UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF NEW YORK

In re:	
New York Light Energy, LLC, *et al.*,[1]	Chapter 11 Case No. 15-11121 (REL) (Main Case)
Debtors.	Jointly Administered

[REVISED] THIRD AMENDED DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: October 14, 2016

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: New York Light Energy, LLC (6719); Light Energy Partners Group, LP (5381); Light Energy Administrative Services, LLC (5259); Light Energy Installers, LLC (2873); U.S. Light Energy, LLC (7198) and Light Energy Management II, LLC (4382).

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GLOSSARY

Administrative Claim	A Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, but not limited to, (a) any actual and necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating and liquidating the business of the Debtors, (b) Professional Fee Claims, (c) any claim specified in section 503(b)(9) of the Bankruptcy Code and (d) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code.
Allowed Claim	A Claim or any portion thereof: (a) that has been allowed by a Final Order; (b) which has been scheduled by the Debtors as not disputed, not contingent and not unliquidated, for which no proof of claim has been timely filed and as to which no objection has been filed by the Claims Objection Deadline; (c) as to which a proof of claim in a liquidated amount has been timely filed and as to which no objection has been filed by the Claims Objection Deadline or any objection has been settled or withdrawn, or has been denied by a Final Order; or (d) that is expressly allowed by the terms of the Plan.
ARRA	The American Recovery and Reinvestment Act of 2009.
Authorized Managing Members	David Ellis and Timothy Higgins, who are the authorized managing members of NYLE.
Avoidance Actions	Causes of Action arising under sections 502, 510, 541, 542, 544, 545, 547 through 551 or 553 of the Bankruptcy Code, or under similar or related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation has been commenced to prosecute such Causes of Action.
Ballot	Each of the ballot form or forms distributed to each Holder of an Impaired Claim, on which the Holder is to indicate acceptance or rejection of this Plan.
Bankruptcy Code	The Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101 et seq.
Bankruptcy Court	The United States Bankruptcy Court for the Northern District of New York or any other court with jurisdiction over the Chapter 11 Cases.
BETNR Refund	The Eversource refund associated with the projects located on the properties listed on Schedule 2.1(g) of the LEAM APA in an amount not exceeding $159,000.
Business Day	Any day, other than a Saturday, Sunday or "legal holiday" (as defined in Bankruptcy Rule 9006(a)).
Cash	Legal tender of the United States of America and equivalents thereof.
Causes of Action	Any and all actions, causes of action, suits, controversies, rights to legal remedies, rights to equitable remedies and claims, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed or undisputed, and whether asserted or assertable directly or derivatively, in law, equity or otherwise, including the Avoidance Actions.

Chapter 11 Cases	The Debtors' cases pending under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.
Claim	A "claim," as defined in section 101(5) of the Bankruptcy Code and pertaining to the Chapter 11 Cases.
Claims Objection Deadline	As applicable (except for Administrative Claims) (a) the day that is the later of (i) the first Business Day that is one hundred eighty (180) days after the Effective Date, and (ii) as to proofs of claim filed after the bar date, the first Business Day that is one hundred eighty (180) days after a Final Order is entered deeming the late filed Claim to be treated as timely filed, or (b) such later date as may be established by the Bankruptcy Court.
Collateral	Any interest in property of the Debtors' Estates that is subject to a valid, enforceable and unavoidable Lien to secure a Claim.
Confirmation Hearing	The hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.
Creditors' Committee	The statutory committee of unsecured creditors appointed in the Chapter 11 Cases on or about June 1, 2015 pursuant to section 1102 of the Bankruptcy Code.
Debtors	New York Light Energy, LLC, Light Energy Partners Group, LP, Light Energy Administrative Services, LLC, Light Energy Installers, LLC, U.S. Light Energy, LLC, and Light Energy Management II, LLC as debtors and debtors in possession in these Chapter 11 Cases.
Disclosure Statement	This written disclosure statement (including all schedules and exhibits thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.
Distribution Fund	Fund available for distribution to Holders of Allowed Class 2 General Unsecured Claims and, to Holders of Allowed Class 3 Litigation Claims that are not subordinated (with respect to Kyocera, such subordination having been determined by a Final Order in the Kyocera Adversary Proceeding).
Effective Date	The Business Day the Plan becomes effective as provided by Section 13.02 of the Plan.
EPC	Engineering, Procurement and Construction.
Estates	The estates of the Debtors created under section 541 of the Bankruptcy Code.
Final Confirmation Order	The order of the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, the operation or effect of which has not been stayed on appeal, reversed or amended and as to which order or judgment (or any revision, modification or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was timely filed or, if timely filed, remains pending.
Final Order	An order or judgment as to which the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was timely filed or, if timely filed, remains pending.

Former Principals	Persons formerly in control of the Debtors who ceased to be employed by the Debtors and ceased to manage or control the Debtors in April of 2015, prior to the Petition Date, including managers Alex Lieb, Chancellor Lieb, and Keith Goldstein, and accountant Mark Fecteau.
Funds	Collectively, Fund I, Fund II, Fund III, and the NYLE Master Equipment Lease.
Fund I	2012 Light Energy Fund I, LP – the New York limited partnership owned by LEM, as the 1% general partner, and M&T Bank, as the 99% limited partner – that was formed for the purpose of tax equity financing and owning solar arrays.
Fund II	Light Energy Fund II, LLC – the New York limited liability company owned by the Debtor, LEM II, as the 1% managing member, and Kyocera International, Inc., as the 99% member – that was formed for the purpose of tax equity financing and owning solar arrays.
Fund III	Light Energy Fund III, LP – the New York limited partnership owned by LEPG, as the 99.99% limited partner, and NYLE, as the .01% general partner – that serves as the Seller/Lessee in the sale-leaseback transactions with M&T Bank.
General Unsecured Claim	A Claim that is not an Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, or Litigation Claim.
Holder	Any person or entity that has a Claim or Equity Interest.
Impaired	When used in reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.
Kyocera Adversary Proceeding	The claims contained in that certain adversary proceeding commenced by the Debtors against Kyocera International, Inc. and Kyocera Solar, Inc. (Adv. Pro. No. 15-90048-1 (REL)) in the Bankruptcy Court.
LEAM	Light Energy Asset Management, LLC – a New York limited liability company and the purchaser pursuant to the LEAM APA.
LEAM APA	The Amended and Restated Asset Purchase Agreement, dated August 20, 2016, entered into by and between LEAM and the Debtors and annexed to the Plan as Schedule 6.01.
LEAM EPC Expenses	LEAM's payment of the remaining expenses related to the Fund III EPC Agreement after the Debtors' assignment to LEAM of the Fund III EPC Agreement.
LEAS	Light Energy Administrative Services, LLC – a New York limited liability company, a Debtor in these Chapter 11 Cases and the administrative arm of the Debtors operations. LEAS is 100% owned by LEPG.
LEI	Light Energy Installers, LLC – a New York limited liability company, a Debtor in these Chapter 11 Cases and the solar installation arm of the Debtors operations. LEI is 100% owned by LEPG.
LEM	Light Energy Management, LLC, a New York limited liability company and the general partner of Fund I. LEM is 100% owned by LEPG.
LEM II	Light Energy Management II, LLC – a New York limited liability company, a

	Debtor in these Chapter 11 Cases and the managing member of Fund II. LEM II is 100% owned by LEPG.
Litigation Claim	Any prepetition unsecured Claim subject to a pending action, or an action which will be commenced by the Debtors' Estates including, but not limited to, prepetition unsecured Claims held by Kyocera Solar, Inc., Kyocera International, Inc., David Ellis, Timothy Higgins, Alexander Lieb, Chancellor Lieb, Keith Goldstein, and Mana Mahana, LLC.
Litigation Proceeds	The proceeds of Avoidance Actions and other Causes of Action held by the Debtors' Estates provided, however, that the Debtors have waived preference actions against non-insider defendants at the request of the Creditors' Committee as part of a comprehensive agreement.
Liquidating Trust	The trust created pursuant to the Liquidating Trust Agreement by and among the Debtors and the Liquidating Trustee.
Liquidating Trust Agreement	The Liquidating Trust Agreement by and among the Debtors and the Liquidating Trustee, attached as Schedule 7.02 to the Plan.
Liquidating Trustee	Matthew Lumia of J.C. Jones & Associates, LLC, and any successor or replacement Liquidating Trustee selected by the Bankruptcy Court pursuant to the Liquidating Trust Agreement, in his capacity as the sole officer and fiduciary of the Estates responsible for administering the Estates in accordance with the Plan.
Liquidating Trust Assets	All tangible and intangible assets of the Debtors' Estates, which will be transferred to the Liquidating Trust on or after the Effective Date including, but not limited to, the Liquidating Trust Reserve and the Debtors' interests in and to asserted and unasserted Causes of Action of the Debtors, including, but not limited to, the Kyocera Litigation.
Liquidating Trust Reserve	Cash reserved for the costs and expenses of the Liquidating Trust, including, without limitation, counsel fees, filing fees, the quarterly fees of the United States Trustee, expenses incurred with the filing of tax returns and expenses incurred to make distributions to Holders of Allowed Claims, if any.
M&T Bank	Manufacturers and Traders Trust Company, the prepetition and postpetition lender to the Debtors.
NKJV	NKJV, LLC – a New York limited liability company owned by Fund II, as the 97.5% manager, and LEM II, as the 2.5% managing member.
NMA	Net Metering Agreement.
Non-Tax Priority Claims	A Claim, other than an Administrative Claim or Priority Tax Claim, which is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code.
NYLE	New York Light Energy, LLC – a New York limited liability company, a Debtor in these Chapter 11 Cases and the original company formed in 2009. NYLE is owned by certain individual members, including the Managing Members, David Ellis and Tim Higgins.
NYSERDA	The New York State Energy Research and Development Authority.

Petition Date	May 27, 2015, the date on which NYLE, LEPG, USLE, LEI and LEAS commenced their Chapter 11 Cases, and August 19, 2015, the date on which LEM II commenced its Chapter 11 Case.
Plan	The *Joint Plan of Liquidation of New York Light Energy, LLC and Affiliated Debtors* annexed as Exhibit A to this Disclosure Statement.
PPA	Power Purchase Agreement.
Priority Tax Claim	A Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.
Professional	Any professional employed in the Chapter 11 Cases pursuant to section 327 or 1103 of the Bankruptcy Code.
Professional Fee Claim	An Administrative Claim under section 330(a), 331, 503 or 1103 of the Bankruptcy Code for compensation or reimbursement of a Professional or other entity for services rendered or expenses incurred on behalf of the Debtors or the Creditors' Committee in the Chapter 11 Cases on or prior to the Effective Date.
Secured Claim	The Secured Claim held by M&T Bank, in the approximate amount of $7,000,000, which is secured by a lien on Collateral.
SREC	Solar Renewable Energy Credit.
Unimpaired	A Claim that is not Impaired within the meaning of section 1124 of the Bankruptcy Code.
USLE	U.S. Light Energy, LLC – a New York limited liability company, a Debtor in these Chapter 11 cases and the sales and marketing arm of the Debtors operations. USLE is 100% owned by LEPG.
Voting Deadline	_____ __, 2016 is the last date for the actual *receipt* of Ballots to accept or reject the Plan.

I.

INTRODUCTION[2]

On the Petition Date, the Debtors filed with the Bankruptcy Court voluntary petitions for relief under the Bankruptcy Code thereby commencing the Debtors' Chapter 11 Cases.[3] The Debtors filed their Joint Plan of Liquidation on May 27, 2016 and subsequently amended such plan in consultation with creditors and the Committee (as amended, the "Plan"). The Debtors are now soliciting acceptances of the Plan attached as **Exhibit A** to this Disclosure Statement, also amended as of the date hereof.

The Purpose of the Disclosure Statement is to provide sufficient information to enable the creditors of the Debtors who are entitled to vote to make an informed decision on whether to accept or reject the Plan.

The Debtors' legal advisor is Bond, Schoeneck & King, PLLC; its financial advisor is J.C. Jones & Associates, LLC. They can be contacted at:

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Sara C. Temes, Esq.

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Attn: Matthew C. Lumia

The Debtors and their Professionals have spent approximately twelve (12) months vetting the assets of the Debtors' Estates in order to generate the highest return for creditors. At the beginning of these Chapter 11 Cases, it took a significant amount of time to determine the value of the assets of the Debtors' Estates, specifically the Debtors interests in Fund I, Fund II and Fund III, which all had serious structural problems which were impossible to overcome in bankruptcy. Despite restructuring many of the obligations with M&T Bank, and improving the value of Fund I and Fund III (as described more fully below), the Funds provide limited value to the Debtors' Estates. As such, the Debtors aggressively marketed the business as a whole and in parts, which parts included (i) solar development, (ii) EPC contracting, (iii) operations and maintenance, and (iv) the Debtors' interests in the Funds. Despite approximately nine (9) months of extensive marketing conducted by the Debtor and J.C. Jones & Associates, LLC, no potential buyer made an offer for the Debtors' business or its assets.

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[2] Please refer to the attached Glossary for definitions of the capitalized terms used in this Disclosure Statement. Capitalized terms used, but not defined herein, shall have the meaning ascribed to such terms in the Plan and schedules annexed thereto.

[3] On August 19, 2015, LEM II filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code with the Court, commencing LEM II's Chapter 11 Case. On October 26, 2015, the Debtors filed a motion for joint administration with LEM II, which was granted on October 28, 2015 [Docket No. 195].

Most importantly, under a chapter 7 liquidation, the liquidation value would be reduced by the Secured Claims of M&T Bank which is presently owed approximately $7 million. In order to facilitate the confirmation of the Debtors' plan and avoid the costs of liquidation under chapter 7, M&T Bank is willing to release its Secured Claim upon confirmation of the Plan and discharge its security interest in all of the Debtors' assets only upon confirmation of the Plan. In addition, as part of the Plan, M&T Bank releases cash it controls to allow for payment of administrative and other expenses of the Debtors' Estates under the Plan, including a release of reserves held by M&T Bank for payment of the Fund III Master Equipment Lease in the amount of $200,000.

As such, the Debtors believe this Plan is in the best interests of the creditors, urge each Holder of an Allowed Claim to carefully review the statements contained herein, and request that each Holder of a Class 1A, Class 2 and Class 3 Claims vote to accept the Plan.

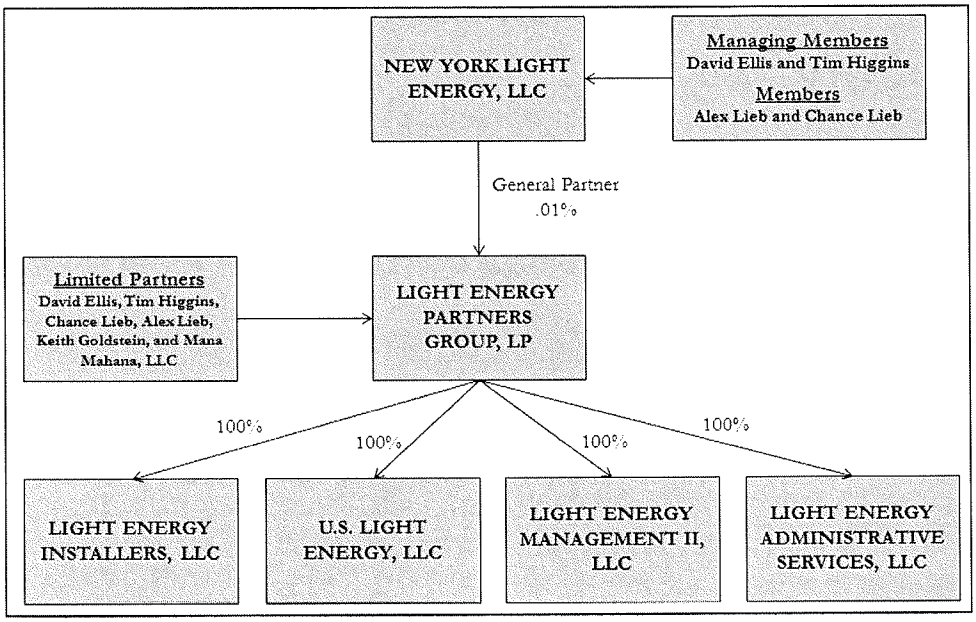
II.

BUSINESS DESCRIPTION AND REASONS FOR CHAPTER 11

A. THE DEBTORS' PREPETITION CORPORATE STRUCTURE

NYLE and its Debtor-affiliates have a principal office and place of business located at 830 New Loudon Road, Latham, New York 12110. The Debtors are six affiliated companies, each of which has an important role in the overall operation of the business that designs, develops, and installs solar arrays for customers.

NYLE, the Debtors' prior main development and procurement entity, is the general partner of LEPG, a partnership that has historically been a vehicle for investment through its limited partnership interests. LEPG is the Manager and 100% owner of LEI, LEAS, USLE, and LEM II. LEI employs installation teams and oversees the installation of the solar arrays. LEAS employs the Debtors' administrative team and is responsible for operations and expenses incurred at the New Loudon Road headquarters. USLE is the sales and marketing arm of the business. LEM II is the Managing Member of Fund II and oversees, along with LEAS, the operation and maintenance of Fund II's solar arrays. The corporate structure of the Debtors is set forth below:



B. THE DEBTORS' BUSINESS

Beginning in 2009, the Debtors have designed, installed and operated a large portfolio of high performance solar arrays throughout New York and Massachusetts. The Debtors have developed and installed solar arrays on more than 180 industrial, commercial, municipal, and residential sites throughout New York and Massachusetts.

Targeted to the commercial client, the Debtors install solar arrays without any capital requirement from a customer. Instead, the electricity produced by the solar array is sold to the customer utilizing a PPA, where the solar array is located on the customer's property, or NMA, where the solar array is located on a remote location not owned by the customer.

Generally, customers execute 20-year PPAs or NMAs with either USLE or NYLE, as agents, which are later assigned to an affiliated special purpose entity that owns and maintains the solar arrays for the term of the agreements. Under a PPA, when a solar array produces more energy than the customer consumes, the excess energy flows to the grid and the customer receives a credit from its utility company. That credit is applied by the utility against the customer's invoice. Under an NMA, the electricity produced from the remote location is provided to the customers at an initial discounted price, and the customer remains the beneficiary of its share of excess electricity to be applied against that customer's invoice by the utility.

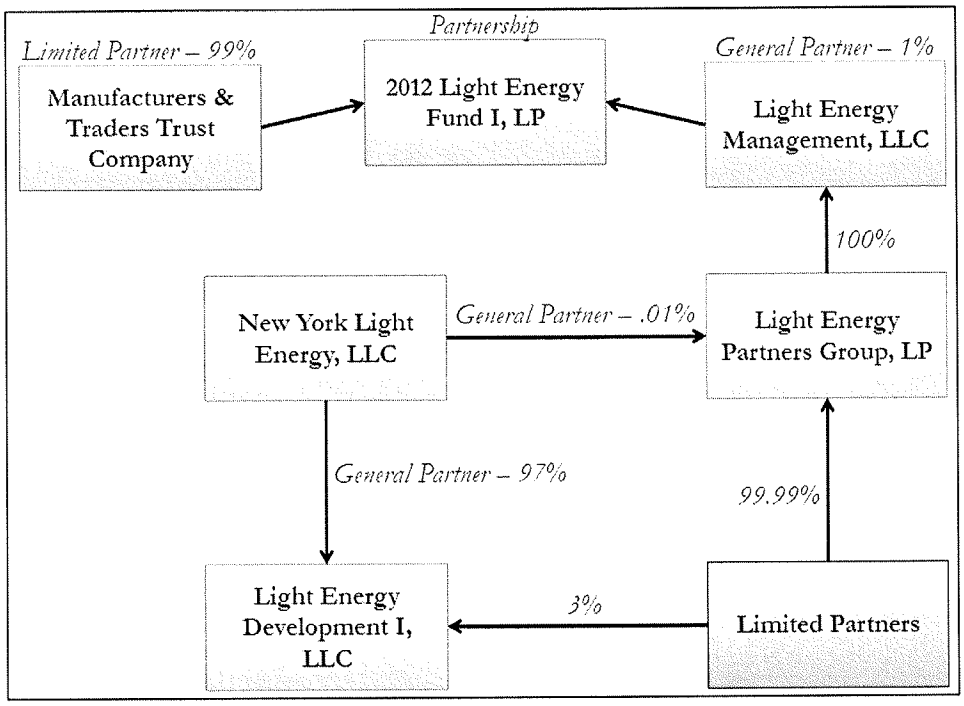
To pay for the construction of the solar arrays, the Debtors use the federal energy investment tax credit ("ITC") program, authorized under 26 U.S.C. § 48, which encourages the use of renewable energy, including solar. In the past, section 1603 of ARRA provided direct cash payments in lieu of the federal energy ITC. The Debtors were able to take advantage of the payments under ARRA for solar projects that commenced construction before December 31, 2011 and were placed in service by the end of 2016.

The Energy Improvement and Extension Act of 2008, 26 U.S.C. § 48(a)(2)(A)(i)(II), extended the authorization for the energy ITC for solar projects placed in service before January 1, 2017. The energy ITC program reduces federal income taxes for a tax credit investor through a 30 percent tax credit to owners or long-term lessees for an energy project, with the amount of the ITC based on the total cost of the solar energy project components and construction, including equipment, such as solar panels, mounts, wiring, and installation. Moreover, the owner of the solar project is also entitled to significant accelerated depreciation deductions.

Initially, NYLE built solar arrays at its own expense, using traditional financing, ARRA direct cash payments, and NYSERDA incentives. NYLE built 72 solar arrays across New York State in this manner. Once ARRA direct cash payments expired, the Debtors and their affiliates entered into financing arrangements with tax credit investors, including Kyocera International, Inc. and M&T Bank.

FUND I

The Debtors first tax credit equity fund, Fund I (a non-debtor affiliate), was structured in partnership with M&T Bank in 2012. Under Fund I, NYLE built, as the EPC contractor, over 30 arrays and sold them to 2012 Light Energy Fund I, LP – the limited partnership owned by an affiliated entity of the Debtors and M&T Bank. As M&T Bank owns 99% of 2012 Light Energy Fund I, LP, M&T Bank was able to take advantage of the investment tax credits and depreciation related to each solar array. The structure of Fund I is described in the following chart:



Prior to the Petition Date, the Debtors maintained, serviced, and operated the solar arrays in Fund I at no cost. During these Chapter 11 Cases, LEAS negotiated an Operations and Maintenance Agreement, which covers the cost to operate and maintain the solar arrays but it was later determined that Fund I lacks enough cash flow to pay the full costs. Consequently,

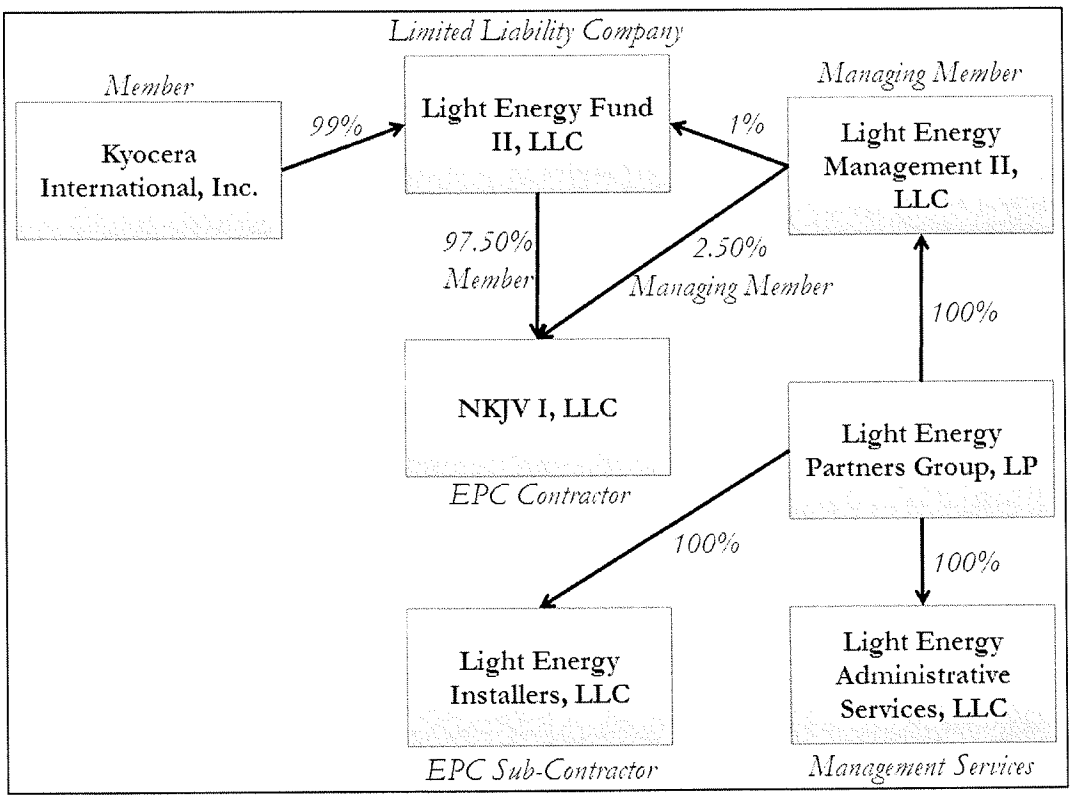
there is little or no cash available for distribution to the partners. Moreover, unforeseen operating expenses, such as solar array takedowns and reinstalls further diminish the Fund's cash. The ownership structure of Fund I is estimated to flip (i.e., LEM will become the majority owner) in 2018 at the option of LEM and upon payment of approximately $60,000 to M&T Bank.

FUND II

The Debtors second tax credit equity fund, Fund II (a non-debtor affiliate), was formed in the Fall of 2013 as a limited liability company with Kyocera International, Inc. owning a 99% interest and LEM II, the Manager, owning a 1% interest in Fund II. The Debtor had a prior business relationship with Kyocera Solar, Inc., an affiliate of Kyocera International, Inc. The Debtors, from the start of their business, exclusively purchased solar panels from Kyocera Solar, Inc. As such, in the months leading up to the formation of Fund II, and at all times thereafter, the Debtors interacted primarily with Kyocera Solar, Inc. both as a vendor and as a representative of Kyocera International, Inc.

Fund II was formed for the purpose of acquiring, owning, managing and operating solar arrays of approximately 8.5 megawatts of capacity in the State of New York. On October 14, 2013, Kyocera International, Inc. (the tax credit investor), LEM II and Fund II entered into an Agreement for the Purchase of Membership Interests ("Membership Purchase Agreement") under which Kyocera International, Inc. purchased all of the Class B membership interests in Fund II for a total purchase price of $15,369,000. On the same date, LEM II and Kyocera International, Inc. also entered into an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") pursuant to which Kyocera International, Inc. became a member of Fund II. The membership interests in Fund II were comprised of 1,000 Class A membership interests and 99,000 Class B membership interests. LEM II held all of the Class A membership interests in Fund II. Accordingly, Kyocera International, Inc. held 99% of the total membership interests in Fund II and LEM II held the remaining 1% of the total membership interests in Fund II.

The structure of Fund II is described in the following chart:



As more fully described in Article III-I, prior to the petition date, the Debtors lost approximately $4.5 million on its design, construction and installation of the solar arrays for Fund II and forfeited approximately $11.5 million in profits.

The Debtors, through LEAS, currently service and operate the solar arrays in Fund II for a monthly fee pursuant to a management agreement, which in April 2016 decreased from $10,905 to $4,791 a month. The lower monthly payment does not cover the cost to service the arrays. Annually, the solar arrays in Fund II bring in approximately $523,669 in revenue to Fund II, which is off-set by approximately $212,231 in operating expenses, including, but not limited to, insurance, financial audits and maintenance. The remaining revenue is either used for unforeseen operating expenses or distributed to Kyocera International, Inc. on a quarterly basis. The ownership structure of Fund II is estimated to flip (i.e., LEM II will become the majority owner) when Kyocera International, Inc. meets its projected return of 102% in approximately ten (10) years, but it may take longer due to unforeseen operating expenses.

It should be noted that LEAM is not purchasing the interests of LEM II in Fund II, but only the management agreement between Fund II and LEAS. As such, the interests of LEM II in Fund II will vest in the Liquidating Trust upon confirmation of the Plan.

NYLE RESTRUCTURING

Because of the substantial losses suffered by the Debtors as a result of constructing the Fund II solar arrays for $2.87 per installed watt instead of $4.41 per installed watt, in November 2014, NYLE was forced to monetize its most valuable assets and entered into a conditional sale

with M&T Bank. NYLE received $2,250,000 from M&T Bank under a Master Equipment Lease for the seventy-two (72) NYLE solar projects described above, at a term of 120 months and a monthly lease payment of $21,693 with a collateral assignment of the impacted PPAs to M&T Bank (the "NYLE Master Equipment Lease"). A substantial portion of the $2,250,000 paid off LEI's line of credit with M&T Bank that was used solely in the construction of the Fund II solar arrays. The customers of NYLE under these PPAs executed a Notice of Assignment and Acknowledgement related to the collateral assignment.

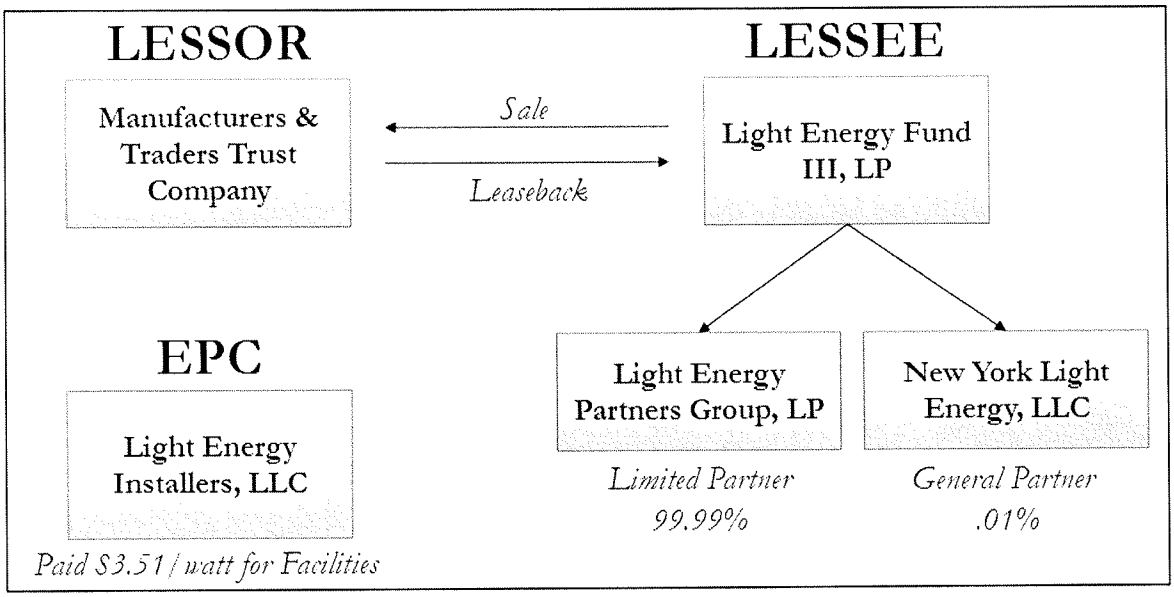
FUND III

As part of the current model for development, financing, and building solar array projects, LEI entered into a Master EPC Agreement with non-debtor Fund III ("Fund III EPC Agreement"), whereby LEI was engaged by Fund III to procure, design, supply and install solar arrays at various customer sites. LEI, in turn, engaged various affiliates, including NYLE, LEAS, and USLE, and also in some cases unrelated subcontractors, to design, construct and install the photovoltaic systems.

Fund III entered into (i) a Bridge Loan Term Note in the amount of $6,800,000 with M&T Bank on November 20, 2014, which was later increased to $8,030,000 ("Term Note I"), (ii) a Bridge Loan Term Note in the amount of $7,000,000 on March 13, 2015 ("Term Note II"), (iii) and an associated Master Equipment Lease dated February 13, 2015 (the "Fund III Master Equipment Lease").

Within 90 days of the completion of a project, Fund III issues a bill of sale to M&T Bank, and M&T Bank adds the project to the Fund III Master Equipment Lease, leasing the project back to Fund III. Once a project is added to the Fund III Master Equipment Lease, the amount outstanding on the applicable note is reduced by the amount of the purchase price. Fund III's lease payments to M&T Bank are supported by customers' payments for electricity produced by the installed solar arrays under the PPAs and the sale of the SRECs, which payments are pledged as collateral to M&T Bank.

The structure of Fund III is set forth below:



While LEI was able to make a profit based on the $3.51 per installed watt construction cost, the Former Principals miscalculated the number of years which Fund III would receive the SREC payments resulting in significant shortfalls in the lease payments to M&T Bank which undermined the value of Fund III.

C. EVENTS LEADING TO THE COMMENCEMENT OF THE CHAPTER 11 CASES

The Debtors are development companies that do not have sufficient capital to fund the development and construction of the projects independently. As noted above, the Debtors have historically obtained funding from business partners and tax equity investors to finance the ongoing costs of project development and general corporate overhead expenses. Furthermore, many of the incentives which the Debtors had relied upon from the Federal and State levels have been reduced and/or eliminated.

In 2013 and 2014, because the $2.87 price was insufficient to cover build costs and NYSERDA incentives were drastically reduced, the Debtors experienced significant losses in connection with Fund II. Following the failure of Fund II from an expense side and the attendant losses experienced by all of the Debtor entities involved in the development and construction of solar arrays from the Fund II projects, the Debtors were left with greatly reduced liquidity.

During the planning of Fund III in late 2014, the Debtors were faced with aging payables and the Debtors' former management entered into agreements to satisfy large payables that were not feasible. As described above, the Debtors were forced to refinance valuable assets to pay off a line of credit with M&T Bank that was used solely in the construction of the Fund II solar arrays.

On or about January 20, 2015, NYLE and USLE executed an affidavit in support of a confession of judgment in excess of $1 million to a creditor and subsequently defaulted on the

agreed payments. Other creditors commenced litigation and/or threatened litigation against the Debtors.

In early April of 2015, David Ellis and Timothy Higgins, two of the four Managing Members who did not have day to day operating responsibilities, were informed of certain problems and operating deficiencies. On or about April 11, 2015, the Former Principals gave up their day to day responsibilities and on April 30, 2015 all four Managing Members of NYLE designated, in writing, David Ellis and Timothy Higgins as the Authorized Managing Members of NYLE, which controls all of the Debtors and agreed to the filing of these bankruptcy cases and that David Ellis and Timothy Higgins would make all decisions relating to the proceedings in these cases.

Since their designation as such, the Authorized Managing Members have been heavily involved in both day to day management and the Debtors' restructuring efforts, all of which services have been performed without compensation. Additionally, the Authorized Managing Members provided cash to the Debtors prior to the petition date in excess of $1 million to continue operations and fulfill payroll obligations, and, during these Chapter 11 Cases, the Authorized Managing Members supported the Debtors' operations through secured advances to Fund III.

As a result of inevitable failures to comply with payment agreements entered into by the Former Principals, there was a significant tightening of terms by suppliers and engineering firms due to aging receivables. The pre-bankruptcy restructuring efforts included (i) actions to reduce operating expenses by, *inter alia*, reducing the staff of the Debtors to the minimal levels needed to preserve the value of the Debtors' assets for a $950,000 annual savings, (ii) instituting planning procedures and processes, competitive bidding from vendors for high-cost components, and other methods of streamlining the build process, and (iii) terminating vehicle leases for an annual savings of $47,000. In addition, the Authorized Managing Members, with the assistance of a dedicated team, identified additional sources of revenue through the sale of inventory and the sale of New York SRECs.

However, because of the Debtors' continuing inability to pay the unsecured debt and the acceleration of litigation concerning the debt, the Debtors were not successful in restructuring their obligations outside of the reorganization process set forth in chapter 11 of the Bankruptcy Code.

Ultimately, the Debtors' lack of short-term liquidity, coupled with a significant amount of liabilities, impeded further progress toward completion of projects and generation of income and prevented further investment by tax credit investment partners. Furthermore, the Debtors' management recognized that the cash on hand prior to the Petition Date was insufficient to cover certain major obligations of the Debtors that were scheduled to come due in the immediate period.

III.

SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

A. BANKRUPTCY FILING AND FIRST DAY ORDERS

On the Petition Date, the Debtors filed their Chapter 11 Cases.[4] The Debtors have continued in the management and possession of their business and property as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed.

Under the Bankruptcy Code, the Debtors were authorized to continue to operate their business in the ordinary course. On the Petition Date, the Debtors also filed a number of "first day motions" with the Court, seeking various forms of relief that the Debtors deemed essential to facilitating its transition into the Chapter 11 Cases. Among the orders sought by the Debtors were, without limitation, the following: (i) an order approving the payment of various forms of compensation and other benefits due and owing to the Debtors' employees; (ii) an order authorizing the Debtors to continue to use its existing cash management system, bank accounts and business forms; (iii) an order authorizing the Debtors to pay prepetition taxes and regulatory fees; (iv) an order authorizing the Debtors to honor its insurance premium financing obligations and enter into new premium financing agreements, (v) an order authorizing the Debtors to pay certain critical vendors, shippers, freight carriers and warehouseman, (vi) an order seeking joint administration of the Debtors individual chapter 11 cases, and (vii) an order authorizing the use of cash collateral to pay ordinary course expenses. These requests were approved with certain modifications by the Bankruptcy Court.

B. APPOINTMENT OF THE CREDITORS' COMMITTEE

On July 1, 2015, the United States Trustee for Region 2 issued the *Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 99] appointing the Creditors' Committee.

The current members of the Creditors' Committee are set forth below:

(1) Flex Electrical Constructors, Inc.

Represented by:
Mark W. Couch, Esq.
Couch Dale Marshall, PC

(2) Panel Claw, Inc.

(3) CS Arch

[4] *See* Footnote 3

Represented by:
William Ryan, Esq.
Tabner, Ryan and Keniry, LLP

The Creditors' Committee has retained the following advisors:

(1) Legal Advisor

Richard L. Weisz, Esq.
Hodgson Russ LLP

(2) Financial Advisor

John P. Madden
Emerald Capital Advisors Corp.

C. RETENTION OF LEGAL COUNSEL AND FINANCIAL ADVISORS

The Bankruptcy Court has entered orders [Docket Nos. 126 and 143] authorizing the Debtors to retain the following professionals to assist in these Chapter 11 Cases:

(1) Legal Advisor

Joseph Zagraniczny, Esq. and Sara C. Temes, Esq.
Bond, Schoeneck & King, PLLC

(2) Financial Advisor

Matthew Lumia
J.C. Jones & Associates, LLC

D. ASSUMPTION AND REJECTION OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES

During these Chapter 11 Cases, USLE moved the Bankruptcy Court for permission to assume the following executory contracts for the purchase of real property located in Pittsfield, Massachusetts:

1. A Purchase and Sale Agreement, dated March 30, 2015, by and between Betnr Industrial Development Corporation, as Seller, and USLE, as Buyer, for a parcel of real property known as Lot 4, Betnr Industrial Drive, Pittsfield, Massachusetts 01201, for a purchase price of $140,000.00.

2. An Option, dated March 30, 2015, by and between Betnr Industrial Development Corporation, the owner, and USLE, for the purchase of two (2) parcels of real property known as Lot 2 and Lot 3, Betnr Industrial Drive, Pittsfield, Massachusetts 01201, for a total purchase price of $350,000.00.

The above-referenced agreements were entered into by USLE for the purpose of installing ground mounted solar arrays for Fund III, as further described in section J below. The profit created by the ultimate purchase of all three parcels and the completion of the solar arrays covering over 80% of each parcel for Fund III at a cost of $3.51 per installed watt enabled the Debtors to continue to operate their businesses and fund their bankruptcy while looking for new investment.

In addition to these real property agreements, the Debtors analyzed their vehicle leases with the lessors – Honda Financial Services, Acura Financial Services and Mercedes-Benz Financial Services. Upon negotiations with the lessors, the Debtors rejected a majority of their vehicle leases, which reduced the corresponding operating expenses to minimal levels.

E. SALE OF EXCESS INVENTORY

On December 29, 2015, the Bankruptcy Court approved the retention of Blackbird Asset Services, LLC to liquidate excess inventory held by the Debtors [Docket No. 278]. The Debtors, through Blackbird Assets Services, LLC, conducted an online sale of their Excess Inventory, free and clear of all liens, claims and encumbrances, outside the ordinary course of business, pursuant to 105(a) and 363(b) of the Bankruptcy Code and Rule 6004 of the Federal Rules of Bankruptcy Procedure.

Blackbird held the excess inventory sale on two days, January 27, 2016 and February 25, 2016. The sale proceeds yielded a net amount of $291,841, which the Debtors used to fund their ongoing operations and the bankruptcy proceedings.

A copy of Blackbird's sale report was filed with the Bankruptcy Court on March 28, 2016 [Docket No. 330].

F. CLAIMS PROCESS AND BAR DATE

The deadline for filing Claims in the jointly administered cases of NYLE, LEPG, USLE, LEI and LEAS was November 11, 2015. The deadline for filing Claims in the LEM II case was February 16, 2016.

Pursuant to section 12.02 of the Plan, the date which is thirty (30) days after the Effective Date has been fixed as the last day for creditors (other than those asserting Professional Fee Claims) to submit timely requests for allowance of administrative expenses in these Chapter 11 Cases.

All Claims, not already objected to or subordinated, are subject to further review and objection by the Debtors and/or Liquidating Trustee upon any recovery from Causes of Action, including the Kyocera Litigation.

The Secured Claim held by M&T Bank is approximately $7 million. Based on the proofs of claims filed, the Debtors' schedules and projected objections to be filed by the Debtors, there

is approximately $5.0 million in Allowed General Unsecured Claims, after deducting duplicate Claims, Claims not supported by the Debtors' books and records, Claims that have already been reduced by agreement of the parties or order of the Bankruptcy Court, Claims that are subordinated and Claims that are subject to other objections.

G. EXCLUSIVITY

The Debtors, excepting LEM II, have been operating under the protection of chapter 11 for approximately fourteen months. LEM II has been operating under the protection of chapter 11 for approximately eleven months.

Pursuant to section 1121(b) of the Bankruptcy Code, a debtor has the exclusive right to file a chapter 11 plan within the first 120 days (4 months) following the date a petition for chapter 11 bankruptcy protection was filed. If a debtor files a plan during this period, section 1121(c)(3) of the Bankruptcy Code provides the debtor with an additional 60 days (2 months) to solicit acceptance of that plan. Section 1121(d) of the Bankruptcy Code allows a court to extend these exclusive filing and solicitation periods under certain circumstances.

Because of the complexity of the Debtors' businesses and debt structure and the resulting complexity of the restructuring process, the Debtors required additional time to complete the restructuring process and determine the most beneficial bankruptcy exit outcome for their estates and creditors. Accordingly, several extensions of the Debtors' exclusive time to file a chapter 11 plan and solicit acceptances thereof was necessary to prevent the distraction and additional strain on the Debtors' limited resources that would have been caused if a competing chapter 11 plan were to be filed while the Debtors were determining the most favorable means of exiting bankruptcy. Pursuant to orders entered on September 28, 2015 [Docket No. 175], December 15, 2015 [Docket No. 261], March 20, 2016 [Docket No. 332] and April 27, 2016 [Docket No. 350], the Debtors' exclusive period to file a chapter 11 plan and solicit acceptances thereof through and including May 27, 2016 and July 26, 2016, respectively.

H. USE OF CASH COLLATERAL AND AGREEMENT WITH M&T BANK

On the Petition Date, the Debtors filed a motion seeking authority to use M&T Bank's cash collateral and to incur further post-petition secured indebtedness as guarantors. The motion was approved by a final order entered on January 20, 2016 [Docket No. 296]. As of the Petition Date, the Debtors were indebted to M&T Bank, primarily as guarantors, in the amount of $17,341,305.52 [Claim No. 28].

After extended negotiations with M&T Bank, the Debtors and M&T Bank concluded an agreement which was memorialized by amending the Fund I operating agreement, the NYLE Master Equipment Lease, Term Note I, Term Note II, and the Fund III Master Equipment Lease in accordance with the Court Order entered on January 20, 2016.

Pursuant to these amended agreements, (i) the Debtors were relieved of their guaranty obligations under Fund I; (ii) the Debtors were relieved of their guaranty obligations under the NYLE Master Equipment Lease and Fund III Master Equipment Lease; (iii) the security interest

of M&T Bank in the Debtors based on Fund I obligations was terminated, and (iii) the lease payments under the master equipment leases have been reduced by approximately twenty-five percent (25%) by extending the terms to seventeen (17) years.

As part of the negotiation with M&T Bank, the Debtors have also executed the following operations and maintenance agreements with the owners of the solar arrays that bring in modest revenue to cover the cost of operating and maintaining the solar arrays:

1. Operation, Maintenance and Management Agreement, dated February 22, 2106, between LEAS and Fund I for an initial cost of $42,900 annually;

2. Operation, Maintenance and Management Agreement, dated February 12, 2106, between LEAS and Fund III for an initial cost of $29,843.14 annually; and

3. Operation, Maintenance and Management Agreement, dated February 12, 2106, between LEAS and NYLE for an initial cost of $78,120 annually.

The Operation, Maintenance and Management Agreements, although a benefit to the Debtors Estates in that they provide some cost recovery for the expenses that were historically born by the Debtors, are not profitable, as there is not enough revenue produced by the PPAs and NMAs to cover all operating expenses. The NYLE, Fund I and Fund III cash flows do not currently allow for full payment under these agreements. Furthermore, without a separate business of constructing PV Systems, the Debtors would not be able to sustain their operations and administration solely on income from Operation, Maintenance and Management Agreements due to the equipment, tools and employees that would be required to sustain the operations.

Currently, the Debtors guarantee approximately $7,000,000, which is the amount outstanding to M&T Bank under the term notes. Upon confirmation of the Plan, as described in section 6.06 of the Plan, M&T Bank will be required to fully release the Debtors from all guaranties on the term notes, allowing proceeds to be paid to Allowed General Unsecured Claims. In addition, M&T Bank shall release the reserves in the amount of $200,000 for the payment of administrative and other expenses of the Debtors' Estates.

I. LITIGATION

On November 11, 2015, the Debtors filed an adversary proceeding against Kyocera International, Inc. and Kyocera Solar, Inc., seeking damages in the approximate amount of $11.5 million pursuant to Bankruptcy Code §§ 544 and 548 [Docket No. 206]. The complaint also seeks the equitable subordination of Kyocera's Claims and objects to the Defendants' multiple proofs of Claims.

As set forth in Article II-B above, the Membership Purchase Agreement and the LLC Agreement executed by Kyocera International and LEM II called for the development of solar arrays totaling 8.5 megawatts (8,500 kilowatts, 8,500,000 watts) for Fund II. The total projected cost for the installation of the solar arrays was $37,937,500, based on the cost to construct the solar arrays at $4.41 per installed watt for roof mounted solar arrays and $5.41 per installed watt

for ground mounted solar arrays – which the parties agreed was the fair market value for the installation.

The complaint alleges the following:

(i) On October 14, 2013, Fund II entered into a Master EPC Agreement ("Master EPC Agreement") with NKJV. Simultaneously with the execution of the Master EPC Agreement, on October 14, 2013, NKJV entered into an EPC Subcontract Agreement ("LEI EPC Agreement") with LEI;

(ii) The Master EPC Agreement provided that NKJV would be responsible for the design, construction and installation of solar arrays for Fund II and Fund II would compensate NKJV at a fixed price of $4.41 per installed watt for roof mounted systems and $5.41 per installed watt for ground mounted systems;

(iii) In the LEI EPC Agreement, NKJV contracted with LEI to design, construct and install the solar arrays at a fixed price of $2.87 per installed watt for roof mounted systems and $3.87 per installed watt for ground mounted systems, in each instance $1.54 per installed watt less than what NKJV was to be paid from Fund II;

(iv) NKJV performed no work for LEI and/or Fund II and provided no services to LEI and/or Fund II. NKJV had no employees, hired no consultants, and did nothing at all to design, plan, construct or install the solar arrays for Fund II. NKJV was not capitalized, nor did it offer any security with respect to its obligations under the Master EPC.

(v) By virtue of the creation of NKJV, LEI was forced to forfeit $1.54 per installed watt of income and transferred that income to NKJV to increase the value of Kyocera International, Inc.'s equity in Fund II and to maximize the return on Kyocera International, Inc.'s investment in Fund II;

(vi) Between October 14, 2013 and November 3, 2014, without the assistance of any kind from NKJV, LEI designed, constructed and installed solar arrays totaling 7.714 megawatts for Fund II and was paid $22,776,680. NKJV was, in turn, paid $34,656,240 by Fund II;

(vii) NKJV's profits from those transactions were $11,879,560;

(viii) Because Fund II owns 97.5% of NKJV, $11,582,573 of NKJV's profits were distributed to Fund II between October 14, 2013 and November 3, 2014; and

(ix) Because Kyocera International, Inc. owns 99% of Fund II, Kyocera International, Inc. took the benefit of $11,466,745.29 of the increased assets held by Fund II. Accordingly, LEI provided, for Kyocera International, Inc.'s benefit,

$11,466,745.29, which LEI is seeking to recover from Kyocera International, Inc., as a fraudulent conveyance which must be reversed.

Unfortunately, not only did LEI forfeit all of its profit, it actually lost approximately $4.5 million on its design, construction and installation of the solar arrays for Fund II.

Kyocera International, Inc. and Kyocera Solar, Inc. answered the complaint and filed over 30 counterclaims, including, but not limited to, breach of contract, violations of federal securities laws, fraud, intentional misrepresentation, and gross negligence [Docket No. 18].

The Bankruptcy Court entered a *sua sponte* order directing mediation on April 8, 2016 [Docket No. 23]. Judge David R. Homer, a former United Sates Magistrate Judge for the Northern District of New York in Albany, was recently appointed as the mediator. The mediation took place on June 23, 2016, but was unsuccessful.

On April 28, 2016, Kyocera International, Inc. and Kyocera Solar, Inc. filed a motion to withdraw reference of the adversary proceeding from the Bankruptcy Court (the "Motion to Withdraw"). That motion is pending before the United States District Court for the Northern District of New York (the "District Court").

The Debtors anticipate a recovery from the Kyocera Litigation for the benefit of their creditors and view this as the main source of recovery at this time. Further, pursuant to the Plan and the Liquidating Trust Agreement, Bond, Schoeneck & King, PLLC will be retained by the Liquidating Trustee to pursue the Kyocera Litigation on a contingency fee basis (in the amount of 33 1/3% of the gross recovery upon a judgment or 25% of the gross recovery upon a settlement) in part to help alleviate some of the liquidity concerns of the Debtors' Estates and Liquidating Trust.

J. COMPLETION OF FUND III PROJECTS

During these Chapter 11 Cases, the Debtors completed, or are in the final stages of completion of, the following projects pursuant to the Fund III EPC Agreement:

1. The Debtors completed a roof-mounted solar array located in New York – the SLA/Olbrych project – for fund III for a construction price of $1,926,288.00. The solar array was sold to M&T Bank by Fund III and then leased back as part of the Fund III Master Equipment Lease on July 29, 2015.

2. The Debtors completed a roof and ground mounted solar array located in Massachusetts – the Air-Tite project – for fund III for a construction price of $783,291.60. The solar array was sold to M&T Bank by Fund III and then leased back as part of the Fund III Master Equipment Lease on November 3, 2015.

3. The Debtors are in the final stages of completing three (3) ground mounted solar arrays located in Pittsfield, Massachusetts – the BETNR projects – for a total construction price of approximately $6,785,251.

4. Lastly, the Debtors are in the final stages of completing a roof mounted solar array located in Springfield, Massachusetts – the Titan Roofing project – for a total construction price of approximately $703,193.

The Debtors have completed all of their work (i.e., the solar arrays are constructed and mechanically complete) on the Titan and BETNR projects, but are waiting for the utility company to perform the interconnection work. The utility has completed its review and relevant interconnection tests and recently provided the specifications for the Debtors' order of its interconnection equipment with regard to the BETNR project. Thus, the BETNR project is expected to be completed in early 2017. The Titan project is currently estimated to be completed in 2016, but the completion is dependent solely on the utility, and may take longer.

The Debtors originally anticipated that all Fund III projects would be completed by January 2016. However, the Debtors were faced with significant delays during these Chapter 11 Cases. During the construction, Eversource – the Massachusetts utility – revealed a new interconnection process, which grouped projects together. Historically, the utility would review one project at a time, allowing a project to move forward at its own pace. The new interconnection process slowed the construction schedule down substantially, as (i) the utility was dealing with the implementation of a new process, and (ii) projects could not move forward unless all the projects in the group study were ready.

In addition to the utility delays, the SREC program in Massachusetts, which incentivizes the building of solar arrays in Massachusetts, unexpectedly reached capacity in February 2016. Most industry experts believed that the program would not reach capacity until 2017. The uncertainty in the market caused significant delays in the processing of applications by both the utility and the Department of Energy and Resources, which oversees the SREC program.

The problems with the utility and SREC program caused delays of approximately fourteen (14) months, which significantly increased the Debtors overhead and operating expenses and absorbed any profit on the projects. Without M&T Bank's concessions, as described in more detail in Article IV-B below, the Debtors, upon confirmation of the Plan, would still be guaranteeing approximately $7,000,000 currently outstanding under the term notes, which would effectively prevent any recovery in these Chapter 11 Cases for General Unsecured Claims.

K. PANEL CLAW DEFECT

On May 6, 2016, the Debtors were notified by Panel Claw, Inc. of a manufacturer's defect, which effects the long claw that secures a panel to a roof mounted system. In essence, the long claw over time fails causing the panels and solar arrays to shift and come loose. The Debtors, LEI and NYLE, installed these claws on a significant portion of the solar arrays owned by Fund I, Fund II and Fund III. LEI and NYLE both provided 10 year warranties in their EPC agreements.

Due to the warranties provided by LEI and NYLE, it is anticipated that once Panel Claw, Inc. determines a permanent solution, significant time and expense may be required to replace all of the long claws, causing a significant drain on the Debtors' Estates. Once the Debtors have been presented with Panel Claw's solution, the Debtors expect that they will file an objection to Panel Claw's general unsecured claim due to claims the Debtors anticipate bringing against Panel Claw for the defective materials purchased by the Debtors.

L. SALE AND MARKETING ACTIVITIES

The Debtors and their Professionals have been engaged in significant efforts to market opportunities for additional equity infusion, new financing, or the possibility of a sale of the Debtors' assets within these Chapter 11 Cases, including numerous discussions with interested parties and the exchange of information relating to the Debtors' assets and financial projections.

Specifically, the Debtors and their Financial Advisors contacted over 80 parties interested in either a financial or strategic partnership with the Debtors and executed 39 non-disclosure agreements. Sixteen (16) parties completed a range of due diligence activities through granted access to the Debtors' data room website.

The Debtors' assets and business were marketed as a whole and in parts. The Debtors are made up of essentially four (4) aspects, which include (i) development, (ii) EPC contracting, (iii) operations and maintenance, and (iv) the interests in NYLE, Fund I, Fund II and Fund III. A significant number of parties looked at each individual aspect of the business and concluded that the business was too complex for the money involved, the development projects were subject to too much uncertainty, the Funds may not have enough money to cover (i) operations and maintenance expenses and (ii) anticipated additional costs and the Debtors' interests in NYLE, Fund I, Fund II and Fund III were not profitable because the PPA/NMA revenue was too low and the operating expenses were too high.

Despite the sustained efforts of the Debtors and their Financial Advisors and an in-depth look at the Debtors' business by several interested parties, no party has made an offer for additional equity infusion, new financing or a purchase of the Debtors' assets that would enable reorganization. Because no offers were received, in order to continue the operations and maintenance services on the Debtors' and the Funds' existing arrays, LEAM was created by certain of the Debtors' principals to continue the operations and maintenance business pursuant to the terms of the LEAM APA.

Without the sale to LEAM, the Debtors' outstanding cash would be used to fund completion and interconnection final tasks, leaving little to no recovery for creditors.

The Declaration of Matthew Lumia, attached as **Exhibit B** hereto, describes in further detail the steps that were taken to market and explore interest in the Debtors' assets.

IV.

OVERVIEW OF THE PLAN

A. SUMMARY OF THE PLAN

A plan is a vehicle for satisfying the rights of Holders of Claims against and Equity Interests in a debtor. Confirmation of a plan is the overriding purpose of a chapter 11 case. Upon confirmation, a plan becomes binding on the debtor and all of its creditors and Equity Interest Holders.

In these Chapter 11 Cases, the Plan contemplates a liquidation of each of the Debtors and is therefore referred to as a "plan of liquidation." The primary objective of the Plan is to maximize the value of the recoveries to all Holders of Allowed Claims and to distribute any property of the estates that is or becomes available for distribution generally in accordance with the priorities established by the Bankruptcy Code.

Plan Implementation, Liquidating Trust and Sale to LEAM

As discussed more fully in the following sections, the Plan provides for, among other things: (i) an agreement with M&T Bank for (a) the payment in the amount of $200,000 from the Fund III Master Equipment Lease reserve account, (b) the repayment of a loan in the amount of $75,000 by Fund I to the Debtors and (c) the release of its security interest, subject to certain conditions; (ii) a sale of some the Debtors' assets to LEAM; (iii) the liquidation of all of the property of each Debtor that is not being sold pursuant to the LEAM APA, except for the interests of LEM II in Fund II which vest in the Liquidating Trust upon confirmation of the Plan, (iv) the formation of a Liquidating Trust for the prosecution and collection of the Causes of Action against third parties whether or not such Causes of Action have already been commenced prior to the creation of the Liquidating Trust; (v) distributions to Holders of Allowed Claims; (vi) rejection of all executory contracts and unexpired leases to which any Debtor is a party that were not previously assumed, assigned, or rejected or are not being assumed, assigned, or rejected as part of the Plan; and (vii) certain other transactions to effect the Plan.

Substantive Consolidation

The Plan provides for substantive consolidation of the Debtors for all purposes relating to the Plan, including, without limitation, for purposes of voting, confirmation and distribution. On and after the Confirmation Date, (i) for purposes of the Plan, all assets and liabilities of the Debtors shall be treated as though they were merged, (ii) no distributions shall be made under the Plan on account of any Claim held by any Debtor against any other Debtor, (iii) no distributions (other than the reinstatement provided in the Plan shall be made under the Plan on account of any Equity Interest held by a Debtor in any other Debtor, (iv) all guarantees of the Debtors of the obligation of any other Debtor shall be eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint or several liability of any of the Debtors shall be one obligation of the of the Debtors, and (v) each and every Claim filed or to be

filed in the Chapter 11 Cases of any of the Debtors shall be deemed filed against the consolidated Debtors, and shall be one Claim against and obligation of the Debtors.

The substantive consolidation effected pursuant to Section 8.01(a) of the Plan shall not (other than for than for purposes related to funding distributions under the Plan) affect: (i) the legal and organizational structure of the Debtors, (ii) pre and post-Commencement Date guarantees, Liens, and security interests that are required to be maintained (A) in connection with executory contracts or unexpired leases that were entered into during the Chapter 11 Cases or that have been or will be assumed or (B) pursuant to the Plan, (iii) defenses to any Cause of Action or requirements for any third party to establish mutuality in order to assert a right of setoff, and (iv) distributions out of any insurance policies or proceeds of such policies.

A copy of the Plan is annexed hereto as **Exhibit A**.

B. M&T BANK LIQUIDATION PLAN AGREEMENT

Pursuant to sections 6.05, 6.06 and 6.07 of the Plan, the Debtors have proposed the following treatment to M&T Bank, all of which is conditioned on confirmation of the Plan:

1. Upon the confirmation of the Plan, M&T Bank will pay the Debtors $200,000.00, the amount presently held by M&T Bank in the Fund III reserve accounts, which reserve accounts were funded, in part, from the proceeds of term notes, the primary obligations under which had been guaranteed by certain of the Debtors prior to the entry of the Final Cash Collateral Order;

2. Upon the confirmation of the Plan, the over $7 million owed under the secured guaranties executed by NYLE and LEI for the benefit of M&T Bank and any amounts secured by the security agreements executed by NYLE and LEI shall be deemed to be zero and any and all liens arising from such guaranties shall be terminated. As of the date of this Disclosure Statement, M&T Bank has significant remaining risk with regard to outstanding projects, in particular with regard to Fund III's completion and interconnection of the Titan project, which has not yet received confirmation of ability to interconnect or receive SRECs. Upon the release of the guaranties, all remaining assets and sale proceeds will be unencumbered and may be contributed free and clear of all encumbrances to the Liquidating Trustee for eventual distribution to the Holders of Allowed Claims.

3. Prior to the filing of this Plan, Fund I paid to USLE $75,000.00, in repayment of monies advanced by USLE to Fund I. M&T Bank also waived any right, title, and interest M&T Bank had or may have had in the $75,000.00.

C. ASSET PURCHASE AGREEMENT WITH LIGHT ENERGY ASSET MANAGEMENT, LLC

The LEAM APA executed by the Debtors and LEAM is attached as Schedule 6.01 to the Plan. LEAM is a New York limited liability company owned and/or controlled by David Ellis and Timothy Higgins. David Ellis and Timothy Higgins are currently the Managing Members of

NYLE, which controls all of the Debtor entities. LEAM is represented by Morgan, Lewis & Bockius, LLP. LEAM and the Debtors began negotiations of the LEAM APA in April 2016 after the interest of other potential purchasers waned and ultimately disappeared.

Under the LEAM APA, LEAM proposes, for (a) the cash sum of $459,000 to be paid as follows: (i) $380,000 upon confirmation of the Plan, and (ii) $79,000 on the earlier of the receipt of the BETNR Refund or June 30, 2017 and (b) the assumption of certain liabilities, to purchase the following assets of the Debtors:

> **(1)** All accounts receivable, rebates and refunds, except for certain insurance, construction and utility refunds, as more fully described on Schedule 2.2(b) of the LEAM APA; **(2)** All inventory; **(3)** All deposits and prepaid charges and expenses of the Debtors' relating to any of the assets bought by LEAM; **(4)** All assigned contracts, as more fully described on Schedule 2.5 of the LEAM APA; **(5)** The BETNR Refund, to the extent that such refund has been advanced by LEAM; **(6)** The equity interests in LEM and Fund III; **(7)** The rights of the Debtors under any real property leases, if any; **(8)** The real property owned by USLE located at 13-15 BETNR Industrial Drive, Pittsfield, Massachusetts, subject to the easement granted to Fund III; **(9)** Certain tools, equipment, machinery, fixtures, furniture owned by the Debtors, as more fully described in Schedule 2.1(h) of the LEAM APA; **(10)** The solar arrays owned by NYLE, which are subject to the NYLE Master Equipment Lease, as more fully described in Schedule 2.1(i) of the LEAM APA; **(11)** the trading account of USLE for solar renewable energy credits associated with the trading website NEPOOL GIS; **(12)** Any right of the Debtors in and to any confidential business information and goodwill related to the assets being purchased by LEAM; **(13)** Any right of USLE in and to any (i) logos, trade names and corporate names and other indicia of origin and corporate branding, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (b) internet addresses, uniform resource locaters, domain names, websites and web pages, and (c) goodwill related to all of the foregoing, in each case to the extent used exclusively in the operation of USLE's business or related to the assets being purchased; **(14)** All documents that are exclusively used in, or that arise exclusively out of, the Debtors' business, including but not limited to documents relating to products, services, marketing, advertising, promotional materials, and all files, customer files, sales information and documents (including credit information), supplier lists, records, literature and correspondence; **(15)** All permits used by the Debtors exclusively in their businesses to the extent assignable; and **(16)** All goodwill and other intangible assets exclusively related to the Debtors' business and the acquired assets, including customer and supplier lists.

In addition to the assets of the Debtors being purchased, LEAM, as part of the purchase price, seeks an assignment and assumption of the agreements listed on Schedule 2.5 of the LEAM APA, which include, but are not limited to, the Fund III EPC Agreement, agreements for

the operation and maintenance of the arrays owned by Fund I, Fund II, Fund III and NYLE and a retail installment contract for a bobcat machine.

The LEAM APA provides for LEAM to pay a purchase price of $459,000 (plus the assumption of certain liabilities) in consideration for the assets acquired from the Debtors.

The projected remaining assets of the Debtors' Estates to fund the Distribution Fund on the Effective Date, with the remainder vested in the Liquidating Trust on the Effective Date are comprised of:

1. Cash in the amount of $56,000 to fund the Liquidating Trust Reserve and receivables held by the debtors in the amount of $50,000;[5]

2. Sale proceeds in the amount of $300,000 from LEAM in accordance with the LEAM APA;

3. An advance of $80,000 from the BETNR Refund on the Effective Date;[6]

4. The Liquidating Trust Assets, including, but not limited to, insurance and audit refunds of approximately $30,000, the Causes of Action and the Kyocera Litigation (see Article V-I below).

Of the above, $380,000 shall be paid to the Distribution Fund, with an additional $79,000 anticipated to be available to be paid to the Distribution Fund in 2017 based upon the guaranteed BETNR Refund and insurance refunds, as stated above. These funds will be reduced by certain of the Debtors' administrative expenses not assumed by LEAM including, without limitation, payment of (i) Professional Fee Claims for the Debtors and the Creditors' Committee, (ii) U.S. Trustee's Fees, (iii) Priority Tax Claims and (iv) other administrative expenses incurred by the Debtor and payable in the ordinary course of business. LEAM shall also assume the final obligations of the Debtors in completion of the Fund III EPC Agreement, as set forth in the cash flow attached to the LEAM APA.

The Cash available to fund the Liquidating Trust's implementation of the Debtors' Plan may be increased to the extent of any net recovery on the liquidation of miscellaneous assets not included in the Debtors' asset sale and the Kyocera Litigation, and may be decreased by the Debtor's payment of any additional administrative expenses which are paid or payable between the date hereof and the Effective Date.

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[5] The collectability of a $50,000 receivable is uncertain as of the date of this Disclosure Statement.

[6] The Debtors have paid Eversource in the amount of $636,377 for the BETNR utility interconnection, which includes a 25% additional reserve. The Debtors believe that the actual expenses of the interconnection will be less than the amount held by Eversource, resulting in a refund of $159,000. Pursuant to the LEAM APA, LEAM is guaranteeing the receipt of this $159,000 as follows: $80,000 upon confirmation of the Plan, and $79,000 on the earlier of the receipt of the BETNR Refund or June 30, 2017.

Pursuant to the terms of the Plan, the Debtors anticipate allocating the funds held on the Effective Date, including the Purchase Price approximately as follows:

Funds available on the Effective Date	**$405,000**
Less:	
Payment of Administrative Claims, Priority Tax Claims and the U.S. Trustee's Fees	$15,000
Liquidating Trust Reserve	$10,000
Total Available for Distribution Fund	**$380,000**[7]

After the Effective Date, the Debtors estimate that they will receive the BETNR Refund from the interconnection fees paid to Eversource in the amount of $159,000. LEAM has guaranteed this payment in the form of an $80,000 advance to be included in the Purchase Price paid by LEAM on the Effective Date (which is included in the $380,000 set forth above) and the remaining $79,000 to be paid to the Debtors' estates on the earlier of the receipt of the BETNR Refund or June 30, 2017. At such time, the remaining $79,000 of this refund along with expected insurance and audit refunds in the amount of $30,000 will be available to the Debtors' estates for payment of continued operating expenses and administrative claims.

D. WAIVER, RELEASES AND INDEMNIFICATIONS

Pursuant to Article 14 of the Plan, David Ellis and Timothy Higgins and other members of the Debtors' management that were involved during these Chapter 11 Cases are entitled to certain waivers, releases and indemnifications for their actions during these Chapter 11 Cases in return for the significant time and resources they have expended on behalf of the Debtors' operations at no cost to the Debtors, with the limited exceptions set forth in the Plan . For the avoidance of doubt, the Former Principals are not entitled to any waivers, releases, or indemnification under the Plan.

E. SUMMARY OF CLASSIFICATION AND TREATMENT

Upon confirmation of the Plan, the Debtors' secured guaranty obligation to M&T Bank in the amount of over $7 million will be eliminated, leaving the remaining assets of the Debtors, including the proceeds from LEAM and M&T Bank, available for distribution to creditors as follows.

The following table divides the Claims against and Equity Interests in the Debtors into separate classes and summarizes the treatment for each class, as a result of M&T Bank's concessions. The table also identifies which classes are entitled to vote on the Plan based on the

[7] This amount represented a distribution of 7.6% to unsecured creditors based upon $5 million in unsecured claims, however this distribution will be reduced by administrative claims relating to the cost of confirming the Plan over the objections of Kyocera and any appeal expenses which may be incurred.

rules set forth in the Bankruptcy Code. Finally, the table indicates an estimated recovery for each class. The recoveries described in the following table represent the Debtors' best estimates, given the information available at this time. The Debtors estimate that the aggregate amount of Allowed General Unsecured Claims is approximately $5.0 million.

Class	Description	Treatment	Entitled to Vote	Estimated Recovery
--	Administrative Claims	Payment in full on the Effective Date	No	100%
--	Priority Tax Claims	Payment in full on the Effective Date or over six years from the date of assessment of the tax, with interest.	No	100%
1	Non-Tax Priority Claims	Payment in full on the Effective Date of the allowed amount of such Claim	No	100%
1A	Secured Claims		Yes	0% under the Plan
2	General Unsecured Claims		Yes	Pro rata share of Distribution Fund
3	Litigation Claims		Yes	Pro rata share of Distribution Fund, unless subordinated, otherwise 0% Initial distribution, which may be increased by Litigation Proceeds
4	Equity Interests		No	0% Initial distribution which may be increased by Litigation Proceeds

F. ADMINISTRATIVE AND PRIORITY CLAIMS

Administrative Claims. In order to confirm the Plan, allowed Administrative Claims must be paid in full or in a manner otherwise agreeable to the Holders of those Claims. Administrative expenses are the actual and necessary costs and expenses of the Chapter 11 Cases. Those expenses include, but are not limited to, postpetition salaries and other benefits for employees, postpetition rent for the Debtors' office, amounts owed to vendors that provided goods and services in the Chapter 11 Cases, tax obligations incurred after the commencement of the Chapter 11 Cases, including interest, if applicable, under relevant state law, and certain statutory fees and expenses. Other administrative expenses include the actual, reasonable and necessary fees and expenses of the professionals retained by the Debtors and the Creditors' Committee.

Consistent with the requirements of the Bankruptcy Code, the Plan generally provides for allowed Administrative Claims to be paid in full on the Effective Date, except for Administrative Claims relating to ordinary course of business transactions, which will be paid in accordance with the past practice of the Debtors and the terms of the agreements governing the such obligations. Allowed Administrative Claims relating to compensation of the professionals retained by the Debtors and the Creditors' Committee, or for reimbursement of expenses, will be paid on the date on which an order allowing such Administrative Claim is entered (or as soon thereafter as practicable).

Fees and Expenses of Professionals. As of the date hereof, the Debtors have paid the various professionals in these Chapter 11 Cases an aggregate of approximately $611,000.00 since the Petition Date, with an aggregate holdback amount of 20% or $64,694.32 payable upon confirmation of the Plan. The Debtors estimate that various Professionals will file additional fee applications for amounts incurred from June 2016 through the Effective Date.

Quarterly Fees to the United States Trustee. All fees payable to the United States Trustee for Region 2 will be paid on or before the Effective Date.

Priority Tax Claims. Unless a Holder of a Priority Tax Claim has been paid prior to the Effective Date or agrees to a less favorable treatment, Priority Tax Claims entitled to priority under the Bankruptcy Code will be paid in full on the later of the Effective Date or the date such Priority Tax Claim becomes allowed.

G. DESCRIPTION OF CLASSES UNDER THE PLAN

Unless otherwise indicated, the characteristics and amount of the Claims or Equity Interests in the following classes are based on the books and records of the Debtors.

1. *Class 1 – Non-Tax Priority Claims*

The Claims in Class 1 are of the types identified in section 507(a) of the Bankruptcy Code that are entitled to priority in payment (other than Administrative Claims and Priority Tax Claims). For the Debtors, the Non-Tax Priority Claims relate primarily to prepetition wages and benefit plan contributions that had not yet been paid as of the Petition Date. Most of the Non-Tax Priority Claims have already been paid by the Debtors pursuant to an order entered by the Bankruptcy Court on the Petition Date. The Debtors estimate that the aggregate allowed amount of the Non-Tax Priority Claims is $5,000.

Class 1 is Unimpaired by the Plan. Each Holder of a Non-Tax Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan.

2. *Class 1A – M&T Bank Secured Claim*

Class 1A consists of the Secured Claim held by M&T Bank in the approximate amount of $7,000,000. Class 1A will receive 0% under the Plan.

Class 1A is Impaired by the Plan, as M&T Bank, pursuant to the Plan, shall release its security interests in the Debtors' assets, release all claims to the $200,000 reserve. The $200,000 will be used to pay administrative and other expenses of the Debtors' Estates. This agreement with M&T Bank is more fully described in section IV-B above and in sections 6.05 to 6.07 of the Plan.

Class 1A is entitled to vote to accept or reject the Plan.

3. *Class 2 – General Unsecured Claims*

The Debtors estimate that, following completion of the Claims reconciliation process, the aggregate amount of Allowed Claims in Class 2 will be approximately $5,000,000, after deducting duplicate Claims, Claims not supported by the Debtors' books and records, Claims that have already been reduced by agreement of the parties or order of the Bankruptcy Court, and Claims that are subordinated and Claims that are subject to other objections. The Claims in Class 2 consist primarily of Claims of vendors and subcontractors.

On the Initial Distribution Date, Holders of Allowed General Unsecured Claims will be paid that portion of the Distribution Fund available, subject to costs associated with plan confirmation and any subsequent appeals. The Holders of such Claims should also receive subsequent distributions from the proceeds of the Kyocera Litigation, preference and fraudulent conveyance litigation, and other Causes of Action that will be commenced by the Debtors and/or the Liquidating Trustee. Such payments shall be in full and complete satisfaction of such Holder's General Unsecured Claims.

Class 2 is Impaired by the Plan. Each Holder of a General Unsecured Claim is entitled to vote to accept or reject the Plan.

4. *Class 3 – Litigation Claims*

The Claims in this Class 3 include all Litigation Claims and those claims held by any Debtor against another Debtor. As of the date of this Disclosure Statement, the Debtors have only objected to the proofs of claim filed by Kyocera International, Inc. and Kyocera Solar, Inc. and have commenced an adversary proceeding against Kyocera seeking subordination of their Claims, however the claims asserted by Kyocera will be allowed in full for voting purposes. The Class 3 Claims total approximately $21 million.

Class 3 Litigation Claims are Impaired. Class 3 Claims are Litigation Claims the treatment and priority of which has been or will be contested by the Debtors. If the treatment of any Class 3 Claim is contested and the relevant Class 3 Claimant is successful in contesting such treatment by Final Order (with respect to Kyocera, such subordination claim having been determined by a Final Order in the Kyocera Adversary Proceeding), then that Class 3 Claimant shall be entitled to recover, *pro rata* with holders of Class 2 General Unsecured Claims If,

however, a Litigation Claim's treatment is either (a) not opposed or (b) determined to be valid by a Final Order (with respect to Kyocera, such subordination having been determined by a Final Order in the Kyocera Adversary Proceeding), no distribution shall be made on account of such Claims and the Holders of such Class 3 Claims shall not receive or retain any property or distribution on account of such Class 3 Claims unless and until all of the General Unsecured Claims are paid in full.

Class 3 is Impaired by the Plan. Each Holder of a Litigation Claim is entitled to vote to accept or reject the Plan.

5. *Class 4 – Equity Interests*

The Claims in Class 4 consist of all interests of Holders of Equity Interests in the Debtors.

Class 4 Equity Interests are Impaired by the Plan. On the Effective Date, the Class 4 Equity Interests will be cancelled and the Holders of such interests shall not receive or retain any property or distribution on account of such Class 4 interest.

Class 4 is Impaired by the Plan. Each Holder of an Equity Interest is conclusively presumed to have rejected the plan and is not entitled to vote to accept or reject the Plan.

H. CERTAIN CONDITIONS TO THE EFFECTIVE DATE

Section 13.02 of the Plan sets forth certain conditions of the Effective Date. These conditions include (i) entry of the Final Confirmation Order (in a form acceptable to the Debtors), (ii) the approval of the Liquidating Trust Agreement, (iii) appointment of the Liquidating Trustee by an order of the Bankruptcy Court; and (iv) the entry of any order necessary to satisfy any condition to the effectiveness of the Plan shall have become a Final Order and all documents provided for under the Plan shall have been executed and delivered by the parties thereto.

I. RESERVATION OF "CRAMDOWN" RIGHTS

The Bankruptcy Code permits the Bankruptcy Court to confirm a chapter 11 plan over the dissent of any class of Claims or Equity Interests as long as the standards in section 1129(b) are met. This power to confirm a plan over dissenting classes – often referred to as "cramdown" – is an important part of the process. It assures that no single group of Claims or Equity Interests can block a plan that otherwise meets the requirements of the Bankruptcy Code and is in the interests of the other constituents in the case.

The Debtors each reserve the right to seek confirmation of the Plan, notwithstanding the rejection of the Plan by the classes entitled to vote.

V.

VOTING PROCEDURES AND REQUIREMENTS

Detailed voting instructions are provided with the Ballot accompanying this Disclosure Statement. The following classes are the only classes entitled to vote to accept or reject the Plan:

CLASS	DESCRIPTION
1A	**M&T Bank Secured Claim**
2	**General Unsecured Claims**
3	**Litigation Claims**

If your Claim or Equity Interest is not in any of these classes, you are not entitled to vote and you will not receive a Ballot with this Disclosure Statement. If your Claim or Equity Interest is in one of these classes, you should read your Ballot and follow the listed instructions carefully. Please use only the Ballot that accompanies this Disclosure Statement.

BALLOT INFORMATION NUMBER: (315) 218-8264

A. VOTE REQUIRED FOR ACCEPTANCE BY A CLASS

Under the Bankruptcy Code, acceptance of a plan by a class of Claims is determined by calculating the number and the amount of Claims voting to accept, based on actual total Allowed Claims voting. Acceptance of a plan by a class of Equity Interests is determined by calculating the amount of the allowed Equity Interests voting to accept, based on the actual total allowed Equity Interests voting.

Acceptance requires an affirmative vote of more than one-half of the total Allowed Claims voting, two-thirds in amount of the total Allowed Claims voting and an affirmative vote of at least two-thirds in dollar amount of the allowed Equity Interests voting.

B. CLASSES NOT ENTITLED TO VOTE

Under the Bankruptcy Code, creditors are not entitled to vote if their contractual rights are Unimpaired by the Plan, if they are an Affiliate of the Debtors or if they will receive no property under the Plan. Based on this standard, for example, the Holders of Administrative Claims, Priority Tax Claims, and Non-Tax Priority Claims are not being affected by the Plan, and therefore are not entitled to vote for the Plan.

C. VOTING

In order for your vote to be counted, your Ballot must actually be *received* by the voting agent at the following address before the Voting Deadline of **4:00 p.m. Eastern Time on _____ ___, 2016:**

Voting Agent: Bond, Schoeneck & King, PLLC
Attn: Kristin Doner
One Lincoln Center
Syracuse, New York 13202-1355
Email: kdoner@bsk.com
Phone: (315) 218-8264

If a Ballot is damaged or lost, you may contact the Debtors' voting agent at the number set forth above. Any Ballot that is executed and returned but which does not indicate acceptance or rejection of the Plan will not be counted.

VI.

CONFIRMATION OF THE PLAN

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires a bankruptcy court, after notice, to hold a hearing on confirmation of a plan. Notice of the Confirmation Hearing respecting the Plan has been provided to all known Holders of Claims and Equity Interests or their Representatives. The confirmation hearing is scheduled for **10:30 a.m. Eastern Time on _____ ____, 2016**, before the Honorable Robert E. Littlefield, Jr., United States Bankruptcy Court, James T. Foley Courthouse, 445 Broadway, Suite 330, Albany, NY 12207. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to confirmation of a plan. Any objection to Confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objector, the nature and amount of Claims or Equity Interests held or asserted by the objector against the Debtors' Estates, and the basis for the objection and the specific grounds in support thereof. Such objection must be Filed with the Bankruptcy Court, with a copy forwarded directly to the Chambers of the Honorable Robert E. Littlefield, Jr., United States Bankruptcy Court, James T. Foley Courthouse, 445 Broadway, Suite 330, Albany, NY 12207, together with proof of service thereof, and served upon and received no later than _____ ___, **2016** by: (a) counsel to the Debtors; (b) counsel to the Creditors' Committee; and (c) the Office of the United States Trustee, so as to be received no later than the date and time designated in the notice of the Confirmation Hearing.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. GENERAL REQUIREMENTS OF SECTION 1129

At the Confirmation Hearing, the Debtors will request that the Bankruptcy Court determine that the Plan satisfies the requirements of § 1129 of the Bankruptcy Code. If so, the Bankruptcy Court shall enter an order confirming the Plan. The applicable requirements of § 1129 of the Bankruptcy Code are as follows:

a. The Plan must comply with the applicable provisions of the Bankruptcy Code;

b. The Debtors must have complied with the applicable provisions of the Bankruptcy Code;

c. The Plan has been proposed in good faith and not by any means forbidden by law;

d. Any payment made or promised to be made by the Debtors 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 Chapter 11 Cases, has been disclosed to the Bankruptcy Court, and any such payment made before Confirmation of the Plan is reasonable, or if such payment is to be fixed after Confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable;

e. The Debtors have disclosed the identity and affiliations of any individual proposed to serve, after Confirmation of the Plan, as a director, officer, or administrator of each of the Debtors under the Plan. Moreover, the appointment to, or continuance in, such office of such individual is consistent with the interests of Holders of Claims and Equity Interests and with public policy;

f. Best Interests Test. The "best interests" test requires that with respect to each Class of Impaired Claims or Equity Interests, either each Holder of a Claim or Equity Interest of such Class has accepted the Plan, or will receive or retain under the Plan on account of such Claim or Equity Interest, 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 applicable Debtor were liquidated on such date under chapter 7 of the Bankruptcy Code. In a chapter 7 liquidation, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts due to senior classes have either been paid in full or payment in full is provided for: (i) first to secured creditors (to the extent of the value of their collateral), (ii) next to priority creditors, (iii) next to unsecured creditors, (iv) next to debt expressly subordinated by its terms, by the provisions of § 726(a) of the Bankruptcy Code, or by order of the Bankruptcy Court, and

(v) last to holders of interests. The starting point in determining whether the Plan meets the "best interests" test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtors' assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Cases and allowed under chapter 7 of the Bankruptcy Code (such as fees and expenses of Professionals), a chapter 7 trustee's fees, and the fees and expenses of professionals retained by a chapter 7 trustee. In order to satisfy the "best interest" test, Matthew Lumia, the Debtors' financial advisor, prepared a **Liquidation Analysis** which is attached as **Exhibit C** to this Disclosure Statement, showing that the Holders of Claims and Equity Interests in these Chapter 11 Cases will receive significantly more than such Holders of Claims and Equity Interests would receive in a chapter 7 liquidation. Furthermore, in addition to the reduction of available assets based on chapter 7 expenses, the liquidation value must be reduced by the secured claims of M&T Bank which is presently owed approximately $7 million. M&T is willing to discharge its security interest in all of the Debtors' assets upon confirmation of the Plan. M&T Bank is also willing to waive its right in the lease reserve accounts in the amount of $200,000 and the $75,000 which Fund I has paid to the Debtors to satisfy the $75,000 loan to USLE. Such waivers would not occur if the Plan is not confirmed and, consequently, not available in a liquidation. The potential chapter 7 liquidation distribution in respect of each class must be further reduced by the costs imposed as a result of the delay that would be caused by conversion of the Chapter 11 Cases to cases under chapter 7. The Debtors submit that holders of Claims and Equity Interests will receive under the Plan a recovery at least equal in value to the recovery such Holders would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The Debtors believe that under the Plan, Holders of Impaired Claims and Equity Interests will receive property with a value equal to or in excess of the value such Holders would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code, and therefore that the Plan is in the best interests of the Creditors.

g. Each Class of Claims or Equity Interests has either accepted the Plan or is not Impaired under the Plan;

h. Except to the extent that the Holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that (i) Holders of Allowed Administrative Claims shall be paid in full in Cash; (ii) Holders of Allowed Priority Tax Claims shall

be paid in full in Cash; and (iii) Holders of Allowed Priority Non-Tax Claims shall be paid in full in Cash.

i. At least one Impaired Class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of such Class;

j. Feasibility. Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if a bankruptcy court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the liquidation of the Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Debtors will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-confirmation obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Cases. The Debtors' **Projected Cash Flow**, including estimated cash to be received by the Liquidating Trust, is attached as **Exhibit D** to this Disclosure Statement. The Debtors believe that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

C. SECTION 1129(b)

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all Impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one Impaired class. If any Impaired Classes reject or are deemed to have rejected the Plan, the Debtors reserve the right to seek the application of the statutory requirements set forth in § 1129(b) of the Bankruptcy Code for Confirmation of the Plan despite the lack of acceptance by all Impaired Classes.

Section 1129(b) of the Bankruptcy Code provides that notwithstanding the failure of an impaired class to accept a plan, the plan shall be confirmed, on request of the proponent of the plan, 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 Interest that is Impaired under and has not accepted the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of secured Claims includes the requirements that (a) 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 (b) each Holder of a secured Claim in the class receive deferred cash payments totaling at least the allowed amount of such Claim with a present 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.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured Claims includes the requirement that either (a) such class receive or retain under the plan property of a value as of the effective date of the plan equal to the allowed amount of such Claim, or (b) if the class does not receive such amount, no class junior to the non-accepting class will receive a distribution under the plan.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of interests includes the requirements that either (a) the plan provides that each Holder of an Equity Interest in such class receive or retain under the plan, on account of such Equity Interest, property of a value, as of the effective date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such Holder is entitled, or (iii) the value of such Equity Interest, or (b) if the class does not receive such amount, no class of interests junior to the non-accepting class will receive a distribution under the plan.

If any Impaired Class of Claims or Equity Interests entitled to vote on the Plan does not accept the Plan by the requisite majority provided in § 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Plan in accordance with Article 16 of the Plan or undertake to have the Bankruptcy Court confirm the Plan under § 1129(b) of the Bankruptcy Code or both. With respect to Impaired classes of Claims or Equity Interests that are deemed to reject the Plan, the Debtors shall request that the Bankruptcy Court confirm the Plan pursuant to § 1129(b) of the Bankruptcy Code.

D. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following is a summary of certain U.S. federal income tax consequences of the Plan to certain Holders of Claims and Equity Interests. This summary is based on the Internal Revenue Code, Treasury Regulations thereunder and administrative and judicial interpretations and practice, all as in effect on the date of the Disclosure Statement and all of which are subject to change, with possible retroactive effect. Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. No opinion of counsel has been obtained and the Debtor does not intend to seek a ruling from the Internal Revenue Service as to any of the tax consequences of the Plan discussed below. There can be no assurance that the Internal Revenue Service will not challenge one or more of the tax consequences of the Plan described below.

This summary does not apply to Holders of Claims that are not U.S. Persons (as such term is defined in the Internal Revenue Code) or that are otherwise subject to special treatment under U.S. federal income tax law (including, without limitation, banks, governmental authorities or agencies, financial institutions, insurance companies, pass-through entities, tax-exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies and regulated investment companies). The following discussion assumes that Holders of Allowed Claims hold such Claims as "capital assets" within the meaning of section 1221 of the Internal Revenue Code. Moreover, this summary does not purport to cover all aspects of U.S. federal income taxation that may apply to Holders of

Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than U.S. federal income tax law, including under state, local or foreign tax law.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

Federal Income Tax Consequences to Holders of General Unsecured Claims. Each Holder of an Allowed General Unsecured Claim may recognize either gain or loss upon receipt of such payment equal to the difference between the "amount realized" by such creditor and such creditor's adjusted tax basis in his, her or its Claim. Such tax consequences will be impacted by Holders' interests in the Liquidating Trust.

The tax consequences to unsecured creditors will differ and will depend on factors specific to each such creditor, including but not limited to: (i) whether the unsecured creditor's Claim (or a portion thereof) constitutes a Claim for principal or interest, (ii) the origin of the unsecured creditor's Claim, (iii) whether the unsecured creditor is a U.S. person or a foreign person for U.S. federal income tax purposes, (iv) whether the unsecured creditor reports income on the accrual or cash basis method, and (v) whether the unsecured creditor has taken a bad debt deduction or otherwise recognized a loss with respect to the Claim.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH UNSECURED CREDITOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH CREDITOR OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH CREDITOR AS A RESULT OF THE PLAN.

Federal Income Tax Treatment of Equity Interests. In accordance with the Plan, Holders of Equity Interests in the Debtor will receive no distribution under the Plan on account of such Equity Interests. The character of any recognized loss will depend upon several factors including, but not limited to, the status of the Holder, the nature of the Equity Interest in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Equity Interest, and the extent to which the Holder had previously Claimed a deduction for the worthlessness of all or a portion of the Equity Interest.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCES TO EACH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. THEREFORE IT IS IMPORTANT THAT EACH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR OBTAIN HIS, HER OR ITS OWN

PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF AN EQUITY INTEREST OF THE DEBTOR AS A RESULT OF THE PLAN.

Withholding and Reporting. Payments of interest, dividends, and certain other payments are generally subject to federal backup withholding at the rate of 28% unless the payee of such payment furnishes such payee's correct taxpayer identification number (social security number or employer identification number) to the payor. The Debtors may be required to withhold the applicable percentage of any payments made to a Holder who does not provide his, her or its taxpayer identification number. Backup withholding is not an additional tax, but an advance payment of tax that may be refunded by the Internal Revenue Service to the extent such withholding results in an overpayment of tax by the taxpayer.

Importance of Obtaining Professional Tax Assistance. The foregoing is intended to be only a summary of certain of the United States federal income tax consequences of the Plan and is not a substitute for careful tax planning with a tax professional. Holders of Claims or Equity Interests are strongly urged to consult with their own tax advisors regarding the federal, state, local and foreign income and other tax consequences of the Plan.

THE FOREGOING DISCUSSION OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. ACCORDINGLY, HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX LAWS.

VII.

LIQUIDATING TRUST

A. EXECUTION OF LIQUIDATING TRUST AGREEMENT

Upon the Effective Date, a Liquidating Trust Agreement shall be executed by and between the Debtors and the Liquidating Trustee. A Liquidating Trust Agreement may provide powers, duties and authorities in addition to those explicitly stated herein, but only to the extent that such powers, duties, and authorities do not affect the status as a "liquidation trust" for United States federal income tax purposes.

B. PURPOSE OF THE LIQUIDATING TRUST

The Liquidating Trust is organized for the primary purposes of (a) distributing the initial distribution to those classes of claims entitled to recover under the Plan, (b) investigating, pursuing, litigating and, as applicable, settling Causes of Action, including the Kyocera Litigation, subject to any relevant provisions of the Liquidating Trust Agreement, without Bankruptcy Court approval, (c) collecting, receiving, holding, maintaining, administering and liquidating the Trust Assets, (d) paying all reasonable and necessary fees, costs and expenses incurred by the Liquidating Trustee or its Professionals pursuant to, and otherwise in connection with the Liquidating Trustee's performance of its duties under the Liquidating Trust Agreement,

and (e) transferring available Cash to the Beneficiaries as provided for in the Plan and the Liquidating Trust Agreement.

The Liquidating Trust has no objective to, and shall not, engage in a trade or business; shall conduct its activities consistent with the Final Confirmation Order, the Plan, and the Liquidating Trust Agreement; and shall terminate upon the completion of its liquidation and distribution duties.

The Liquidating Trust and the Liquidating Trustee shall conduct all of their activities pursuant to and in accordance with the Liquidating Trust Agreement, the Final Confirmation Order, and the Plan. In furtherance of these objectives, the Trustee shall, in its business judgment, make continuing best efforts to not unduly prolong the duration of the Liquidating Trust.

The Liquidating Trust Agreement is attached to the Plan as **Schedule 7.02**.

VIII.

RECOMMENDATION AND CONCLUSION

If no chapter 11 plan can be confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in zero distributions being made to Holders of General Unsecured Claims because (a) the agreement detailed in Article IV-B of this Disclosure Statement with M&T Bank is conditioned on confirmation of the Plan, (b) the LEAM APA will not come to fruition, and (c) substantial additional administrative expense attendant to the appointment of a trustee and the trustee's employment of attorneys and other professionals.

The Debtors believe the Plan is in the best interests of all creditors and urges the Holders of Impaired Claims in Class 1A, Class 2 and Class 3 to vote to accept the Plan and to evidence such acceptance by returning their Ballots.

The Committee has indicated that it has no objection to the confirmation of the Plan.

Dated: October 14, 2016
Latham, New York

NEW YORK LIGHT ENERGY, LLC

By: _____
David P. Ellis, Managing Member

LIGHT ENERGY PARTNERS GROUP, LP

By: New York Light Energy, LLC
its General Partner

By: _____
David P. Ellis, Managing Member

U.S. LIGHT ENERGY, LLC

By: Light Energy Partners Group, LP
its Sole Member

By: New York Light Energy, LLC
its General Partner

By: _____
David P. Ellis, Managing Member

LIGHT ENERGY INSTALLERS, LLC

By: Light Energy Partners Group, LP
Its Sole Member

By: New York Light Energy, LLC
its General Partner

By: _____
David P. Ellis, Managing Member

LIGHT ENERGY ADMINISTRATIVE SERVICES, LLC

By: Light Energy Partners Group, LP
its Sole Member

By: New York Light Energy, LLC
its General Partner

By: _____
David P. Ellis, Managing Member

LIGHT ENERGY MANAGEMENT II, LLC

By: Light Energy Partners Group, LP
its Sole Member

By: New York Light Energy, LLC
its General Partner

By: _____
David P. Ellis, Managing Member