose in multiple forms including back wages, unpaid vendor receipts, and promissory notes to individuals and businesses that loaned the Debtor funds to pursue technology development.

ARTICLE 4 EVENTS LEADING TO CHAPTER 11 FILINGS

A number of factors contributed to the Debtor's decision to commence the Chapter 11 Case. Although the Debtor had achieved substantial success in its engineering efforts, it lacked the resources to pursue large scale production and marketing of that technology. Additionally, the cost of credit it had obtained through a series of relatively small notes and credit arrangements outpaced its ability to service that credit while simultaneously increasing production to a scale that would be economically efficient. Debtor was also hampered by warranty claims from beta site solar projects that it had placed into operation before its technology was mature. Finally, low oil prices decreased demand for solar technology at a time when Debtor could not normalize the impact on demand.

ARTICLE 5 THE CHAPTER 11 CASE TO DATE

On January 7, 2016, the Debtor filed its voluntary petition in the United States Bankruptcy Court for the District of Colorado seeking relief under the provisions of chapter 11 of the Bankruptcy Code to effectuate a restructuring of the Debtor's obligations.

The Debtor continues to operate its business as a debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court.

A. Debtor-in-Possession Financing

On April 19, 2016, the Debtor filed a motion seeking approval of up to \$900,000.00 in debtor-in-possession financing (the "DIP Financing"). The DIP Financing removed the lien of Prepetition Secured Creditor ROM Financial, Inc. ("ROM") and substituted the DIP Lender Group into ROM's security position in all of Debtor's assets not otherwise pledged as security for the State of Colorado's lien. The DIP Financing was necessary for the Debtor to meet operating and administrative expense needs during the Bankruptcy Case.

B. Retention of Restructuring Professionals

To assist the Debtor in carrying out its duties as debtor-in-possession and to represent its interests in the Chapter 11 Cases, the Debtor sought Bankruptcy Court approval of the retention of Bryan Cave LLP.

C. Continued Operations

With the DIP Financing in place, Debtor continued to operate its business while it sought investors to move its technology to full production. Debtor's business structure has remained intact.

ARTICLE 6

DESCRIPTION OF THE PLAN

This section provides a summary of the structure and means for implementation of the Plan and the classification and treatment of Claims and Interests under the Plan and is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein).

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in the documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statement of such terms and provisions of the Plan or documents referred to therein.

The Plan itself and the documents therein control the actual treatment of Claims against and Interests in the Debtor under the Plan and will, upon the occurrence of the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtor, the Debtor's Estate, the Reorganized Debtor, all parties receiving property under the Plan, and other parties in interest. In the event of any conflict between this Disclosure Statement and the Plan or any other operative document, the terms of the Plan and/or such other operative document shall control.

A. Administrative Claims and Priority Claims

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims, and Other Priority Claims have not been classified and, thus, are excluded from the Classes of Claims and Interests set forth in Article II of the Plan.

1. General Administrative Claims

Except with respect to Administrative Claims that are Fee Claims and except to the extent that a Holder of an Allowed Administrative Claim and the applicable Debtor agrees to less favorable treatment to such Holder, each Holder of an Allowed Administrative Claim shall be paid in full in Cash on the later of: (i) on or as soon as reasonably practicable after the Effective Date, (ii) on or as soon as reasonably practicable after the date such Administrative Claim is Allowed, and (iii) the date such Allowed Administrative Claim becomes due and payable, or as soon thereafter as is practicable; provided, however, that Allowed Administrative Claims that arise in the ordinary course of the Debtor's business shall be paid in full in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be Filed with respect to an

Administrative Claim previously Allowed by Final Order, including, without limitation, all Claims pursuant to the DIP Order and all Claims Allowed under this Plan.

Debtor has paid any post-petition administrative fees incurred during the course of the bankruptcy from DIP Financing. Debtor estimates that it will have no outstanding non-fee administrative claims on the Effective Date.

2. Professional Compensation

(a) Fee Claims

Professionals or other entities asserting a Fee Claim for services rendered before the Confirmation Date must File and serve on the Debtor and such other Entities who are designated by the Bankruptcy Rules, or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than thirty (30) days after the Effective Date. Objections to any Fee Claim must be Filed and served on the Reorganized Debtor and the requesting party no later than twenty-four (24) days after the filing.

Debtor estimates that Fee Claims will total \$97,000 as of the Effective Date. The entire amount of Debtor's outstanding Fee Claims are owed to Debtor's counsel Bryan Cave LLP and Debtor's patent counsel, Bracewell, LLP.

(b) Post-Effective Date Fees and Expenses

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtor shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses incurred by the Reorganized Debtor. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtor may employ and pay any Professional for services rendered or expenses incurred after the Confirmation Date in the ordinary course of business without any further notice to any party or action, order, or approval of the Bankruptcy Court.

3. Administrative Claim Bar Date

Except as otherwise provided in this Article 2, requests for payment of Administrative Claims must be filed and served on the Reorganized Debtor no later than thirty (30) days after the Effective Date. Holders of Administrative Claims that are required to, but do not, file and serve a request for payment of such Administrative Claims by such date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtor or its property and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to such requests, if any, must be filed and served on the Reorganized Debtor and the requesting party no later than twenty-four (24) days after the filing.

4. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, on the Distribution Date, Cash in an amount equal to the amount of such Allowed Priority Tax Claim.

Debtor estimates that Priority Tax Claims will total \$15,186. The priority tax claims are the result of payroll taxes due on Priority payroll claims.

5. Other Priority Claims

Each Holder of an Allowed Other Priority Claim due and payable on or before the Effective Date shall receive, on the Distribution Date, one of the following treatments: 1) Cash in an amount equal to the amount of such Allowed Other Priority Claim or 2) such other treatment as may be agreed upon by such Holder and the Debtor or otherwise determined upon an order of the Bankruptcy Court.

Debtor estimates other Priority claims will total \$189,828.00. These claims stem from pre-petition wages owed employees under section 507(a)(4) and (a)(5).

6. Statutory Fees

On the Distribution Date, the Reorganized Debtor shall pay, in full in Cash, any fees due and owing to the U.S. Trustee at the time of Confirmation. On and after the Confirmation Date, the Reorganized Debtor shall pay the applicable U.S. Trustee fees until the entry of a final decree in the Debtor's Chapter 11 Case or until such Chapter 11 Case is converted or dismissed.

B. Classification and Treatment of Claims and Interests

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of Classes of Claims against and Interests in the Debtor. A Claim or Interest is placed in a particular Class for the purpose of voting on the Plan and receiving distributions pursuant to the Plan only to the extent that such Claim or Interest has not been paid, released, withdrawn or otherwise settled before the Effective Date.

1. Summary of Classification

The following table classifies Claims against and Equity Interests in the Debtor collectively, for all purposes, including voting, confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that such Claim or Equity Interest, or any portion thereof, qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date. Each Class set forth below is treated hereunder as a distinct Class for voting and distribution purposes.

<u>lass</u>	<u>Claim</u>	<u>Status</u>	<u>Voting Rights</u>
1	DIP Lenders Secured Claim	Unimpaired	Not Entitled to Vote
2	State of Colorado Secured Claim	Impaired	Entitled to Vote
3	Pre-Petition Warranty Claims and Construction Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Equity Interests	Unimpaired	Not Entitled to Vote

2. Treatment of Claims and Interests

To the extent Class of Claims contains Allowed Claims or Allowed Interests with respect to the Debtor, the treatment provided to each Class for distribution purposes is specified below:

Class 1- DIP Lending Group's Secured Claim

a) Classification. Class 1 consists of the DIP Lending Group's Secured Claim.

b) Allowance. The Claim in Class 1 shall be Allowed and deemed to be Allowed in an amount to be determined prior to the Effective Date (expected to be approximately \$1,176,000.00) (the "DIP Lending Group Class 1 Claim").

c) Cash Payment on Effective Date. The Debtor shall make a Cash payment to the DIP Lending Group on the Effective Date in the amount of \$1,176,000.00 representing a repayment of all funds advanced to Debtor pursuant to the DIP Financing Agreement plus interest and any applicable prepayment fees.

d) Release of Liens. Promptly upon payment of all obligations to the DIP Lending Group under the DIP Financing Agreement, the DIP Lending Group shall execute and shall record, or shall permit to be recorded, one or more release of lien and security interest documents releasing and discharging all of its liens, claims, interests, and encumbrances securing the DIP Financing Agreement.

e) Release of DIP Lending Group by Debtor. The Debtor hereby acknowledges that the DIP Lending Group Claims are absolute and unconditional without any right of rescission, setoff, counterclaim, defense, offset, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all or any part of its liability to repay the DIP Lending Group Claims or to seek affirmative relief or damages of any kind or nature from the DIP Lending Group.

f) Impairment. Class 1 is Unimpaired and, therefore, is not entitled to vote to accept or reject the Plan.

Class 2 - GEO Secured Claim

a) Classification. Class 2 consists of the Secured Claim held by the State of Colorado, acting by and through the Governor's Energy Office (the "GEO Claim") for the amounts owed by the Debtor to GEO under the GEO Revolving Loan Agreement (the "GEO Note").

b) Allowance. Pursuant to 11 U.S.C. §506(a), a Claim held by a party holding a Secured Claim is limited to the fair market value of the collateral owned by the Debtor which is estimated by the Debtor to be no more than \$537,000. The Claim in Class 2 shall be Allowed and deemed to be Allowed in an amount equal to GEO's security interest, approximately \$537,000.

c) Cash Payment on Effective Date. The Debtor shall make a Cash payment to GEO on the Effective Date in the amount of \$537,000 representing fair market value of the collateral.

d) Release of CD to GEO: GEO has security interest in a \$105,152 certificate of deposit at Wells Fargo Bank. This collateral will be released in favor of GEO on the Effective Date.

e) Remainder of GEO Claim: The balance of the GEO Claim is \$304,953. It will be reclassified as a general unsecured Claim and added to Class 4 below on the Effective Date.

f) All collateral securing the GEO Note shall also be transferred to Carpe on the Effective Date free of any claims by GEO.

g) Impairment. Class 2 is Impaired and, therefore, is entitled to vote to accept or reject the Plan.

Class 3 – Pre-Petition Warranty and Construction Claims

a) Classification. Class 3 consists of any pre-petition warranty and construction claims arising as a result of malfunctions or defects in solar panels sold by Debtor.

b) Treatment. Debtor recognizes that it must repair malfunctioning or defective solar systems and complete construction related to systems that it installed prior to filing the Bankruptcy Case. Debtor must complete this work in order to preserve the reputation of its product and technology upon reorganization. Debtor intends to transfer all claims and liability associated with its pre-petition contracts to Carpe Solar, LP on the Effective Date. Carpe Solar, LP will assume full responsibility for the claims and complete the necessary warranty repairs. Debtor will assume and assign its interest in the pre-petition Executory Contracts via a motion under 11 U.S.C. §365.

c) Estimate of Value. A total of \$2,774,131.00 pre-petition warranty and construction claims have been asserted by creditors. However, the exact value of these claims is difficult to assess due to the undeveloped nature of the warranty claims and the significant cost savings that may be realized by full-scale production of replacement solar panels.

d) Impairment. Class 3 is Impaired and, therefore, is entitled to vote to accept or reject the Plan.

Class 4 – General Unsecured Claims

a) Classification. Class 4 consists of all General Unsecured Claims.

b) Treatment. In full satisfaction, settlement and discharge of the Allowed General Unsecured Claims, the Holder of each Allowed General Unsecured Claim shall receive its pro-rata share of \$777,000.00 on the Distribution Date. The Holder of each Allowed General Unsecured Claim shall also receive on the 1st, 2nd, 3rd, 4th and 5th anniversary of the Effective Date, 100% of any partnership distributions allocated to BrightLeaf Technologies, Inc. from Carpe Solar, LP during the previous year, up to payment of 100% of each General Unsecured Creditor's respective claim.

c) Fulfillment. Debtor estimates Class 4 Claims total \$10,595,000. Debtor estimates that 7.4% of each Class 4 Claim will be paid from the initial \$777,000 payment on the Distribution Date. Debtor expects to pay 0% of each Class 4 Claim on the 1st anniversary of the Effective Date, pay 0% of each Class 4 Claim on the 2nd anniversary of the Effective Date, pay 7.5% of each Class 4 Claim on the 3rd anniversary of the Effective Date, pay 85.1% of each Class 4 Claim on the 4th anniversary of the Effective Date. Debtor would continue to pay general unsecured creditors and the 5th anniversary if any claims were not previously paid off.

d) Impairment. Class 4 is Impaired and, therefore, is entitled to vote to accept or reject the Plan.

Class 5 – Equity Interests

a) Classification. Class 5 consists of Equity Interests in the Debtor.

b) Treatment. The Holders of Equity Interest in the Debtor shall retain their pre-petition Interests in the Debtor.

c) Impairment. Class 5 is Unimpaired and, therefore, is not entitled to vote to accept or reject the Plan.

3. Acceptance Requirements

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired class of claims has accepted the applicable Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of Allowed Claims in such Class actually voting have voted to accept the applicable Plan.

(a) Acceptance or Rejection of the Plan

Voting Class

Classes 2, 3, and 4 are Impaired under the Plan and are entitled to vote to accept or reject the Plan.

Unimpaired Classes

Classes 1 and 5 are Unimpaired under the Plan and are, therefore, deemed to have accepted the Plan.

(b) Confirmation Pursuant to Sections 1129(a)(10) and 1129(b) of the Bankruptcy Code

Section 1129(a)(10) of the Bankruptcy Code shall be satisfied for purposes of Confirmation by acceptance of the Plan by an Impaired Class of Claims. The Debtor shall seek Confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code with respect to any rejecting Class of Claims or Interests. The Debtor reserves the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

4. Means for Implementation of the Plan

(a) Signal Lake Financing

Subject to approval of the Plan, Debtor has obtained financing on favorable terms from Signal Lake Partners (“Signal Lake”). Signal Lake intends to provide debt financing in the aggregate principal amount of \$15,000,000.00 at an interest rate not to exceed 6% to allow Debtor to emerge from bankruptcy, pay claims and develop operations to manufacture its solar capture technology at an industrial level.

(b) New Entity

A new entity will be formed and named Carpe Solar, LP (“Carpe”). Debtor will receive a 52% limited partnership interest in the new entity on the Effective Date in return for the transfer of certain assets and liabilities as provide below. Carpe will be the recipient of the \$15,000,000.00 loan from Signal Lake. The first \$2,605,000.00 of the \$15,000,000.00 loan will be transferred to Debtor to pay creditors per the Plan prior to the Effective Date.

(c) Transfer of Assets

On the Effective Date, Carpe will transfer \$2,605,000.00 to Debtor pursuant to the terms of an Asset Purchase Agreement for payment to Creditors. In return, and after payment is made to the Class One DIP Lending Group, Debtor will transfer all of its assets to Carpe as consideration for the \$2,605,000.00 and a 52% limited partnership interest in Carpe. Additionally, and pursuant to the Asset Purchase Agreement, Carpe will assume all liability relating to Debtor's construction and warranty related liabilities through an assumption and assignment of Debtor's pre-petition construction contracts pursuant 11 U.S.C. §365. As specified in the Asset Purchase Agreement, Carpe will complete all construction work and warranty repairs. Carpe's assumption of liability for pre-petition warranty and construction claims will increase payment to the members holding Class 4 General Unsecured Claims.

(d) Ownership of Carpe

Carpe will be a limited partnership. In addition to the 52% limited partnership interest owned by Debtor, Signal Lake will own a 25% limited partnership interest in Carpe. NewLeaf Solar, Inc., a Colorado corporation owned by the present and future management of Carpe, will own a 23% general partnership interest in Carpe.

(e) Payments

Carpe will pay to Debtor 52% of any Net Distributable Income profits it generates for a minimum of five years after the Effective Date. Net Distributable Income shall be defined as the cumulative net operating income of Carpe from its start date after meeting the Signal Lake loan payments and reserving sufficient Cash to meet Carpe's ongoing working capital needs. Payments will occur on a yearly basis or at such other times as agreed to by Carpe and Debtor. Debtor will use those payments to pay Creditors as specified in section 2 above.

Exhibit B to this Disclosure Statement is a combined budget projection for Carpe and Debtor, in the form of a simplified budget projection (the "Projections"). The following chart portrays Debtor's estimate of payments that will be directed to Class 4 Creditors from Debtor's share of Carpe's profits in the five years following the Effective Date:

Year	Estimated Profit of Carpe	Debtor's 52% Share of Estimated Distributable Profits	Estimated Percent of Amount Due Class 4	Estimated Percentage of Class 4 Claims Remaining
2017	-5,700,000	0	0%	92.6%
2018	-1,300,000	0	0%	92.6%
2019	8,600,000	800,000	7.5%	85.1%
2020	22,200,000	11,500,000	109%	0%

2021	38,700,000	20,100,000	190%	0%
	*n.b., the five year total of Net Profits Distributable to Debtor is in excess of 300% of the amount due Class 4 Creditors			

(f) Equity

All pre-petition Equity Interests in the Debtor will remain intact and be valid Equity Interests upon approval of the Plan.

(g) Corporate Existence

The Debtor shall continue to exist after the Effective Date as a separate corporate entity with all the powers of a corporation, pursuant to the applicable laws in the jurisdiction in which Debtor is incorporated or formed and pursuant to the certificate of incorporation and bylaws in effect before the Effective Date.

(h) New Certificate of Incorporation

On or immediately before the Effective Date, Reorganized Debtor will file its new certificate of incorporation with the Delaware Secretary of State and/or other applicable authority in its state of incorporation in accordance with the corporate laws of the state of incorporation. After the Effective Date, Reorganized Debtor may amend and restate its new certificate of incorporation and new bylaws and other constituent documents as permitted by the laws of its state of incorporation and its new certificate of incorporation and new bylaws.

(i) Reorganized Debtor's Board of Directors and Officers

Debtor's pre-petition board of directors and pre-petition officers will continue in their respective roles with the Reorganized Debtor. They will continue to serve in this capacity without pay until General Unsecured Creditor Class is paid in full or 100% of the Payments contemplated by the Plan to the General Unsecured Creditor Class are made. They may receive reasonable reimbursement of travel expenses for attending board meetings.

Doug Kiesewetter, Debtor's current CEO, will be the CEO of Carpe. Drew Granzow, Debtor's current COO, will be the COO of Carpe. While compensation packages for Mr. Kiesewetter and Mr. Granzow have not been finalized with Carpe's general partner, Mr. Kiesewetter expects to be compensated at \$240,000 per year and Mr. Granzow expects to be compensated at \$ 224,000 per year.

(j) Vesting of Assets in Reorganized Debtor

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date all property in the Estate, all Causes of Action (except those released pursuant to the releases by the Debtor), shall vest in Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances, except for the Liens,

Claims, charges and other encumbrances set forth in this Plan. On and after the Effective Date, except as otherwise provided in the Plan, Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

(k) Restructuring Transactions

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtor may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and having other terms for which the applicable parties agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (4) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law.

(l) Exemption from Certain Taxes and Fees

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct and be deemed to direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

(m) Avoidance Actions

Pursuant to sections 544 through 553 of the Bankruptcy Code, Debtor may assert claims or bring a cause of action to avoid certain transactions or for declaratory relief. At this time, Debtor has not identified any transfers that would be subject to an Avoidance Action. Despite Debtor's current belief that it will not pursue any Avoidance Actions, the Reorganized Debtor retains its rights to pursue such Avoidance Actions, as appropriate, in accordance with the best interests of the Reorganized Debtor. No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Avoidance Action against them as any indication that the Debtor or Reorganized Debtor, as applicable, will not pursue any and all available Causes of Action against them.

5. Treatment of Executory Contracts and Unexpired Leases

(a) Assumption and Rejection of Executory Contracts and Unexpired Leases

Debtor intends to file a Motion to assume and assign the contracts it currently holds with its Class 3 Creditors. A draft of that Motion to Assume is attached hereto as Exhibit C. As of the Effective Date, all contracts and leases that Debtor was a party to, with the exception of those covered by Exhibit C, will have expired or terminated pursuant to their own terms. Debtor is not aware of any contracts or leases that will be rejected. Should Debtor later become aware of any contracts that it is a party to that have not expired or terminated pursuant to their own terms, Debtor will file a motion to assume or reject each of those contracts or leases.

(b) Payments Related to Assumption of Executory Contracts and Unexpired Leases

With respect to the Executory Contracts held by Debtor's Class 3 Creditors, Debtor intends to cure its obligation under the contracts as specified in Exhibit C and agreed to by the parties to the respective contracts. Carpe will satisfy any warranty claims due under the contracts by replacement of panels. Debtor will not need to make any cure payments to Class 3 Creditors.

With respect to any other Executory Contracts and Unexpired Leases that Debtor may assume, Cure Claims shall be satisfied, pursuant to section 365(b) of the Bankruptcy Code, by payment of the Cure Claims in Cash on the Effective Date or as soon as reasonably practicable thereafter or on such other terms as the parties to each such Executory Contract or Unexpired Lease may otherwise agree. In the event of a dispute regarding: (1) the amount of any Cure Claim; (2) the ability of the Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of section 365(b) of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the Cure Claims shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases

(c) Preexisting Obligations to the Debtor Under Executory Contracts and Unexpired Leases

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of preexisting obligations owed to the Debtor under such contracts or leases. In particular, notwithstanding any non-bankruptcy law to the contrary, the Reorganized Debtor expressly reserves and does not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtor or Reorganized Debtor, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

(d) Contracts and Leases Entered Into After the Petition Date

On and after the Effective Date, the Debtor may continue to perform under contracts and leases entered into after the Petition Date by any Debtor in the ordinary course of business, including any Executory Contracts and Unexpired Leases assumed by Debtor.

(e) Modifications, Amendments, Supplements, Restatements, or Other Agreements

Unless otherwise provided in the Plan, each assumed Executory Contract or Unexpired Lease shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements have been previously rejected or repudiated or are rejected or repudiated under the Plan. Modifications, amendments, supplements, and restatements to pre-petition Executory Contracts and Unexpired Leases that have been executed by the Debtor during the Chapter 11 Case shall not be deemed to alter the pre-petition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

(f) Reservation of Rights

Neither the exclusion nor inclusion of any contract or lease, nor anything contained in the Plan, shall constitute an admission by the Debtor that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has any liability thereunder. In the event of a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtor or the Reorganized Debtor, as applicable, shall have forty-five (45) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease as otherwise provided herein.

(g) Nonoccurrence of Effective Date

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any consensual request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

(h) Rejection Claims Bar Date

Notwithstanding anything herein to the contrary, any Creditor holding a Rejection Claim must File a Proof of Claim on account of such Claim with the Bankruptcy Court on or before the thirty (30) days after the Confirmation Date. All Rejection Claims for which a Proof of Claim is not timely Filed will be forever barred from assertion against the Debtor or the Reorganized Debtor, its Estate, and its property unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Rejection Claims shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in the Plan.

6. Provisions Governing Distributions

(a) Record Date for Distributions

As of the entry of the Confirmation Order, the Classes of Claims or Interests shall be those specified in the claims register maintained by the Court, and there shall be no other Holders of any Claims or Interests. The Debtor shall have no obligation to recognize any transfer of Claims or Interests occurring on or after the Voting Deadline.

(b) Timing and Calculation of Amounts to Be Distributed

Except as otherwise provided in the Plan, on the Effective Date or as soon as reasonably practicable thereafter (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtor shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class and in the manner provided herein. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in Article 6 hereof. Except as otherwise provided herein, Holders of Claims shall not be entitled to interest, dividends, or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

(c) Distributions on Account of Claims Allowed After the Effective Date

(1) Payments and Distributions on Disputed Claims

Notwithstanding any other provision of the Plan, no distributions shall be made under the Plan on account of any Disputed Claim, unless and until such Claim becomes an Allowed Claim. Distributions made after the Effective Date to Holders of Disputed Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims shall be deemed to have been made on the Effective Date.

(2) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as may be agreed to by the Debtor or the Reorganized Debtor, on the one hand, and the Holder of a Disputed Claim, on the other hand, no partial payments and no partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the Holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order.

(d) Delivery of Distributions and Undeliverable or Unclaimed Distributions

(1) Delivery of Distributions in General

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be made to Holders of record by the Reorganized Debtor, as appropriate: (a) to the signatory set forth on any of the Proofs of Claim Filed by such Holder or other representative identified therein (or at the last known addresses of such Holder if no Proof of Claim is Filed or if the Debtor has been notified in writing of a change of address); (b) at the addresses set forth in any written notices of address changes delivered to the Reorganized Debtor, as appropriate, after the date of any related Proof of Claim; (c) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and the Reorganized Debtor, as appropriate, has not received a written notice of a change of address; or (d) on any counsel that has appeared in the Chapter 11 Case on the Holder's behalf. The Debtor and the Reorganized Debtor, shall not incur any liability whatsoever on account of any distributions under the Plan except for gross negligence or willful misconduct.

(2) Undeliverable Distributions and Unclaimed Property

In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be made unless and until the Debtor has determined the then current address of such Holder, at which time such distribution shall be made as soon as practicable after such distribution has become deliverable or has been claimed to such Holder without interest; provided, however, such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and forfeited at the expiration of six months from the Effective Date. After such date, all "unclaimed property" or Interests in property shall revert to the Reorganized Debtor (notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary), and the Claim of any Holder to such property or Interest in property shall be discharged and forever barred.

(e) Withholding and Reporting Requirements

In connection with the Plan and all instruments issued in connection therewith, the Debtor shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

(f) Setoffs

The Debtor and the Reorganized Debtor may withhold (but not set off except as set forth below) from the distributions called for under the Plan on account of any Allowed Claim an amount equal to any claims, Equity Interests, rights, and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the Holder of any such Allowed Claim. In the event that any such claims, Equity Interests, rights, and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtor may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any

Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim) the amount of any adjudicated or resolved claims, Equity Interests, rights, and Causes of Action of any nature that the Debtor or the Reorganized Debtor may hold against the Holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtor or the Reorganized Debtor of any such claims, Equity Interests, rights, and Causes of Action that the Debtor or the Reorganized Debtor may possess against any such Holder, except as specifically provided herein.

7. Procedures for Resolving Contingent, Unliquidated and Disputed Claims

(a) Prosecution of Objections to Claims

The Debtor (before the Effective Date) or the Reorganized Debtor (on or after the Effective Date), as applicable, shall have the authority to file, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan. Any claim objection must be filed before the Claims Objection Bar Date. The Claims Objection Bar Date is 60 days after the Effective Date. From and after the Effective Date, the Debtor and the Reorganized Debtor may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Debtor reserves all rights to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

(b) Allowance of Claims and Interests

Except as expressly provided herein, no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Bankruptcy Code, under the Plan, or the Bankruptcy Court enters a Final Order in the Chapter 11 Case allowing such Claim under section 502 of the Bankruptcy Code. Except as expressly provided herein or in any order entered in the Chapter 11 Case before the Effective Date (including the Confirmation Order), the Reorganized Debtor after the Effective Date will have and retain any and all rights and defenses held by the Debtor with respect to any Claim as of the Petition Date. All claims of any Entity that owes money to the Debtor shall be disallowed unless and until such Entity pays, in full, the amount it owes the Debtor.

(c) No Distributions Pending Allowance

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on account of such Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

(d) Distributions After Allowance

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Debtor shall provide to the Holder of such Claim the distribution (if any) to which such Holder is

entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim.

8. Settlement, Release, Injunction and Related Provisions

(a) Compromise and Settlement of Claims, Interests, and Controversies

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim or Interest, or any distribution to be made on account of such Allowed Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders of Claims and Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against it and Causes of Action against other Entities.

(b) Releases by Holders of Claims and Interests

As of the Effective Date, each Holder of a Claim or an Interest shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Debtor and the Reorganized Debtor from any and all Claims, Interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative Claims, asserted on behalf of the Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtor, the Debtor's restructuring, the Debtor's Chapter 11 Case, the purchase, sale, or rescission of the purchase or sale of any security of the Debtor or the Reorganized Debtor, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor, the restructuring of Claims and Interests before or during the Chapter 11 Case, the negotiation, formulation, or preparation of the Plan, the Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Confirmation Date, other than Claims or liabilities arising out of or relating to any act or omission that constitutes willful misconduct (including fraud) or gross negligence. Notwithstanding anything to the contrary in the foregoing, the release set forth above does not release any post-Effective Date obligations of any party under the Plan or any document, instrument, or agreement executed to implement the Plan. Nothing in the Confirmation Order or the Plan shall affect a release of any claim by the United States Government or any of its agencies or any state and local authority whatsoever, including any claim arising under the Internal Revenue Code, federal securities laws, the environmental laws or any criminal laws of the United States or any state and local authority against the Debtor or the Reorganized Debtor nor shall anything in the Confirmation Order or the

Plan enjoin the United States Government or any of its agencies or any state or local authority from bringing any claim, suit, action or other proceedings against the Debtor or the Reorganized Debtor for any liability whatsoever, including without limitation any claim, suit or action arising under the Internal Revenue Code, federal securities laws, the environmental laws or any criminal laws of the United States Government or any of its agencies or any state or local authority, nor shall anything in the Confirmation Order or the Plan exculpate any party from any liability to the United States Government or any of its agencies or any state and local authority whatsoever, including any liabilities arising under the Internal Revenue Code, federal securities laws, the environmental laws or any criminal laws of the United States Government or any of its agencies or any state and local authority against the Debtor and the Reorganized Debtor. This paragraph, however, shall in no way affect or limit the discharge granted to the Debtor under sections 524 and 1141 of the Bankruptcy Code.

(c) Discharge of Claims

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date, of all Claims, Interests, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, and Interests in, the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all other debts whether or not: (1) a Proof of Claim or Interest based upon such Claim, debt, right, or Interest is Filed or deemed Filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim or Interest based upon such Claim, debt, right, or Interest is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the Holder of such a Claim or Interest has accepted the Plan. Except as otherwise provided herein, any default by the Debtor or its affiliates with respect to any Claim or Interest that existed immediately before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims.

(d) Injunction

FROM AND AFTER THE EFFECTIVE DATE, ALL ENTITIES AND HOLDERS OF CLAIMS ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF CLAIMS OF ANY NATURE WHATSOEVER, INCLUDING, WITHOUT LIMITATION, ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS,

PROPERTY OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN OR IN OBLIGATIONS ISSUED PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING, WITHOUT LIMITATION, ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(G) OF THE BANKRUPTCY CODE.

ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATES, THE REORGANIZED DEBTOR, EACH OF ITS RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF ITS ASSETS AND PROPERTIES, ANY OTHER CLAIMS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

(e) Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

(f) Protection Against Discriminatory Treatment

Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the U.S. Constitution, all Entities, including governmental units, shall not discriminate against the Reorganized Debtor or deny, revoke, suspend or refuse to renew a license, permit, charter, franchise or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtor or another Entity with whom such Reorganized Debtor has been associated, solely because the Debtor has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge) or has not paid a debt that is dischargeable in the Chapter 11 Case.

(g) Setoff and Recoupment

Except with respect to Claims or payments Allowed in or provided for under the Plan, the Debtor may set off against or recoup from any Claims of any nature whatsoever that the Debtor may have against the claimant, but the failure to do so shall not constitute a waiver or release by the Debtor or the Reorganized Debtor of any such claim it may have against such

claimant. In no event shall any Holder of Claims or Interests be entitled to set off any Claim or Interest against any Claim, right, or Cause of Action of the Debtor or Reorganized Debtor unless such Holder has Filed a motion with the Bankruptcy Court requesting the authority to perform such setoff on or before the Confirmation Date, and notwithstanding any indication in any Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 or otherwise. In no event shall any Holder of Claims or Interests be entitled to recoup any Claim or Interest against any Claim, right, or Cause of Action of the Debtor or the Reorganized Debtor unless such Holder actually has performed such recoupment and provided notice thereof in writing to the Debtor on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or Interest or otherwise that such Holder asserts, has, or intends to preserve any right of recoupment.

(h) Release of Liens

Except as otherwise provided herein or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security Interests against any property of the Estates shall be fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security Interests shall revert to the Reorganized Debtor and its successors and assigns.

9. Conditions Precedent to Confirmation of the Plan and the Effective Date

(a) Conditions Precedent to Confirmation

It shall be a condition to Confirmation hereof that all provisions, terms and conditions hereof are approved in the Confirmation Order.

(b) Conditions Precedent to the Effective Date

It shall be a condition to the Effective Date that the following provisions, terms and conditions shall have been satisfied or waived pursuant to the provisions of Article 9.C. of the Plan.

(i) The Confirmation Order shall be a Final Order in form and substance acceptable to the Debtor.

(ii) All actions, documents, certificates, and agreements necessary to implement this Plan, including the execution of the Asset Purchase Agreement by the parties thereto.

(c) Waiver of Conditions

Except as otherwise provided herein, the conditions to Confirmation of the Plan and to Consummation of the Plan set forth in this Article 9 may be waived at any time by the Debtor; provided, however, that the Debtor may not waive entry of the order approving the

Disclosure Statement, the Confirmation Order or any condition the waiver of which is proscribed by law. Any such waivers shall be evidenced by a writing, signed by the waiving parties, served upon the U.S. Trustee and Filed with the Bankruptcy Court. The waiver may be a conditional one, such as to extend the time under which a condition may be satisfied.

(d) Effective Date

The Effective Date shall be the date on which the Confirmation Order becomes a Final Order.

(e) Effect of Failure of Conditions

If the substantial consummation of the Plan, as the term is used in section 1127(b), does not occur, the Plan shall be null and void.

ARTICLE 7
PROJECTED FINANCIAL INFORMATION

Exhibit B to the Disclosure Statement contains Debtor's budget and income Projections. The Debtor believes that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor or any successor under the Plan. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtor analyzed its ability to satisfy its financial obligations while maintaining sufficient liquidity and capital resources. Management developed a business plan and prepared the Projections for the period from 2016 through 2020 (the "Projection Period").

The Debtor does not, as a matter of course, publish its business plan or strategies, projections or anticipated financial position. Accordingly, the Debtor does not anticipate that it will, and disclaims any obligation to, furnish updated business plans or projections to Creditors or other parties in interest after the Confirmation Date or otherwise make such information public.

ARTICLE 8
RISK FACTORS

Holders of Claims and Interests should read and consider carefully the risk factors set forth below, as well as the other information set forth in this Disclosure Statement and the documents delivered together herewith, referred to or incorporated by reference herein, before voting to accept or reject the Plan. Although these risk factors are many, these factors should not be regarded as constituting the only risks present in connection with the Debtor's business or the Plan and its implementation.

A. Risks Relating to Bankruptcy

1. The Debtor May Not Be Able to Obtain Confirmation of the Plan

To emerge successfully from chapter 11 as a viable entity, the Debtor, like any debtor, must obtain approval of a plan of reorganization from its creditors and confirmation of the Plan through the Bankruptcy Court and must successfully implement the Plan. The foregoing process requires the Debtor to (a) meet certain statutory requirements concerning the adequacy of disclosure with respect to any proposed plan, (b) solicit and obtain creditor acceptances of the proposed plan and (c) fulfill other statutory conditions with respect to plan confirmation.

With regard to any proposed plan of reorganization, the Debtor may not receive the requisite acceptances to confirm a plan. If the requisite acceptances of the Plan are received, the Debtor intends to seek Confirmation of the Plan by the Bankruptcy Court. If the requisite acceptances are not received, the Debtor may nevertheless seek Confirmation of the Plan notwithstanding the dissent of certain Classes of Claims. The Bankruptcy Court may confirm the Plan pursuant to the “cramdown” provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class of Claims if it determines that the plan satisfies section 1129(b) of the Bankruptcy Code. To confirm a plan over the objection of a dissenting Class, the Bankruptcy Court also must find that at least one impaired Class has accepted the plan, with such acceptance being determined without including the acceptance of any “insider” in such Class.

Even if the requisite acceptances of a proposed plan are received, the Bankruptcy Court might not confirm the Plan as proposed. A dissenting Holder of a Claim against the Debtor could challenge the balloting procedures and results as not being in compliance with the Bankruptcy Code. Finally, even if the Bankruptcy Court determined that the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for confirmation had not been met. Specifically, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that (a) the Debtor’s plan “does not unfairly discriminate” and is “fair and equitable” with respect to any non-accepting Classes, (b) confirmation of the Debtor’s plan is not likely to be followed by a liquidation or a need for further financial reorganization and (c) the value of distributions to non-accepting Holders of Claims within a particular Class under the Debtor’s plan will not be less than the value of distributions such Holders would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code. The Bankruptcy Court may determine that a proposed plan does not satisfy one or more of these requirements, in which case the proposed plan would not be confirmed by the Bankruptcy Court.

If the Plan is not confirmed by the Bankruptcy Court, it is unclear whether the Debtor would be able to reorganize its business and what, if any, distributions Holders of Claims ultimately would receive with respect to their Claims. There also can be no assurance that the Debtor will be able to successfully develop, prosecute, confirm and consummate an alternative plan of reorganization that is acceptable to the Bankruptcy Court and the Debtor’s creditors and other parties in interest. Additionally, Debtor's exclusivity period for filing and obtaining approval of

a plan has expired. A third party could propose an alternative plan and seek the Bankruptcy Court's approval of that alternative plan.

Finally, the Debtor's emergence from bankruptcy is not assured. While the Debtor expects to emerge from bankruptcy in the future, there can be no assurance that the Debtor will successfully reorganize or when this reorganization will occur.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in the Plan, the Effective Date is subject to a number of conditions precedent. If such conditions precedent are not met or waived, the Effective Date will not occur. Specifically, Signal Lake may elect not to fund the post-Effective Date capital infusions.

3. Historical Financial Information of the Debtor May Not Be Comparable to the Financial Information of the Reorganized Debtor

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtor from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtor's historical financial statements.

B. Risks Related to the Reorganized Debtor's Business

1. The Debtor May Not Be Successful in Implementing Its Business Plan and May Not Achieve the Financial Projections Set Forth in this Disclosure Statement

The Reorganized Debtor's business plan recognizes that the principal opportunity for growth lies in the sale of its solar capture technology to institution clients. For that opportunity to be fully realized, Debtor must move its technology to a partner that can properly market and manufacture the technology for larger scale sales. Debtor's business plan seeks to do this by selling its technology and operating assets to Carpe to institute full-scale production. There can be no assurance that the Reorganized Debtor will be successful in implementing its business plan.

If the Reorganized Debtor does not successfully implement its business plan, its financial condition and results of operations will likely fall short of the projections.

2. The Debtor Operates in a Competitive Business Environment

The Debtor competes with other solar companies and more traditional energy generators in its attempts to gain customers. Debtor's advantage comes in the way of its high efficiency. To take advantage of this advantage Debtor must demonstrate the ability to put the product into use and maintain the product.

C. Risks Related to Financial Information

1. The Financial Information is Based on the Debtor's Books and Records and, Unless Otherwise Stated, No Audit Was Performed

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtor relied on financial data derived from its books and records that were available at the time of such preparation. Although the Debtor has used its reasonable business judgment to assure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtor believes that such financial information fairly reflects the financial condition of the Debtor, the Debtor is unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. Financial Projections and Other Forward Looking Statements Are Not Assured and Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary Materially From the Projections

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtor's operations, including the projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtor may turn out to be materially different from the financial projections

3. No Legal or Tax Advice is Provided by This Disclosure Statement.

This Disclosure Statement is not legal advice to any person. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

ARTICLE 9
REQUIREMENTS OF CONFIRMATION OF THE PLAN

Among the requirements for the Confirmation of the Plan are that the Plan (1) is accepted by all impaired Classes of Claims and Interests, or if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (2) is feasible, and (3) is in the "best interests" of Holders of Claims and Interests that are impaired under the Plan.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtor believes that: (1) the Plan satisfies or will satisfy all of the necessary statutory requirements of chapter 11 of the Bankruptcy Code; (2) the Debtor has complied or will have complied with all of the necessary requirements of chapter 11 of the Bankruptcy Code; and (3) the Plan has been proposed in good faith. Specifically, in addition to other applicable requirements, the Debtor believes that the Plan

satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor, as the Plan proponent, has complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (1) made before the Confirmation of the Plan is reasonable; or (2) subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.
- Either each Holder of an impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that the Holder would receive or retain if the Debtor were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Equity Interests deemed to reject the Plan.
- Each Class of Claims that is entitled to vote on the Plan will have accepted the Plan, or the Plan can be confirmed without the approval of the Class pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Priority Tax Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.
- At least one Class of impaired Claims will have accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successors thereto under the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

A. Best Interests of Creditors/Liquidation Analysis

Often called the “best interests” test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (a) estimate the cash liquidation proceeds that a chapter 7 trustee would

generate if each of the Debtor's chapter 11 cases were converted to a chapter 7 case and the assets of such Debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting Holder of a Claim or an Equity Interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare the Holder's liquidation distribution to the distribution under the Plan that the Holder would receive if the Plan were confirmed and consummated.

To estimate what members of each impaired Class of Claims would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the Chapter 11 Cases were converted to a chapter 7 case under the Bankruptcy Code and each of the respective Debtor's assets were liquidated by a chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of a Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any cash held by the Debtor.

The Liquidation Value available to Holders of Claims would be reduced by, among other things: (a) the Claims of secured creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtor's chapter 7 cases; (c) unpaid administrative expense Claims of the Chapter 11 Cases; and (d) priority Claims and priority tax Claims. The Debtor's costs of liquidation in chapter 7 cases would include the compensation of a chapter 7 trustee, as well as of counsel and other professionals retained by such trustee, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the operation of the Debtor during the chapter 7 cases, and all unpaid administrative expense Claims incurred by the Debtor during the Chapter 11 Cases that are allowed in the chapter 7 cases. The liquidation itself would trigger certain priority Claims, such as Claims for severance pay, and would likely accelerate the payment of other priority Claims and priority tax Claims that would otherwise be payable in the ordinary course of business. These priority Claims and priority tax Claims would be paid in full out of the net liquidation proceeds, after payment of secured Claims, before the balance would be made available to pay other Claims or to make any distribution in respect of Equity Interests.

The Debtor believes that Holders of Claims will receive substantially greater value as of the Effective Date under the Plan than such Holders would receive in a Chapter 7 liquidation. The Debtor believes that in a Chapter 7 liquidation the only creditors likely to receive value are DIP Lending Group and GEO. Under the most likely Chapter 7 liquidation scenario, General Unsecured Creditors would receive nothing on account of their Claims. In a best case scenario, were Debtor to sell its inventory, intellectual property interests, and manufacturing equipment for the maximum estimated amounts, Debtor may be able to pay Class 4 Creditors 6% on their claims. This is less than Debtor expects to pay Class 4 Creditors with its initial payment under the Plan. Debtor's detailed analysis of what it would expect each class of Creditors to receive in a Chapter 7 liquidation is attached hereto as Exhibit D.

In summary, the Debtor believes that a Chapter 7 liquidation of the Debtor would result in substantial diminution in the value to be realized by Holders of Claims entitled to distributions, as compared to the distributions contemplated under the Plan because of, among other factors:

- the increased cost and expenses of liquidation under chapter 7 arising from fees payable to the chapter 7 trustee and the attorneys and other professional advisors to such trustee;
- additional expenses and Claims, some of which would be entitled to priority and which would be generated during the liquidation in connection with the cessation of the Debtor's operations;
- the erosion of the value of the Debtor's assets in the context of an expedited liquidation required under chapter 7 and the "forced sale" atmosphere that would prevail;
- the adverse effects on the salability of portions of the business resulting from the possible departure of key employees and the attendant loss of customers and vendors;
- the cost and expense attributable to the time value of money resulting from a potentially more protracted chapter 7 proceeding than the estimated length of the Chapter 11 Cases; and
- the application of the rule of absolute priority under the Bankruptcy Code to distributions made in a chapter 7 liquidation.

Consequently, the Debtor and its management believe that Confirmation of the Plan will provide a substantially greater return to Holders of Claims than would a liquidation under chapter 7.

B. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor, or any successor to the debtor (unless such liquidation or reorganization is proposed in the plan of reorganization).

To determine whether the Plan meets this feasibility requirement, the Debtor has analyzed its ability to meet its respective obligations under the Plan. If Signal Lake funds the Loan, Debtor is confident that it can meet all of its obligations under the Plan.

For a more thorough analysis of why Debtor Plan is feasible, Debtor refers Creditors to Exhibit B. Exhibit B contains Debtor's projections for income from Carpe. Exhibit B also provides in-depth financial projections for Carpe for the next five fiscal years. Market analysis and projection data show that demand for Debtor's solar capture technology is high. This high demand and economies of scale in production should allow Carpe to achieve rapid sales growth over the next five years and sustainable profit.

Debtor has historically suffered losses for each year of its existence. To date, Debtor has been functioning under a research and development model. Debtor received little income from its production of solar panels. Debtor had substantial outlays as its staff refined technology and produced prototype solar panels.

Debtor has refined its technology to the point that it can be widely marketed and mass produced. Debtor's technology offers a far greater return on investment than other solar capture

technology because of its extremely high efficiency. Going forward, Debtor expects to achieve mass production that will lower its per panel production costs significantly. The combination of cheaper panels and high demand for Debtor's efficient technology will allow Debtor to transform its business model from one that is funded by investment to one that is self-sustaining and profitable. Debtor's research and development costs will be significantly less going forward and its sales are expected to grow exponentially.

C. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims that is impaired under a plan, accept the plan. A Class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to the class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of the claim or equity interest; or (b) cures any default, reinstates the original terms of such obligation, compensates the holder for certain damages or losses, as applicable, and does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in that class, counting only those claims that actually voted to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance. For a class of impaired equity interests to accept a plan, section 1126(d) of the Bankruptcy Code requires acceptance by equity interest holders that hold at least two-thirds (2/3) in amount of the allowed equity interests of such class, counting only those equity interests that actually voted to accept or reject the plan. Thus, a class of equity interests will have voted to accept the plan only if two-thirds (2/3) in amount actually voting cast their ballots in favor of acceptance.

D. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it, provided that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cramdown," so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each Class of Claims or Equity Interests that is impaired under, and has not accepted, the Plan.

E. No Unfair Discrimination

Often referred to as the "vertical test," this test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of

classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

F. Fair and Equitable Test

Often referred to as the “horizontal test,” this test applies to classes of different priority and status (e.g., secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in such class.

1. Secured Claims

The condition that a plan be “fair and equitable” to a non-accepting class of secured claims includes the requirements that: (1) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (2) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens.

Under the Plan the “fair and equitable” test is met with respect to secured creditors because Class 1 secured creditors are being paid in full on the Effective Date and the Class 2 Creditor is being paid up to the value of its security on the effective date pursuant to section 506(a).

2. Unsecured Claims

The condition that a plan be “fair and equitable” to a non-accepting class of unsecured claims includes the requirement that either: (1) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (2) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property, subject to the applicability of the “new value” exception.

The Plan will require the acceptance of Class 4 Creditors to be confirmed. The Plan, as written, does not satisfy the absolute priority rule in that the equity holders will retain their interest in the Debtor post confirmation. As such, the Plan could not in its present form be confirmed over the dissent of the Class 4 Creditors.

3. Equity Interests

Equity interests under the Plan are not impaired and therefore will not be entitled to vote on the Plan.

If any impaired Class rejects the Plan, the Debtor reserves the right to seek to confirm the Plan utilizing the “cramdown” provision of section 1129(b) of the Bankruptcy Code. Debtor would amend the Plan to comply with the absolute priority rule prior to seeking “cramdown” under section 1129(b). To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtor will request Confirmation of the Plan, as it may be modified, under section 1129(b) of the Bankruptcy Code. The Debtor reserves the right to alter, amend, modify, revoke or withdraw the Plan or any exhibit or Schedule prior to confirmation of the Plan, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

The Debtor submits that if the Debtor “cramdowns” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not “discriminate unfairly” and satisfies the “fair and equitable” requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. The Debtor believes that the Plan and the treatment of all Classes of Claims and Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

ARTICLE 10

REMEDIES IF DEBTOR DEFAULTS IN PERFORMING THE PLAN

A. Creditor Action Restrained.

The confirmed Plan is binding on every creditor whose claims are provided for in the Plan. Therefore, even though the automatic stay terminates on the Effective Date with respect to secured claims, no creditor may take any action to enforce either the pre-confirmation obligation or the obligation due under the Plan, so long as Debtor is not in material default under the Plan.

B. Obligations to Each Class Separate.

Debtor’s obligations under the Plan are separate with respect to each class of creditors. Default in performance of an obligation due to members of one class shall not by itself constitute a default with respect to members of other classes. For purposes of this Article 10 only, the holders of all administrative claims shall be considered to be a single class, the holders of all priority claims shall be considered to be a single class, and each non-debtor party to an assumed executory contract or lease shall be considered to be a separate class.

C. Material Default Defined.

If Debtor fails to make any payment, or to perform any other obligation required under the Plan, for more than 10 days after the time specified in the Plan for such payment or other performance, any member of a class affected by the default may serve upon Debtor and Debtor’s attorney a written notice of Debtor’s default. If Debtor fails within 30 days after the date of service of the notice of default either: (i) to cure the default; (ii) to obtain from the court an extension of time to cure the default; or (iii) to obtain from the court a determination that no default occurred, then Debtor shall be considered in material default under the Plan to all the members of the affected class.

D. Remedies Upon Material Default.

Upon the occurrence of material default, any member of a class affected by the default: (i) may file and serve a motion to dismiss the case or to convert the case to Chapter 7; or (ii) without further order of the court has relief from stay to the extent necessary, and may pursue its lawful remedies to enforce and collect Debtor's pre-confirmation obligations.

E. Effect of Conversion to Chapter 7.

If the case is at any time converted to one under Chapter 7, property of the Debtor shall vest in the Chapter 7 bankruptcy estate to the same extent provided for in section 348(f) of the upon the conversion of a case to Chapter 7.

In the opinion of the Debtor, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtor's creditors than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than proposed under the Plan. Accordingly, the Debtor recommends that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Dated: October 17, 2016.

/s/Doug Kiesewetter

Doug Kiesewetter, Chief Executive Officer
BrightLeaf Technologies, Inc.

Respectfully submitted,

/s/ Craig K. Schuenemann

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