

FILE

148

Ohio**Public Utilities
Commission**

Original AGG Case Number	Version
14 - 1820 -EL-AGG	May 2016

RENEWAL APPLICATION FOR ELECTRIC AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION**A-1 Applicant intends to be certified as: (check all that apply)**

☒ Power Broker ☐ Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name The Power Company USA, LLC
 Address 1165 N Clark St, Suite 400
 PUCO Certificate # and Date Certified 14-895E November 15, 2014
 Telephone # (312) 344-1056 Web site address (if any) www.thepowercompany.com

A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name The Power Company USA, LLC
 Address 1165 N Clark St, Suite 400, Chicago, IL 60610
 Telephone # (800) 587-1709 Web site address (if any) www.thepowercompany.com

A-4 List all names under which the applicant does business in North America

The Power Company USA, LLC _____

A-5 Contact person for regulatory or emergency matters

Name Patrick Farah
 Title Managing Partner
 Business address 1165 N Clark St, Suite 400, Chicago, IL 60610
 Telephone # (312) 344-1056 Fax # (888) 882-4340
 E-mail address pfarah@thepowercompany.com

PUCO

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This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
 Technician A Date Processed 10/15/18

A-6 Contact person for Commission Staff use in investigating customer complaints

Name Patrick Farah
Title Managing Partner
Business address 1165 N Clark St, Suite 400, Chicago, IL 60610
Telephone # (312) 344-1056 Fax # (888) 882-4340
E-mail address csr@thepowercompany.com

A-7 Applicant's address and toll-free number for customer service and complaints

Customer Service address 1165 N Clark St, Suite 400, Chicago, IL 60610
Toll-free Telephone # (800) 587-1709 Fax # (888) 882-4340
E-mail address csr@thepowercompany.com

A-8 Applicant's federal employer identification number # 27-4268426

A-9 Applicant's form of ownership (check one)

- | | |
|--|---|
| <input type="checkbox"/> Sole Proprietorship | <input type="checkbox"/> Partnership |
| <input type="checkbox"/> Limited Liability Partnership (LLP) | <input checked="" type="checkbox"/> Limited Liability Company (LLC) |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Other _____ |

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- A-10 Exhibit A -10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

- B-1 Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.
- B-2 Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.

☒ No ☐ Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 Exhibit C-3 “Financial Statements,” provide copies of the applicant’s two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

C-4 Exhibit C-4 “Financial Arrangements,” provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU’s collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody’s, Standard & Poor’s or Fitch and provide evidence of rating from the rating agencies.
2. Have a parent company or third party that is investment grade rated by Moody’s, Standard & Poor’s or Fitch guarantee the financial obligations of the applicant to the LDU(s).
3. Have a parent company or third party that is not investment grade rated by Moody’s, Standard & Poor’s or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company’s financials must be included in the application if the applicant is relying on this option.
4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

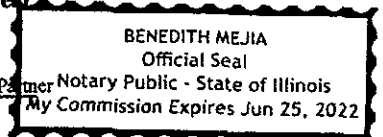
- C-5 Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted income statements for the applicant's **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.
- C-6 Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.
- C-7 Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experian, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.
- C-8 Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.
- C-9 Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.
- C-10 Exhibit C - 10 "Corporate Structure,"** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

 *Managing Partner*
Signature of Applicant & Title

Sworn and subscribed before me this 12th day of October, 2018
Month Year


Signature of official administering oath

Patrick Farah - Managing Partner
Print Name and Title



My commission expires on Jun 25, 2022

AFFIDAVIT

State of Illinois :

Chicago ss.
(Town)

County of Cook :

Patrick Farah, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the Managing Partner (Office of Affiant) of The Power Company USA, LLC (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

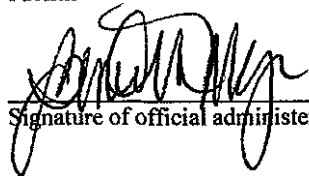
1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.
2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.
3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.
4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.
5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.
6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.
7. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.
8. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.
9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.
10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

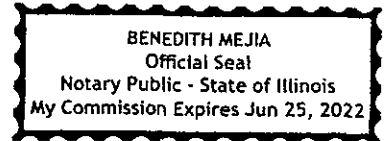

Signature of Affiant & Title Managing Partner

Sworn and subscribed before me this 12th day of October, 2018
Month Year


Signature of official administering oath

Patrick Farah - Managing Partner
Print Name and Title

My commission expires on June 25, 2022



Principal Officers, Directors & Partners

Exhibit A-10

Premier Holding Corporation

1382 Valencia Avenue, Suite F
Tustin, CA 92780
(949) 260-8070

Patrick Farah

1165 N Clark Street, Suite 400
Chicago, IL 60610
(312) 344-1056

Jurisdictions of Operation

Exhibit B-1

1. Illinois
2. Texas
3. New York
4. Ohio

Experience & Plans

Exhibit B-2

Patrick Farah ("Farah") is the Managing Partner of The Power Company USA, LLC

TECHNICAL COMPETENCE:

- Farah has had more than 11 years of experience in the electricity deregulation industry.
- Farah has been a Managing Partner of TPC, LLC operating for over 6 years in the Texas Deregulation market.
- Farah gained technical competence in the retail energy industry by working with TFE for 3 years as a Regional Leader specializing in Energy Sales in Dallas, TX. TFE for 3 years as a Corporate Trainer responsible for training Commercial Electricity Sales Team, USFE for 2 years as Director of Sales and CFO responsible for training Commercial Energy Brokers in the Texas Electricity Market.
- Farah developed relationships and negotiated contracts with Texas and Illinois energy suppliers.

MANAGERIAL COMPETENCE:

- Farah has had more than 9 year managing experience with TPC, LLC and other Companies.
- Farah handles the operational requirements for contract quotes, pricing and processing for all retail energy quotes and contracts for TPC LLC and his independent sales brokers.
- Farah set up the company operational procedures and trained a director of operations to enforce the procedures.
- Recruited, mentored and trained independent sales brokers and sales teams.
- Monitored record retention of all sales materials, customer authorizations, quotes, contracts, and commissions payable as well as caused required records to be maintained by operations staff.

Disclosure of Liabilities and Investigations

Exhibit B-3

The Power Company USA, LLC has no liabilities or investigations in the past or pending.

Annual Reports

Exhibit C-1

Not applicable. The Power Company USA, LLC is owned by Premier Holding Corporation (PRHL:OTC US) and is fully reporting to all its shareholders.

SEC Filings

Exhibit C-2

See Attached.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended: **December 31, 2016**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number **000-53824**



PREMIER HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Nevada

State or other jurisdiction
of incorporation or organization

88-0344135

(I.R.S. Employer
Identification No.)

1382 Valencia, Unit E, Tustin, CA 92780

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **(949) 260-8070**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

None

Name of each exchange on which registered

N/A

Securities registered pursuant to section 12(g) of the Act:

Shares of common stock with a par value of \$0.0001

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports),

and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The registrant had 371,312,723 shares of common stock outstanding as of March 31, 2017. The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2016 was \$15,572,373 as computed by reference to the closing price of such common stock on the OTCQB on such date.

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Forward-Looking Statements

This Annual Report on Form 10-K includes a number of forward-looking statements that reflect management's current views with respect to future events and financial performance. Forward-looking statements are projections in respect of future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. Those statements include statements regarding the intent, belief or current expectations of us and members of our management team as well as the assumptions on which such statements are based. Prospective investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risk and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Forward-looking statements made in this Annual Report on Form 10-K include statements about:

- concentration of our customer base and fulfillment of existing customer contracts;
- our ability to maintain pricing;
- deterioration of the credit markets;
- increased vulnerability to adverse economic conditions due to indebtedness;
- competition within our industry;
- asset impairment and other charges;
- our identifying, making and integrating acquisitions;
- our plans to identify and acquire products that we believe will be prospective for acquisition and development;
- Our ability to adequately fund our power supplier, AIC;
- loss of key executives;
- the ability to employ skilled and qualified workers;
- work stoppages and other labor matters;
- inadequacy of insurance coverage for certain losses or liabilities;
- federal legislation and state legislative and regulatory initiatives relating to the energy industry;
- costs and liabilities associated with environmental, health and safety laws, including any changes in the interpretation or enforcement thereof;
- future legislative and regulatory developments;
- our beliefs regarding the future of our competitors;
- our expectation that the demand for our products services will eventually increase; and
- our expectation that we will be able to raise capital when we need it.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" set forth in this Annual Report on Form 10-K for the year ended December 31, 2016, any of which may cause our company's or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in the future operating results over time except as required by law. We believe that our assumptions are based upon reasonable data derived from and known about our current business and operations. No assurances are made that actual results of operations or the results of our future activities will not differ materially from our assumptions.

As used in this Annual Report on Form 10-K and unless otherwise indicated, the terms "Premier," "we," "us," "our," or the "Company" refer to Premier Holding Corporation and its Subsidiaries, Energy Efficiency Experts, Inc. ("E3") and The Power Company USA, LLC ("TPC"). Unless otherwise specified, all dollar amounts are expressed in United States dollars.

PART I

ITEM 1. BUSINESS

Corporate History and Overview

We are an energy services holding company. We provide an array of energy services through our subsidiary companies, E3 and TPC. We provide solutions that enable customers to reduce their energy consumption, lower their operating and maintenance costs, and realize environmental benefits. Our comprehensive set of services includes competitive electricity plans and upgrades to a facility's energy infrastructure.

We were incorporated in Nevada on October 18, 1971 under the name of Mr. Nevada, Inc., and following the completion of a limited public offering in April 1972, we commenced limited operations which were discontinued in 1990. Thereafter and through 2012, we reorganized and, on several occasions, sought to merge with or acquire certain active private companies or operations, all of which were terminated or resulted in discontinued negotiations. We have been organized as a holding company that provides financial and management expertise, which includes access to capital, financing, legal, insurance, mergers, acquisitions, joint ventures and management strategies to our subsidiaries. Our common stock is quoted on the OTC Markets Group Inc. QB tier ("OTCQB"), under the symbol "PRHL".

In August of 2012, we acquired a unique marquee technology for energy efficient lighting, the E-Series controller developed by Active ES. This patented technology provides an upgrade for existing HID lamps for high-bay indoor and outdoor applications. In the fourth quarter of 2012, the Company performed additional research and development to the products from Active ES adding two new products for mass production, the 480-volt version of the controller, suitable for ports and other large facilities, and a 240-volt version of the LiteOwl for Streetlights, vastly increasing the applicable market.

In the first quarter of 2013, we acquired an 80% stake in TPC, a deregulated power broker in Illinois. By the end of that quarter, TPC had over 11,000 clients and has been adding between 1,000 and 3,000 clients per month. We expect this increase in clients to continue for the foreseeable future. Over 1,000 of these clients have commercial/industrial facilities such as small businesses, warehouses and distribution centers, which are candidates for E3's products and services.

Presently, we provide an array of energy services through E3 and TPC. The Company provides solutions that enable customers to reduce their energy consumption, lower their operating and maintenance costs, and realize environmental benefits. Our comprehensive set of services includes competitive electricity plans and upgrades to a facility's energy infrastructure.

In addition to organic growth, we expect that strategic acquisitions of complementary businesses and assets will remain an important part of our growth plan to enable us to broaden our service offerings and expand our geographical reach.

On October 22, 2014, the Company entered into a Membership Purchase Agreement ("Agreement") to acquire 85% of the membership interests of Lexington Power & Light, LLC ("LP&L") from its owners. LP&L was incorporated under the laws of the State of New York on July 8, 2010 as a Limited Liability Company. LP&L markets and sells electricity and natural gas to both commercial and residential customers located primarily in five boroughs of New York City and on Long Island. The Company purchase electricity and natural gas on a wholesale basis pursuant to a combined supply and credit facility agreement. Under the Agreement, we were to acquire 85% of LP&L for 7,500,000 shares of common stock and \$500,000 in Promissory Notes, plus earn-out payments based upon EBITDA milestones during the 12 months following the closing date. Under the terms of the Agreement, we had a contingent funding obligation of \$1,000,000 of which \$500,000 would be used as working capital for LP&L. In addition we had an option through December 31, 2018 to acquire the remaining 15% of LP&L for \$20,000,000 payable half in cash and have shares of our common stock and we agreed to limit our board of directors to five persons, with the members of LP&L having the right to appoint one board member. On April 7, 2015, the Agreement was terminated as a result of our default on our purchase obligations for the acquisition due to the non-performance of LP&L under the terms of the Agreement.

On May 6, 2016, we entered into a definitive agreement with WWCD, LLC, a company incorporated in the State of Illinois ("WWCD"), to acquire for \$125,000 all membership units, including all licenses and contracts held, of American Illuminating Company, LLC, a Connecticut limited liability company ("AIC"), a company owned by WWCD. AIC is a FERC-licensed supplier of deregulated energy. Consummation of the acquisition of AIC was subject to FERC approval, which as of December 31, 2016 had not been granted. On January 27, 2017, we received a letter indicating FERC approval and completed payment of an additional \$100,000

for consulting and marketing services. AIC is expected to begin financing and developing the business plan in the third quarter of 2017, and will recruit additional resellers of deregulated power and provide them with our sales tools to streamline sales efforts, enforce compliance, and increase productivity. We reflected the \$125,000 payment towards the acquisition of AIC as a deposit on the balance sheet as of December 31, 2016.

Overview of Industry

We bridge two industries in the Energy field: TPC is engaged in the deregulated energy space (reselling power from suppliers, and also as a supplier) and E3 is engaged in providing energy efficiency technologies. Deregulated power is expected to be one of the largest markets since the deregulation of telecom, only much larger. Energy efficiency companies, sometimes referred to as energy services companies, or ESCOs, develop, install and arrange financing for projects designed to improve the energy efficiency of client facilities. Typical products and services offered by energy efficiency companies include lighting and lighting retrofits, HVAC upgrades, motor controls, equipment installations, load management, and can include power generation including on-site cogeneration, renewable energy plants, etc. As we grow, we expect to be involved in all of these opportunities. Energy efficiency companies often offer their products and services through energy savings performance contracts, or ESPCs. Under these contracts, energy efficiency companies assume certain responsibilities for the performance of the installed measures, under assumed conditions, for a portion of the project's economic lifetime.

The U.S. residential electricity price is forecast to average 12.9 cents/kWh, 2.3% higher than in 2016. These fluctuations can partly be attributed to deregulation and we believe it indicates the growing popularity of this industry. The number of states adopting some form of deregulation continues to increase, and thus far, TPC has only addressed a small number of these states in earnest.

There are a number of industry factors that affect our ESCO business which include the overall demand for LED lighting. Future growth depends significantly on the adoption of LED lighting. The market for LED lighting has grown in recent years, as acceptance of LEDs for general lighting increases, but it still faces significant challenges before widespread adoption. This indicates the large untapped potential market, and as these challenges are successfully addressed it could signal increased sales opportunities. Demand also fluctuates based on various market cycles, a continuously evolving LED industry supply chain and demand dynamics in the market. These uncertainties make demand difficult to forecast. The competitive environment in the LED lighting industry is intense. Traditional lighting companies and new entrants are investing in LED lighting products as LED adoption has gained momentum. Product pricing pressures exist as market participants often undertake pricing strategies to gain or protect market share. To remain competitive, resellers of LED lighting must continuously increase service and support, product performance (including a degree of product independence to be free to move to other manufacturers with better products), and reduce costs.

E3's Business

E3 is an Energy Services Company (ESCO) formed by the Company to provide the best-of-breed energy reduction solutions for its clients. Through surveys and various analysis, E3 prescribes the best solution for the unique circumstance of each client by providing the most current, fully-vetted solutions in energy reduction technologies, as well as management tools which capture the client for future opportunities.

Many companies only provide stand-alone solutions and only address one area of energy efficiency. E3 looks at its clients' entire energy footprint and develops custom solutions that fit their distinct requirements. E3 prescribes the most appropriate solutions for its clients' facilities and operations based on their budget. In addition, E3 facilitates the entire process from assessment of needs to planning and implementation to ensure that all expectations for energy reduction and technology performance are met. E3 also provides financing through third-party partners for its customers.

E3 lowers the cost of energy through competitive supplier bidding and creates comprehensive energy savings solutions through the implementation of energy reduction projects. The mission of E3 is to help a customer select and implement the most cost effective energy conservation measures for its facilities. E3's energy services division is focused on providing business customers with best-in-class demand management solutions such as lighting (LED), HVAC, Commercial Refrigeration and Water Sub-Metering.

The sales, design and implementation process for energy efficiency projects can take from several months to several years. Existing and potential customers generally follow extended budgeting and procurement processes and sometimes must engage in regulatory approval processes. This extended sales process requires the dedication of significant time by sales and management personnel of the Company and the use of significant financial resources, with no certainty of success or recovery of related expenses.

To date, E3 and its growing reseller base have prospected a large number of qualified potential installations and is developing strategic partners including energy auditors, suppliers, installers, sales organizations and funding sources. These suppliers exponentially increased the number of the product offerings mostly in the LED and other lighting field. The installers not only bring a technical expertise in implementing solutions E3 provides its customers, but they also bring their list of clients and the various funding sources

that can provide every sort of financing to meet any client's needs from short-term loans, leases, on-bill financing, to PACE funding.

The Company believes that E3 is finding success in the sale and installation of LED lighting both as direct sales to mid- and large-sized customers and in utilizing rebate programs from power providers (SCE, etc.). E3 continues to recruit LED resellers whose clients have declined an LED sale and is going back to those clients and offering the E-Series technology as a solution for their existing (and preferred) HID lighting. This includes, but is not limited to, end users such as auto dealerships, warehouses, and parking structures.

In 2016 E3 signed an agreement with Sustainability Partners (“SP”), which is majority owned by BlackRock, to generate leads for SP’s unique “Sustainability-as-a-Services” business model. The model involves SP providing all technology, labor and maintenance at no up-front costs, and the agreement is to place pre-agreed rate onto the existing utility bill. If there is no consumption, there is no bill, and all maintenance is the responsibility of SP. This appears as a month-to-month fee, with no long-term obligation. There are additional features and conditions. This is very different from the ESCO (typically “shared savings” for an extended time, sometimes in perpetuity), lease, and PACE (costs placed on property taxes over time) programs, with less risk and more benefits to the client. In this agreement, E3 receives a commission on the entire sustainability project, which can be much larger than a lighting project, and the majority of the work is performed by SP. E3 expects that the volume of sales could increase due to the reduced efforts required by E3 on each sale. E3 is building a network of lead generators in support of this program.

TPC’s Business

TPC provides competitive energy pricing delivered with no change in services provided by a customer’s local utility provider. There are currently 16 states that have deregulated their electrical energy markets. While many consumers have already benefitted from deregulated energy, there are millions more that have not taken advantage of this opportunity. It is estimated that federally requested energy deregulation will be enacted in some form in more of the 50 states by 2020. The deregulation industry is estimated at 7 to 11 times larger than when the telecom industry deregulated. Today and as this market broadens, the Company expects TPC to continue to leverage its strength in these emerging markets.

Prior to deregulation, the utility market in each state was monopolized. One utility provided all components of energy services: supply and distribution. In 1992, Congress passed the National Energy Policy Act, allowing consumers in deregulated states the power to choose their energy supplier. TPC is an experienced energy consulting firm in the deregulation space that utilizes its market standing and its large, well-established network of energy suppliers to compete for its clients’ business. With no cost to, or obligation by its clients, TPC serves as its clients’ energy advocate and negotiates the most competitive pricing and options for its clientele. Because of TPC’s buying power, market expertise, and strong and diverse supplier relationships, TPC can achieve results and cost savings that are greater than most individuals and/or organizations can obtain on their own.

TPC’s business model is to enlist commercial and residential clients who benefit from the law passed allowing for competition in the energy markets as a result of deregulation of energy. In many cases TPC saves its clients 10% to 30% on their energy bills by simply switching suppliers, all while the enrollee still receives services from their local utility (the local utility continues to distribute the power, read the meter, bill, and service any interruptions). TPC is different than several of its competitors in that TPC has agreements with multiple energy suppliers allowing TPC to leverage its standing in the marketplace to garner competitive pricing for its clients by having its suppliers compete for its clients’ business. Currently, TPC has access to over 30 different suppliers and has most of the agreements in place that allow for TPC to be paid for the life of the client’s tenure with the supplier. TPC acquires its clients through strategic partnerships, trained in-house commercial and door-to-door residential agents and call centers.

TPC utilizes its online client energy portal, which is a sophisticated energy portal enabling rapid, efficient and secure sales transactions of deregulated power. The energy portal is designed to enable sales agents, whether from a computer terminal, a smart phone, or any web browser to access the pertinent information on a prospective client. Agents can view their clients’ energy profiles and quickly access the energy options available to them. The transparency and ease of the energy portal allows TPC’s agents to select the best power provider for their customers and process the paperwork online in real-time, which enables client acquisition in minutes. This sales portal enables large-scale, rapid sales of deregulated power. The energy portal is built for scalability so that it can be monetized on its own, meaning it can be offered to any deregulated power company as a sales tool. The technology also provides sales management, reporting, verification, and compliance tracking which may be among the best in the industry.

Strategy and Outlook

Revenues generated from E3 were minimal for the year ended December 31, 2016, as the sales cycles for these large projects can be very long. We have closed sales with a municipality and are currently pursuing larger proposals to prospects such as ports, municipalities, big box stores, and fortune 500 companies.

As of the date of this report, our current strategy involves the following initiatives:

- Expanding activities in deregulated energy markets through strategic partners: TPC continues to focus on building sales channels through strategic partners that either have, or have access to significant customers to which we can offer competitive electricity rates.
- Creating and leveraging sales leads from TPC's deregulated sales efforts to drive sales opportunities: As TPC continues to build its commercial and business customer base, it informs these customers that, in addition to financial savings that they can achieve through the negotiation of more competitive electricity rates, E3 can also provide energy savings through the installation of lighting and other building envelope technologies.
- Focusing on building channel sales partners for E3: We have established strategic partners in key growth markets that advocate and introduce our lighting and related demand management technologies to TPC customer base. We intend to continue to build and develop these channel partnerships both domestically and internationally.
- Plan to become a power provider/supplier: By adding a power provider/supplier in the future, we can book the entire energy bill as revenue as opposed to only the commission. This revenue is estimated to provide two to three times the earnings on the same customer currently being acquired by TPC, by picking up the margin between the wholesale and retail price.
- One-stop shop for "everything energy": We believe that we can best serve our customers by providing all energy related products and services under one cohesive and coordinated package, with over 30 energy supplier partnerships, and plans to operate also as a supplier, and with E3 representing an expanding array of products, some proprietary, which enables us to provide the most appropriate and effective solution to meet our customers' needs and financial objectives.
- Provide funding sources to enable our clients to adopt new technology: We believe that we can recommend a wide range of funding options which will allow our clients to structure financing that best suits their needs. From no money down, to straight purchases, E3 is putting together a number of strategic financial partners and programs to facilitate a quick sale. Most notable is the SP relationship. In addition, we have resources to maximize tax credits and incentives for our clients.

Marketing

Our sales and marketing strategy captures the unique opportunity of being in two closely related, but separate industries. Through TPC, we expect to reach in excess of 50,000 consumers per year for deregulated power. A portion of these (the commercial/industrial customers) will also be candidates for E3's business. TPC, as it becomes integrated with E3, will provide E3 with the ability to cross market its product line to TPC's already existing client base. This provides an advantage over the competition by offering a complete clean energy solution package of a much lower cost of power and, by the use of its energy efficiency products, the reduction of energy consumption.

In addition to these valuable clients from TPC, the company's strategy is to approach large and qualified prospects through a network of resellers and alliance partners with pre-existing relationships and/or top-tier reputations in their respective markets (as well as direct sales as described below), and to offer their clientele customized and comprehensive energy efficiency solutions tailored to meet their economic, operational and efficiency goals.

Throughout the industry, the evaluation, proposal, sales, and implementation process for energy efficiency and renewable energy projects can typically take from three to 36 months or longer, due to the prescriptive nature of a consultative sale. Sales to state and federal governmental and housing authority customers tend to require the longest lead time. E3 identifies direct-sales opportunities through the pre-existing relationships of its team, as well as referrals, requests for proposals, conferences, web searches, telemarketing and additional product/service sales to existing customers.

E3 also supports its network of resellers with a wide range of energy efficiency products through its alliance with suppliers, as well as its growing list of proprietary products. E3 not only provides products at a very competitive rate, but supports its resellers through training, marketing material, team sales visits, and a sales support infrastructure that can reduce the typical sales cycle time.

Lead qualification has been automated such that a prospect can be evaluated over the phone, reducing the expense of performing audits and surveys on unqualified prospects. As the business develops we expect the audits will be performed by qualified sales engineers, typically LEED certified (Leaders in Energy Efficiency Design, a program under the US Department of Energy's Green Building Council) and/or certified electricians, which results in a more comprehensive, professional, accurate and competitive proposal. The Company and its resellers utilize trained and certified electricians and engineers to perform the installation, further increasing customer satisfaction. Follow-up reports verify energy savings performance. The Company also has access to third-party funding options which can meet the unique financial requirement of the client, including no-money down, and immediately cash-flow-positive programs.

Sustainability and Efficiency Market Potential

Management believes that the market for energy efficiency will continue to grow, that we will increase penetration in this market, and that revenue will continue to increase over time. Continued fiscal uncertainty has and may continue to contribute to a lengthening of our sales cycle for both municipal and commercial customers.

Due to the long and variable selling cycle for E3 business, the sales, design and implementation process for energy efficiency projects can take from several months to 36 months. Existing and potential customers generally follow extended budgeting and procurement processes, and sometimes must engage in regulatory approval processes. This extended sales process requires the dedication of significant time by sales and management personnel and the use of significant financial resources, with no certainty of success or recovery of related expenses. All of these factors can contribute to fluctuations in quarterly financial performance and increase the likelihood that operating results in any particular quarter may fall below investor expectations.

Competition

The ESCO market in the United States is viable and growing due to many driving factors in the current economy. The United States government has recently pushed towards energy conservation and efficiency which has led to substantial market growth in this industry. We are in competition with other more established companies that may be better capitalized and have more established name recognition than we do. There is no assurance that we can compete successfully in this marketplace.

For the LED Lighting industry, competitors include other resellers, ESCO's, distributors, as well as manufacturers who sell direct or through agents. These manufacturers include Cree, Sylvania, Phillips, GE, as well as many specialty manufacturers. Resellers of LED lamps abound in the industry both small and large and are usually categorized by their geographic or vertical segmentation, or their specialty (i.e. residential, commercial/industrial, rebate-driven, ornamental, etc.). In addition, providers of other services may also sell LED lamps, such as big box stores, electricians, solar or energy efficiency businesses.

TPC sells power provided by energy suppliers, who may also sell directly. As a result, energy suppliers are both an ally and a potential competitor. Those competing suppliers are allies in that TPC garners its clients by contracting consumers with those same energy suppliers. When TPC presents a client/prospect to one or more of its contracted energy suppliers, that prospect/client is listed and protected as TPC's introduction and client. An example of this "cooperation" is embodied in the largest energy retailer in North America which has over 6 million customers. They are technically TPC's competition because clients can sign up with this supplier without the assistance of TPC. However, TPC generates a substantial portion of its overall revenue by signing on as many as 5,000 clients per month selling this supplier's many energy offerings. In turn, this supplier counts on TPC's volume of business.

Many of TPC's competitors contract with these same suppliers to sell their energy offerings. There are 50 licensed suppliers in Illinois that range from Constellation which is owned by Exelon that generates \$33 Billion in revenue annually to suppliers such as Energy.me with whom TPC has had a sales agreement since their launch. Other competitors include, but are not limited to: AEP Energy, Agera Energy, LLC, Champion Energy, LLC, ConEdison Solutions, Constellation Energy, Eligo Energy IL, LLC, Energy.ME, Entrust Energy, Green Mountain Energy Company, IDT Energy, Inc., Kona Energy, Liberty Power Holdings LLC, MC Squared Energy Services, LLC, MidAmerican Energy, NextEra Energy Services Illinois, LLC, Nordic Energy Services, Plymouth Rock Energy, LLC and Santanna Energy Services.

Intellectual Property

We acquired all patents owned by Active ES Lighting Controls; the pertinent U.S. and international patent and patents pending are as follows:

U.S. Patents

- U.S. Patent No. 5,528,110; Entitled Apparatus for Control of Load Power Consumption; Issued June 18, 1996;
- U.S. Patent No. 5,508,589; Entitled Power Saving Voltage Reduction System for High Intensity Discharge Lighting Systems; Issued April 16, 1996;
- U.S. Patent No. 5,623,186; Entitled Power Saving Voltage Reduction System for High Intensity Discharge Lighting Systems; Issued April 22, 1997;
- U.S. Patent No. 7,084,587; Entitled Apparatus and Method for Control of High Intensity Discharge Lighting; Issued August 1, 2006;
- U.S. Patent No. 7,825,614; Entitled Voltage Control Load Center, Modular Voltage Control Transformer Circuit, And Method of Making and Using; Issued November 2, 2010; and
- U.S. Patent No. 7,973,490; Entitled Hid Lighting Control with Transient Voltage Sensing and Lamp Restarting, And Method of Making and Using; Issued July 5, 2011.

Government Regulation

E3

Various regulations affect the conduct of our business. The applicable regulatory requirements differ in each state and between agencies of the federal government. Our projects must conform to all applicable electric reliability, building and safety, and environmental regulations and codes, which vary from place to place and time to time. Various federal, state, provincial and local permits are required to construct an energy efficiency project or a renewable energy plant.

Some of the energy demand reduction services that we provide for utilities and institutional clients are subject to regulatory tariffs imposed under federal and state utility laws. In addition, the operation of, and electrical interconnection for, our renewable energy projects are subject to federal, state or provincial interconnection and federal reliability standards also set forth in utility tariffs. These tariffs specify rules, business practices and economic terms to which we are subject. The tariffs are drafted by the utilities and approved by the utilities' state, provincial or federal regulatory commissions.

Individual states may have regulations to protect the environment such as Title 24 in California and New York, which address upgrading existing buildings and the specifications for new construction. The manufacturers of LED lights and other equipment must abide by government regulation. We take appropriate steps to ensure the products we sell comply with those regulations and industry standards such as EnergyStar, Lighting Facts and Design Lighting Council.

TPC

We are subject to government regulations at both the state and federal levels, including the Federal Energy Regulatory Commission ("FERC") and individual states' Public Utilities Commission ("PUC") for a substantial level of rates and services that we provide. The FERC regulates certain activities of public utilities. The scope of the jurisdiction of the FERC under the FPA encompasses review and approval of (i) rates charged by public utilities for wholesale sales of electricity; (ii) issuances of securities and assumption of liabilities by public utilities; (iii) interstate transmission of electricity; (iv) certain dispositions of assets; and (v) interlocking directorships between public utilities and certain interested parties. The various state PUC's will regulate the rates that can be charged for such services or distributions, ancillary services and other retail power services, and will determine the terms under which we can compete with the investor owned utilities and other energy service providers. There is no certain assurance that the regulations promulgated by FERC and/or state PUCs will act to our benefit.

Employees

As of December 31, 2016, we had one full-time employee and no part-time employees. We also intend to continue to engage consultants in general business to advise us in various capacities. With our potential acquisition plans, there will be the occasion to take over the employees of those acquisitions.

Our TPC subsidiary currently employs 10 full-time employees and one part-time employees.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a number of very significant risks. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating our company and its business before purchasing shares of our company's common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. You could lose all or part of your investment due to any of these risks.

Risks Related to Our Company

There is substantial doubt about our ability to continue as a going concern.

We have not generated any profit from combined operations since our inception. We expect that our operating expenses will increase over the next twelve months to continue our development activities. Based on our average monthly expenses and current burn rate, we estimate that our cash on hand as of December 31, 2016 can sufficiently support our operation for the next five to six months. This amount could increase if we encounter difficulties that we cannot anticipate at this time or if we acquire other businesses. As of the date of this filing, we had cash and cash equivalents of approximately \$1.8 million. We do not expect to raise capital through debt financing from traditional lending sources since we are not currently generating a profit from operations. Therefore, we only expect to raise money through equity financing via the sale of our common stock or equity-linked securities such as convertible debt. If we cannot raise the money that we need in order to continue to operate our business beyond the period indicated above, we will be forced to delay, scale back or eliminate some or all of our proposed operations. If any of these were to occur, there is a substantial risk that our business would fail. If we are unsuccessful in raising additional financing, we may need to curtail, discontinue or cease operations.

We have limited operating history with our new direction and subsidiaries, and as a result, we may experience losses and cannot assure you that we will be profitable.

We have a limited operating history with E3 and TPC on which to evaluate our business. Our proposed operations are subject to all of the risks inherent in the establishment of a new business enterprise. Accordingly, the likelihood of our success must be considered in the light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the starting and expansion of a business and the relatively competitive environment in which we operate. Unanticipated delays, expenses and other problems such as setbacks in product development, product manufacturing, and market acceptance are frequently encountered in establishing a new business such as ours. There can be no assurance that the Company will be successful in addressing such risks, and any failure to do so could have a material adverse effect on the Company's business, results of operations and financial condition.

Because of our limited operating history, we have limited historical financial data on which to base planned operating expenses. Accordingly, our expense levels, which are, to a large extent, variable, will be based in part on our expectations of future revenues. As a result of the variable nature of many of our expenses, we may be unable to adjust spending in a timely manner to compensate for any unexpected delays in the development and marketing of our products or any subsequent revenue shortfall. Any such delays or shortfalls will have an immediate adverse impact on our business, operating results and financial condition.

The Company has not achieved profitability on a quarterly or annual basis to date. To the extent that net revenue does not grow at anticipated rates or that increases in its operating expenses precede or are not subsequently followed by commensurate increases in net revenue, or that the Company is unable to adjust operating expense levels accordingly, the Company's business, results of operations and financial condition will be materially and adversely affected. There can be no assurance that the Company's operating losses will not increase in the future or that the Company will ever achieve or sustain profitability.

No Assurance of Revenues.

There can be no assurance that our proposed operations will result in sufficient revenues to enable us to operate at profitable levels or to generate positive cash flow. As a result of our limited operating history and the nature of the markets in which we compete, we may not be able to accurately predict our revenues. Any failure by us to accurately make such predictions could have a material adverse effect on our business, results of operations and financial condition. Further, our current and future expense levels are based largely on our investment plans and estimates of future revenues. We expect operating results to fluctuate significantly in the future as a result of a variety of factors, many of which are outside of our control. Factors that may adversely affect our operating results include, among others, demand for our products, the budgeting cycles of potential customers, lack of enforcement of or changes in governmental regulations or laws, the amount and timing of capital expenditures and other costs relating to the expansion of our operations, the introduction of new or enhanced products and services by us or our competitors, the timing and number of new hires, changes in our pricing policy or those of our competitors, the mix of products, increases in the cost of raw materials, technical difficulties with the products, incurrence of costs relating to future acquisitions, general economic conditions, and market acceptance of our products. As a strategic response to changes in the competitive environment, we may, from time to time, make certain pricing, service or marketing decisions or business combinations that could have a material adverse effect on our business, results of operations and financial condition. Any seasonality is likely to cause quarterly fluctuations in our operating results, and there can be no assurance that such patterns will not have a material adverse effect on our business, results of operations and financial condition. We may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall.

We may need to raise additional funds in the future that may not be available on acceptable terms or at all.

We may consider issuing additional debt or equity securities in the future to fund our business plan, for potential acquisitions or investments, or for general corporate purposes. If we issue equity or convertible debt securities to raise additional funds, our existing stockholders may experience dilution, and the new equity or debt securities may have rights, preferences and privileges senior to those of our existing stockholders. If we incur additional debt, it may increase our leverage relative to our earnings or to our equity capitalization, requiring us to pay additional interest expenses. We may not be able to obtain financing on favorable terms, or at all, in which case, we may not be able to develop or enhance our products, execute our business plan, take advantage of future opportunities or respond to competitive pressures.

Our margins fluctuate which leads to further uncertainty in our profitability model.

While we have the potential to negotiate prices that benefit our clients and affect our profitability as we seek to gain market-share and increase our book of business, margins in the energy business are fluid, and our margins vary based upon the supplier and the customer. This will lead to continued uncertainty in margins from quarter to quarter.

If demand for energy efficiency does not develop as expected, our projected revenues and profits will be affected.

Our future profits are influenced by many factors, including economics, and will be predicated on a stable and/or growing market and consumption of energy efficiency solutions and products. We believe, and our growth expectations assume, that the market for energy efficiency will continue to grow, that we will increase our penetration of this market and that our anticipated revenue from selling into this market will continue to increase. If our expectations as to the size of this market and our ability to sell our products and services in this market are not correct, our revenue may not materialize and our business will be harmed.

Projects generally require significant capital, for which financing may not be available.

Our projects are occasionally financed by third parties. The costs of these projects to our customers are costly. For our energy efficiency projects, we often assist our customers in arranging third party financing. If we or our customers are unable to raise funds on acceptable terms when needed, we may be unable to secure customer contracts, the size of contracts we do obtain may be smaller, or we could be required to delay the development and construction of projects, reduce the scope of those projects or otherwise restrict our operations. Any inability by us or our customers to raise the funds necessary to finance our projects could materially harm our business, financial condition and operating results.

Operating results may fluctuate and may fall below expectations in any fiscal quarter.

Our operating results are difficult to predict and are expected to fluctuate from quarter to quarter due to a variety of factors, many of

which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results or future predictions prepared by the Company as an indication of our future performance. If our revenue or operating results fall in any period, the value of our common stock would likely decline.

Factors that may cause our operating results to fluctuate include:

- our ability to arrange financing for projects;
- our ability to acquire products to resell to our customers;
- changes in federal, state and local government policies and programs related to, or a reduction in governmental support for, energy efficiency and deregulation, including rebates and tax incentives;
- the timing of work we do on projects where we recognize revenue on a percentage of completion basis;
- seasonality in demand for our products and services; poor weather inhibiting door-to-door sales;
- a customer's decision to delay our work, on or other risks involved with, a particular project;
- availability and costs of labor and equipment;
- the addition of new customers or the loss of existing customers;
- the size and scale of new customer projects;
- the availability of bonding for our projects;
- our ability to control costs, including operating expenses;
- changes in the mix of our products and services;
- the rates at which customers renew their deregulated power contracts with us;
- the length of our sales cycle;
- the productivity and growth of our sales force;
- the timing of opening of new offices or making other significant investments in the growth of our business, as the revenue we hope to generate from those expenses often lags several quarters behind those expenses;
- changes in pricing by us or our competitors, or the need to provide discounts to win business;
- costs related to the acquisition and integration of companies or assets;
- general economic trends, including changes in energy efficiency spending or geopolitical events such as war or incidents of terrorism; and
- future accounting pronouncements and changes in accounting policies.

A decline in fiscal health could reduce demand for energy efficiency projects.

A significant decline in the fiscal health of federal, state or provincial and local governments impacts our customer base. We view these entities as potential customers and a decline in their fiscal health may make it difficult for them to enter into contracts for our services or to obtain financing necessary to fund such contracts.

Our business is at risk if we lose key personnel or we are unable to attract and integrate additional skills personnel.

The success of our business depends in large part on the skill of our personnel. Accordingly, it is critical that we maintain, and continue to build, a highly-experienced management team and specialized workforce, including engineers, experts in project management and business development, and sales professionals. Competition for personnel, particularly those with expertise in the energy services industries, is high, and identifying candidates with the appropriate qualifications can be difficult. We may not be able to hire the necessary personnel to implement our business strategy given our anticipated hiring needs, or we may need to provide higher compensation or more training to our personnel than we currently anticipate.

In the event, we are unable to attract, hire and retain the requisite personnel and subcontractors, we may experience delays in completing projects in accordance with project schedules and budgets, which may have an adverse effect on our financial results, harm our reputation and cause us to curtail our pursuit of new projects. Further, any increase in demand for personnel and specialty subcontractors may result in higher costs, causing us to exceed the budget on a project, which in turn may have an adverse effect on our business, financial condition and operating results and harm our relationships with our customers.

Our future success is particularly dependent on the vision, skills, experience and effort of our senior management team, including our executive officers and our president and chief executive officer. If we were to lose the services of any of our executive officers or key employees, our ability to effectively manage our operations and implement our strategy could be harmed and our business may suffer.

We operate in a highly competitive industry and competitors may compete more effectively.

Both the deregulation and the energy efficiency industries are highly competitive, with many companies of varying size and business

models, many of which have their own proprietary technologies, competing for the same business as we do. Many of our competitors have longer operating histories and greater resources than us, and could focus their substantial financial resources to develop a competing business model, develop products or services that are more attractive to potential customers than what we offer or convince our potential customers that they require financing arrangements that would be impractical for smaller companies to offer. Our competitors may also offer energy efficiency solutions at prices below cost and/or devote significant sales forces to competing with us or attempt to recruit our key personnel by increasing compensation, any of which could improve their competitive positions. Any of these competitive factors could make it more difficult for us to attract and retain customers; cause us to lower our prices in order to compete, and reduce our market share and revenue, any of which could have a material adverse effect on our financial condition and operating results. We can provide no assurance that we will continue to effectively compete against our current competitors or additional companies that may enter our markets.

In addition, we may also face competition based on technological developments that reduce demand for electricity, increase power supplies through existing infrastructure or that otherwise compete with our products and services. We also expect to encounter competition in the form of potential customers electing to develop solutions or perform services internally rather than engaging an outside provider such as us.

We may be unable to manage our growth effectively.

We expect our business and operations to expand rapidly and we anticipate that further expansion of our organization and operations will be required to achieve our expectations for future growth. In order to manage our expanding operations, we will also need to improve our management, operational and financial controls and our reporting systems and procedures. All of these measures will require significant expenditures and will demand the attention of management. If we do not continue to enhance our management personnel and our operational and financial systems and controls in response to growth in our business, we could experience operating inefficiencies that could impair our competitive position and could increase our costs more than we had planned. If we are unable to manage growth effectively, our business, financial condition and operating results could be adversely affected.

We face a long and variable selling cycle that requires significant resource commitments for energy efficiency.

The sales, design and implementation process for energy efficient projects typically takes from 6 to 36 months, with sales to government and housing authority customers tending to require the longest sales processes. Our potential customers are expected to have extended budgeting and procurement processes, and sometimes must engage in regulatory approval processes, related to our services. Most of our potential customers issue a request for proposal, or RFP, as part of their consideration. In preparation for responding to an RFP, we intend to conduct a preliminary audit of the customer's needs and the opportunity to reduce its energy costs. In addition, we or the customer typically need to obtain financing for the project. This extended sales process requires the dedication of significant time by our sales and management personnel and our use of significant financial resources, with no certainty of success or recovery of our related expenses. A potential customer may go through the entire sales process and not accept our proposal. All of these factors can contribute to fluctuations in our quarterly financial performance and increase the likelihood that our operating results in a particular quarter will fall below expectations. These factors could also adversely affect our business, financial condition and operating results due to increased spending by us that is not offset by increased revenue.

We plan to expand our business, in part, through future acquisitions.

Historically, acquisitions have been a significant part of our growth strategy. We plan to continue to acquire companies or assets to expand our project skill-sets and capabilities, expand our geographic markets, add experienced management and increase our product and service offerings. However, we may be unable to implement this growth strategy if we cannot identify suitable acquisition candidates, reach agreement with acquisition targets on acceptable terms or arrange required financing for acquisitions on acceptable terms. In addition, the time and effort involved in attempting to identify acquisition candidates and consummate acquisitions may divert members of our management from the operations of our company.

Any future acquisitions could disrupt business.

If we are successful in consummating acquisitions, those acquisitions could subject us to a number of risks, including:

- the purchase price we pay could significantly deplete our cash reserves or result in dilution to our existing stockholders;
- we may find that the acquired company or assets do not improve our customer offerings or market position as planned;
- we may have difficulty integrating the operations and personnel of the acquired company;
- key personnel and customers of the acquired company may terminate their relationships with the acquired company as a result of the acquisition;
- we may experience additional financial and accounting challenges and complexities in areas such as tax planning and financial reporting;
- we may assume or be held liable for risks and liabilities as a result of our acquisitions, some of which we may not discover during our due diligence or adequately adjust for in our acquisition arrangements;
- we may incur one-time write-offs or restructuring charges in connection with the acquisition;
- we may acquire goodwill and other intangible assets that are subject to amortization or impairment tests, which could result in future charges to earnings; and
- we may not be able to realize the cost savings or other financial benefits we anticipated.

These factors could have a material adverse effect on our business, financial condition and operating results.

We may incur a variety of costs to engage in future acquisitions of companies, products or technologies, and the anticipated benefits of those acquisitions may never be realized.

As a part of our business strategy, we may make acquisitions of, or significant investments in, complementary companies, products or technologies, although no acquisitions or investments are currently pending. Any future acquisitions would be accompanied by risks such as:

- difficulties in assimilating the operations and personnel of acquired companies;
- diversion of our management's attention from ongoing business concerns;
- our potential inability to maximize our financial and strategic position through the successful incorporation of acquired technology and rights into our products and services;
- additional expense associated with amortization of acquired assets;
- charges at the time of acquisitions related to the expensing of in process research and development;
- the exposure to additional debt to fund an acquisition;
- dilution to existing shareholders should the Company raise additional equity;
- maintenance of uniform standards, controls, procedures and policies; and
- impairment of existing relationships with employees, suppliers and customers as a result of the integration of new management personnel.

We cannot guarantee that we will be able to successfully integrate any business, products, technologies or personnel that we might acquire in the future, and our failure to do so could have a material adverse effect on our business, financial condition and operational results.

We may be subject to liability claims for damages and other expenses not covered by insurance that could reduce our earnings and cash flows.

Our business, profitability and growth prospects could suffer if we pay damages or defense costs in connection with a liability claim that is outside the scope of any applicable insurance coverage. We intend to maintain, but do not yet have, general and product liability insurance. There is no assurance that we will be able to obtain insurance in amounts, or for a price, that will permit our Company to purchase desired amounts of insurance. Additionally, if our costs of insurance and claims increase, then our earnings could decline. Further, market rates for insurance premiums and deductibles have been steadily increasing, which may prevent us from being adequately insured. A product liability or negligence action in excess of insurance coverage could harm our profitability and liquidity.

Insurance and contractual protections may not always cover lost revenue.

We possess insurance, warranties from suppliers, and our subcontractors make contractual obligations to meet certain performance levels, and we also attempt, where feasible, to pass risks we cannot control to our customers, the proceeds of such insurance, warranties, performance guarantees or risk sharing arrangements may not be adequate to cover lost revenue, increased expenses or liquidated damages payments that may be required in the future.

We intend to obtain comprehensive insurance, including liability, fire, and extended coverage. Certain losses of a catastrophic nature such as from floods, tornadoes, thunderstorms and earthquakes are uninsurable or not economically insurable. Such "Acts of God," work stoppages, regulatory actions or other causes, could interrupt operations and adversely affect our business.

We rely on outside consultants, employees, manufacturers and suppliers.

We will rely on the experience of outside consultants, employees, manufacturers and suppliers. In the event that one or more of these consultants or employees terminates employment with the Company, or becomes unavailable, suitable replacements will need to be retained and there is no assurance that such employees or consultants could be identified under conditions favorable to us.

We rely on strategic relationships to promote our products.

We rely on strategic partnerships with outside companies and individuals to promote and supply certain of our products and services, thus making the future success of our business particularly contingent on the efforts of other parties. An important part of our strategy is to promote acceptance of our products through technology and product alliances with certain distributors who we feel could assist us with our promotion strategies. Our dependence on outside distributors, however, raises potential risks with respect to the future success of our business. Our success is dependent on the successful completion and commercial deployment of our products and services and on the future commitment of our distributors to our products and technology.

We rely on our suppliers.

We will rely on key vendors and suppliers to provide power, as well as high quality products and services on a consistent basis. We outside assembly facilities and contract manufacturers to produce quantities of materials these include, manufacturing facilities, warehouses, shippers, testing facilities and other critical vendor partners. Our future success is contingent on the efforts and performance of these suppliers. Although in the past we have obtained adequate quantities of raw materials and finished product on acceptable terms to meet our requirements, we may have difficulty in locating or using alternative resources should supply problems arise with the current suppliers. An interruption or reduction in the source of supply of any of the component materials, or an unanticipated increase in vendor prices, could materially affect our operating results and damage customer relationships as well as our business.

Our business is subject to commodity price risk.

Our cost to serve our retail energy customers is exposed to fluctuations in commodity prices. Although we enter into commodity derivative instruments with our suppliers to manage the commodity price risks, we are exposed to commodity price risk where estimated customer requirements do not match actual customer requirements or where we are not able to exactly purchase the estimated customer requirements. In such cases, we may suffer a loss if we are required to sell excess supply in the spot market (compared to weighted average cost of supply) or to purchase additional supply in the spot market. Such losses could have a material adverse impact on our operating results, cash flow and liquidity.

A key risk to our business model is a sudden and significant drop in the commodity market price resulting in increase in customer churn, regulatory pressure and resistance on enforcement of liquidation damages and enactment of provisions to reset the customer price to current market price levels, which could have significant impact on our business.

If we fail to protect our intellectual property, our planned business could be adversely affected.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. Unauthorized use of our proprietary technology could harm our business. Litigation to protect our intellectual property rights can be costly and time-consuming to prosecute, and there can be no assurance that we will have the financial or other resources necessary to enforce or defend a patent infringement or proprietary rights violation action.

There has been substantial litigation regarding patent and other intellectual property rights in the energy device industry generally. From time to time, we may be forced to defend ourselves against other claims and legal actions alleging infringement of the intellectual property rights of others. Adverse determinations in any such litigation could subject us to significant liabilities, which could have a material adverse effect on us. Third parties could also obtain patents that may require us to either redesign products or obtain a license. If we are unable to redesign products or are unable to obtain a license, our business and financial condition would be adversely affected.

Although we perform investigations of the intellectual property of third parties, we cannot be certain that we have not infringed the intellectual property rights of such third parties. Any such infringement or misappropriation claim could result in significant costs, substantial damages, and our inability to operate our business. We also could be forced to obtain licenses from third parties or to develop a non-infringing alternative, which could be costly and time-consuming. A court could also order us to pay compensatory damages for such infringement, plus prejudgment interest, and could, in addition, treble the compensatory damages and award attorney fees. These damages could be substantial and could harm our reputation, business, financial condition, and operating results.

Because intellectual property litigation can be costly and time consuming, our intellectual property litigation expenses could be

significant, even if we are successful in defending our intellectual property rights. Even invalid claims alone could materially adversely affect our financial condition.

We may be subject to lawsuits related to products we purchase from our suppliers or the services performed by our providers.

In the future, we may be a party to, or may be otherwise responsible for, pending or threatened lawsuits or other claims related to products we purchase from our approved manufacturers and suppliers. We intend to require our approved providers to have product liability insurance, but there can be no assurance that such product liability insurance will be sufficient to protect us against potential liability. Additionally, there is no certainty that we will not be named in an action for product liability. Such cases and claims may raise difficult and complex factual and legal issues and may be subject to many uncertainties and complexities, including, but not limited to, the facts and circumstances of each particular case or claim, the jurisdiction in which each suit is brought, and differences in applicable law. Upon resolution of any pending legal matters or other claims, we may incur charges in excess of established reserves. Product liability lawsuits and claims, safety alerts or product recalls in the future, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers and joint venture partners. Our business, profitability and growth prospects could suffer if we face such negative publicity.

Risks Related to E3's Business

Availability of quality products in a timely manner could cause delays in delivery and completion.

Our success depends on our ability to provide services and complete projects in a timely manner, which in part depends on the ability of third parties to provide us with timely and reliable services and products, such as, lighting and other complex components. In providing our services and completing our projects, we rely on products that meet our design specifications and components manufactured and supplied by third parties, as well as on services performed by subcontractors.

We will rely on subcontractors to perform substantially all of the installation work related to our projects. We intend to continue to establish relationships with subcontractors that we believe to be reliable and capable of producing satisfactory results. If any of our contractors or subcontractors are unable to provide services that meet or exceed our customers' expectations or satisfy our contractual commitments, our reputation, business and operating results could be harmed.

The warranties provided by our third-party suppliers and subcontractors may limit any direct harm we might experience as a result of our relying on their products and services. However, there can be no assurance that a supplier or subcontractor will be willing or able to fulfill its contractual obligations and make necessary repairs or replace equipment. In addition, these warranties generally expire within one to five years or may be of limited scope or provide limited remedies. If we are unable to avail ourselves of warranty protection, we may incur liability to our customers or additional costs related to the affected products and components, including replacement and installation costs, which could have a material adverse effect on our business, financial condition and operating results.

Moreover, any delays, malfunctions, inefficiencies or interruptions in these products or services - even if covered by warranties - could adversely affect the quality and performance of our solutions. This could cause us to experience difficulty retaining customers and attracting new customers, and could harm our brand, reputation and growth. In addition, any significant interruption or delay by our suppliers in the manufacture or delivery of products or services on which we depend could require us to expend considerable time, effort and expense to establish alternate sources for such products and services.

Risks Related to Our Products

We face a risk of defective products and, as a result, a damaged reputation.

If any of our products contain defects, or have reliability, quality or compatibility problems, our reputation could be damaged significantly and customers might be reluctant to use our products, which could result in the loss of revenues. We may have to invest significant capital and other resources to correct these problems. Such expenditures to correct defects and the effect on our reputation could have a material adverse effect on the business, financial condition and results of operations.

We face the risk of product liability claims and uninsured losses.

We face an inherent business risk of exposure to product liability claims in the event that the use of our technology or products is alleged to have resulted in adverse effects. To date, no claim for damages has been asserted against us. There can be no assurance that liability claims will not exceed the coverage limits of any policies purchased by us or that such insurance will continue to be available

on commercially reasonable terms or at all. If we do not or cannot maintain sufficient liability insurance, its ability to operate may be significantly impaired. In addition, liability claims could have a material adverse effect on our business, financial condition and results of operations.

It is incumbent upon us to keep up with technological change so that our products can maintain their demand in the marketplace.

There can be no assurance that our competitors will not succeed in developing or marketing products or technologies that are more effective and/or less costly and which render our products obsolete or non-competitive. In addition, new technologies and procedures could be developed that replace or reduce the value of our products. Our success will depend in part on our ability to respond quickly to technological changes through the development and introduction of new products and to successfully market these products. There can be no assurance that new product development efforts will result in any commercially successful products. A failure to develop and successfully market new products could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to TPC's Business

We face the risk that deregulation could be repealed.

If the federal government and/or any individual state decided to repeal deregulation, we would have to rely entirely on our energy efficiency sales in order to generate revenue.

Our business, in part, depends on federal, state, and local government support for deregulation and energy efficiency.

Deregulated power is currently adopted by sixteen states, twelve of which have attractive deregulation programs, with the intent that many more states will adopt some form of deregulation by the year 2020. TPC depends on this continued deregulation. This may not occur or be delayed, affecting our long-term growth. We will depend in part on government legislation and policies that support energy efficiency and renewable energy projects that enhance the economic feasibility of our energy efficiency services and small-scale renewable energy projects. The U.S. and Canadian federal governments and several of the states and provinces in which we will operate support our potential customers' investments in energy efficiency and renewable energy through legislation and regulations that authorize and regulate the manner in which certain governmental entities are expected to do business with us, encourage or subsidize governmental procurement of our services, provide regulatory, tax and other incentives to others to procure our services and provide us with tax and other incentives that reduce our costs or increase our revenue.

We are subject to government regulations at both the state and federal levels, including the Federal Energy Regulatory Commission ("FERC") and individual states' Public Utilities Commission ("PUC") for a substantial level of rates and services that we provide. The FERC regulates certain activities of public utilities. The scope of the jurisdiction of the FERC under the FPA encompasses review and approval of (i) rates charged by public utilities for wholesale sales of electricity; (ii) issuances of securities and assumption of liabilities by public utilities; (iii) interstate transmission of electricity; (iv) certain dispositions of assets; and (v) interlocking directorships between public utilities and certain interested parties. The various state PUC's will regulate the rates that can be charged for such services or distributions, ancillary services and other retail power services, and will determine the terms under which we can compete with the investor owned utilities and other energy service providers. There is no certain assurance that the regulations promulgated by FERC and/or state PUCs will act to our benefit.

Our business is affected by seasonal trends that could affect operating results.

Seasonal weather could inhibit the ability of door-to-door sales staff from selling deregulated power. Also, we are subject to seasonal fluctuations and construction cycles, particularly in climates that experience colder weather during the winter months, such as the northern United States and Canada, or at educational institutions, where large projects are typically carried out during summer months when their facilities are unoccupied. In addition, government customers, many of which have fiscal years that do not coincide with ours, typically follow annual procurement cycles and appropriate funds on a fiscal-year basis even though contract performance may take more than one year. Further, government contracting cycles can be affected by the timing of, and delays in, the legislative process related to government programs and incentives that help drive demand for energy efficiency projects. As a result of such fluctuations, we may occasionally experience declines in revenue or earnings as compared to the immediately preceding quarter, and comparisons of our operating results on a period-to-period basis may not be meaningful.

Risks Relating to Our Common Stock

If we issue additional shares in the future, it will result in the dilution of our existing stockholders.

Our articles of incorporation authorize the issuance of up to 450,000,000 shares of our common stock and 50,000,000 shares of our preferred stock, each with a par value of \$0.0001 per share. Our board of directors may choose to issue some or all of such shares to acquire one or more companies or products and to fund our overhead and general operating requirements. The issuance of any such shares will reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will reduce the proportionate ownership and voting power of all current stockholders. Further, such issuance may result in a change of control of our company.

Trading of our stock is restricted by the Securities Exchange Commission's penny stock regulations, which may limit a stockholder's ability to buy and sell our common stock.

The Securities and Exchange Commission has adopted regulations which generally define "penny stock" to be any equity security that has a market price (as defined) less than \$5.00 per share or an exercise price of less than \$5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and "accredited investors". The term "accredited investor" refers generally to institutions with assets in excess of \$5,000,000 or individuals with a net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission, which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer's confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

FINRA sales practice requirements may also limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority ("FINRA") has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our stock.

Our common stock is illiquid and the price of our common stock may be negatively impacted by factors that are unrelated to our operations.

Although our common stock is currently listed for quotation on the OTCQB, there is no active trading market for our common stock. Even when a market is established and trading begins, trading through the OTCQB is frequently thin and highly volatile. There is no assurance that a sufficient market will develop in our stock, in which case it could be difficult for stockholders to sell their stock. The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of our competitors, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

We do not intend to pay dividends on any investment in the shares of stock of our company.

We have never paid any cash dividends, and currently do not intend to pay any dividends for the foreseeable future. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 2. PROPERTIES

Our corporate offices and warehouse are located at 1382 Valencia Avenue, Unit F, Tustin, California. These offices consist of 2,000 square feet for which we pay rent of \$2,500 on a month to month basis under an operating lease. We consider these facilities to be adequate for our current needs.

For the TPC operations, we lease 4,260 square feet of office space at 1165 N. Clark Street, Chicago, IL under a 65-month operating lease through March 2019. The monthly base rent is approximately \$9,415 per month and increases each year during the term of the lease.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings and, to the best of its knowledge, no such action by or against the Company has been threatened.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market information

Our common stock is quoted on the OTCQB under the symbol "PRHL". Set forth below are the range of high and low bid quotations for the period indicated as reported by the OTC Markets Group (www.otcm Markets.com). The market quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions and may not necessarily represent actual transactions.

<u>Quarter Ended</u>	<u>Bid High</u>	<u>Bid Low</u>
December 31, 2016	\$ 0.076	\$ 0.056
September 30, 2016	\$ 0.089	\$ 0.060
June 30, 2016	\$ 0.109	\$ 0.045
March 31, 2016	\$ 0.073	\$ 0.045
December 31, 2015	\$ 0.075	\$ 0.048
September 30, 2015	\$ 0.080	\$ 0.046
June 30, 2015	\$ 0.098	\$ 0.022
March 31, 2015	\$ 0.098	\$ 0.055

Transfer Agent

The transfer agent and registrar for our common stock is Columbia Stock Transfer Company, 1869 E. Seltice Way, Suite 292, Post Falls, ID 83854. Their phone number and website are (208) 664-3544 and www.columbiastock.com.

Holders of Common Stock

As of March 27, 2017, there were 1,437 shareholders of record of our common stock. As of such date, 372,187,723 shares were issued and outstanding.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently intend to retain future earnings, if any, to increase our working capital and do not anticipate paying any cash dividends in the foreseeable future.

In the event that we obtain authorization to issue any preferred stock and issue such stock, we must not declare, pay or set apart for payment any dividend or other distribution (unless payable solely in shares of our common stock or other class of stock junior to our preferred stock as to dividends or upon liquidation) in respect of our common stock, nor must we redeem, purchase or otherwise acquire for consideration shares of any of the foregoing, unless dividends, if any, payable to holders of our preferred stock for the current period (and in the case of cumulative dividends, if any, payable to holders of our preferred stock for the current period and in the case of cumulative dividends, if any, for all past periods) have been paid, are being paid or have been set aside for payment, in accordance with the terms of our preferred stock, as fixed by our board of directors.

Other than as stated above, there are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

- we would not be able to pay our debts as they become due in the usual course of business; or
- our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of stockholders who have preferential rights superior to those receiving the distribution.

Recent Sales of Unregistered Securities

During the year ended December 31, 2016, the Company entered into a series of stock purchase agreements with accredited investors for the sale of 106,948,320 shares of its common stock in amount of \$5,486,407. The Company issued 32,562,500 shares of common stock for the conversion of convertible notes totaling \$1,302,500. Additionally, approximately 1,000,000 shares of common stock were cancelled and returned to the treasury.

Unless otherwise set forth above, the securities described above were not registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering.

During the year ended December 31, 2016, 15,942,858 shares of common stock were issued for consulting services valued at \$0.052 to \$0.077 per share, based upon the fair value of the common stock on the measurement date totaling \$1,027,450, which was recognized immediately as general and administrative expense.

Securities Authorized for Issuance Under Equity Compensation Plans

We did not have any equity compensation plans as of December 31, 2016.

Issuer Purchases of Equity Securities

During the year ended December 31, 2016, we did not repurchase any of our equity securities.

ITEM 6. SELECTED FINANCIAL DATA

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Notice Regarding Forward Looking Statements

The information contained in Item 7 contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results may materially differ from those projected in the forward-looking statements as a result of certain risks and uncertainties set forth in this report. Although management believes that the assumptions made and expectations reflected in the forward-looking statements are reasonable, there is no assurance that the underlying assumptions will, in fact, prove to be correct or that actual results will not be different from expectations expressed in this report.

We desire to take advantage of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. This filing contains a number of forward-looking statements that reflect management’s current views and expectations with respect to our business, strategies, products, future results and events, and financial performance. All statements made in this filing other than statements of historical fact, including statements addressing operating performance, which management expects or anticipates will or may occur in the future, including statements related to our technology, market expectations, future revenues, financing alternatives, statements expressing general optimism about future operating results, and non-historical information, are forward looking statements. In particular, the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” variations of such words, and similar expressions identify forward-looking statements, but are not the exclusive means of identifying such statements, and their absence does not mean that the statement is not forward-looking. These forward-looking statements are subject to certain risks and uncertainties, including those discussed below. Our actual results, performance or achievements could differ materially from historical results as well as those expressed in, anticipated, or implied by these forward-looking statements. We do not undertake any obligation to revise these forward-looking statements to reflect any future events or circumstances.

Readers should not place undue reliance on these forward-looking statements, which are based on management’s current expectations and projections about future events, are not guarantees of future performance, are subject to risks, uncertainties and assumptions

(including those described below), and apply only as of the date of this filing. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors which could cause or contribute to such differences include, but are not limited to, the risks to be discussed in this Annual Report on Form 10-K and in the press releases and other communications to shareholders issued by us from time to time which attempt to advise interested parties of the risks and factors which may affect our business. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Use of Generally Accepted Accounting Principles ("GAAP") Financial Measures

We use United States GAAP financial measures in the section of this report captioned "Management's Discussion and Analysis or Plan of Operation" (MD&A), unless otherwise noted. All of the GAAP financial measures used by us in this Annual Report relate to the inclusion of financial information. This discussion and analysis should be read in conjunction with our financial statements and the notes thereto included elsewhere in this Annual Report. All references to dollar amounts in this section are in United States dollars, unless expressly stated otherwise. Please see our "Risk Factors" for a list of our risk factors.

Overview

This subsection of MD&A provides an overview of the important factors that management focuses on in evaluating our businesses, financial condition and operating performance, our overall business strategy and our financial results for the periods covered.

Results of Operations

Comparison of the Year Ended December 31, 2016 to the Year Ended December 31, 2015

Revenue

For the years ended December 31, 2016 and 2015, our total revenues were \$4,792,471 and \$5,198,467, respectively. The decrease in revenue for the year ended December 31, 2016, compared to the year ended December 31, 2015 is due primarily to a decrease in TPC residential customer sales and decreased E3 product revenue. TPC's revenue decrease was a result of transitioning resources from residential door-to-door sales to outbound telemarketing in anticipation of marketing for our own supplier. Outbound telemarketing is roughly half the cost of door to door but it requires a ramp up of up to 180 days. E3's revenue decrease was due to a shift in emphasis starting the summer of 2016 from direct sales exclusively to focus on lead generation for Sustainability Partners, which requires longer lead times but should ultimately result in larger revenues per project with less manpower per project.

Expenses

The Company's expenses for the years ended December 31, 2016 and 2015 are summarized as follows:

	Year Ended December 31,	
	(in thousands)	
	2016	2015
Revenues	\$ 4,792	\$ 5,198
Cost of revenues	419	464
Gross profit	4,373	4,734
Selling, general and administrative expenses	9,076	7,831
Other expense	1,108	1,039
Loss before income taxes, non-controlling interest and discontinued operations	<u>\$ (5,811)</u>	<u>\$ (4,136)</u>

The decrease in cost of revenues for the year ended December 31, 2016, compared to the year ended December 31, 2015 is primarily the result of decreased revenues, although the Company's overall gross profit was the same as a percentage of sales as in the year ended December 31, 2015.

The increase in selling, general and administrative expenses for the year ended December 31, 2016, compared to the year ended December 31, 2015 is due primarily to an increase in consulting expense from share-based payments to outside consultants.

Other Income (Expense)

	Year Ended December 31, (in thousands)	
	2016	2015
Interest expense	\$ (1,935)	\$ (899)
Gain (loss) on change in fair value of derivative liability	827	(140)
Total	<u>\$ (1,108)</u>	<u>\$ (1,039)</u>

The increase in other income (expense) for the year ended December 31, 2016, compared to the prior year is mainly attributable to the increase in convertible notes payable resulting in increased interest expense, partially offset by the gain on change of fair value of the derivative liability related to the conversion feature in the Company's convertible notes payable.

Liquidity and Capital Resources

Working Capital

The following table sets forth a summary of changes in working capital for the twelve months ended December 31, 2016:

	December 31, 2016	December 31, 2015
Current assets	\$ 2,840,956	\$ 1,025,520
Current liabilities	2,966,511	4,068,314
Working capital	<u>\$ (334,114)</u>	<u>\$ (3,042,794)</u>

The increase in working capital is primarily due to an increase in cash from the sale of common stock in 2016, which was partially offset by a decrease in convertible notes payable and the derivative liability as a result of conversions to common stock by noteholders during 2016.

Cash Flows

The following table sets forth a summary of changes in cash flows for the twelve months ended December 31, 2016 and 2015:

	Twelve Months Ended December 31,	
	2016	2015
Net cash used in operating activities	\$ (4,002,955)	\$ (3,388,878)
Net cash provided by (used in) investing activities	(264,572)	349,786
Net cash provided by financing activities	5,683,304	2,761,726
Change in cash	<u>\$ 1,415,777</u>	<u>\$ (277,366)</u>

The decrease in cash provided by operating activities was due primarily to a decrease in revenues and an increase in selling, general and administrative expenses for the twelve months ended December 31, 2016 as compared to the same period in 2015.

Going Concern

The audited consolidated financial statements contained in this annual report have been prepared assuming that the Company will continue as a going concern. Since inception, the Company has financed its operations primarily through proceeds from the issuance of common stock and convertible notes payable. As of December 31, 2016, the Company had an accumulated deficit of \$29,392,022. During the twelve months ended December 31, 2016 and 2015, the Company incurred net losses of \$5,684,521 and \$2,561,399, respectively, and used cash in operating activities of \$4,002,955 and \$3,388,878, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Presently, we do not have sufficient cash resources to meet our plans for the next twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern. The audited consolidated financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. Our continuation as a going concern is dependent on our ability to obtain additional financing as may be required and ultimately to attain profitability.

Cash Requirements

We have not generated any profit from combined operations since our inception. We expect that our operating expenses will increase over the next twelve months as we continue our development activities. Based on our average monthly expenses and current burn rate, we estimate that we will need to raise an additional \$3,000,000 to \$3,500,000 over the next twelve months. This amount could increase if we encounter difficulties that we cannot anticipate at this time or if we acquire other businesses. As of the date of this filing, we had cash and cash equivalents of approximately \$1.8 million. We do not expect to raise capital through debt financing from traditional lending sources since we are not currently generating a profit from operations. Therefore, we only expect to raise money through equity financing via the sale of our common stock or equity-linked securities such as convertible debt. There can be no assurance, however, that such financing will be available or, if it is available, that we will be able to structure such financing on terms acceptable to us and that it will be sufficient to fund our cash requirements until we can reach a level of profitable operations and positive cash flows. Further, if we issue additional equity or debt securities, stockholders may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our shares of common stock or the debt securities may cause us to be subject to restrictive covenants. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek additional financing. If additional financing is not available or is not available on acceptable terms, we will have to curtail our operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

Effects of Inflation

We do not believe that inflation has had a material impact on our business, revenues or operating results during the periods presented.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in the notes to our financial statements included herein for the fiscal year ended December 31, 2016. We believe that the accounting policies below are critical for one to fully understand and evaluate our financial condition and results of operations.

Cash

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2016, we do not have any cash equivalents.

Accounts Receivable

All accounts receivable are due thirty (30) days from the date billed. If the funds are not received within thirty (30) days, the customer is contacted for payment. We use the allowance method to account for uncollectable accounts receivable. As of December 31, 2016 and 2015, the balance of allowance for bad debts was \$100,000 and \$51,000, respectively.

Non-controlling Interest

Non-controlling interests in TPC is recorded as a component of our equity, separate from the parent's equity. Purchase or sales of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings. We maintain an 80% limited interest in TPC and the remaining 20% non-controlling interest is held by TPC's members. Due to the termination of the LP&L Agreement, we disposed of the 15% original non-controlling interest from LP&L in the amount of \$215,861 which is included in income on disposal of LP&L.

Net Loss Per Share of Common Stock

We have adopted *ASC Topic 260 Earnings per Share*, which provides for calculation of "basic" and "diluted" earnings (loss) per share. Basic earnings (loss) per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings (loss) per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings (loss) per share. We exclude equity instruments from the calculation of diluted earnings per share if the effect of including such instruments is anti-dilutive. As of December 31, 2016, we had 1,650,000 stock options outstanding and 161,146,136 warrants outstanding. As of December 31, 2015, we had 1,650,000 stock options outstanding and 12,428,629 warrants outstanding. Net convertible debt as of December 31, 2016 was \$1,252,887 and is convertible between three months to one year from the original loan agreement date.

Income Taxes

Deferred income tax is provided for differences between the bases of assets and liabilities for financial and income tax reporting. A deferred tax asset, subject to a valuation allowance, is recognized for estimated future tax benefits of tax-basis operating losses being carried forward. Income taxes are provided based upon the liability method of accounting pursuant to the *ASC Topic 740 Income Taxes*. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe we have met the "more likely than not" standard to allow recognition of such an asset.

Stock-Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We account for stock option and warrant grants issued and vesting to employees based on *ASC 718 Compensation—Stock Compensation*, where the award is measured at its fair value at the date of grant and is amortized ratably over the service period. We account for stock option and warrant grants issued and vesting to non-employees in accordance with *ASC 505 Equity*, where the value of the stock compensation is based upon the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Fair Value Measurements

On January 1, 2011, we adopted guidance which defines fair value, establishes a framework for using fair value to measure financial assets and liabilities on a recurring basis, and expands disclosures about fair value measurements. Beginning on January 1, 2011, we also applied the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis, which includes goodwill and intangible assets. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent sources. Unobservable inputs are inputs that reflect our assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuation is based upon unadjusted quoted market prices for identical assets or liabilities in accessible active markets.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable in the market.

Level 3 - Valuation is based on models where significant inputs are not observable. The unobservable inputs reflect a company's own assumptions about the inputs that market participants would use.

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts payable, notes payable, accrued liabilities and derivative liabilities. The estimated fair value of cash, accounts receivable, notes receivable, accounts payable, notes payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

Certain non-financial assets are measured at fair value on a nonrecurring basis. Accordingly, these assets are not measured and adjusted to fair value on an ongoing basis but are subject to periodic impairment tests. These items primarily include long-lived assets, goodwill and other intangible assets.

Goodwill

We periodically review the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Goodwill and certain intangible assets are assessed annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. We use level 3 inputs and a discounted cash flow methodology to estimate the fair value of a reporting unit. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about future cash flows, growth rates, and discount rates. The assumptions about future cash flows and growth rates are based on our budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting units. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

Concentrations of Credit Risk

We maintain deposits in a financial institution which is insured by the Federal Deposit Insurance Corporation ("FDIC"). At various times, we have deposits in this financial institution in excess of the amount insured by the FDIC. We have not experienced any losses related to these balances and believes its credit risk to be minimal.

Newly Issued Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 (ASU 2014-09) "Revenue from Contracts with Customers." ASU 2014-09 will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue upon the transfer of goods or services to customers in an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2016 (early adoption is not permitted). The guidance permits the use of either a retrospective or cumulative effect transition method. On July 9, 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. The Company is currently evaluating the impact of this standard.

In August 2014, the FASB issued ASU 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. ASU 2014-15 defines management's responsibility to evaluate whether there is substantial doubt about an organization's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this ASU are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter, although early adoption is permitted. This guidance is not expected to have an impact on the financial statements of the Company. If any event occurs in future periods that could affect our ability to continue as going concern, we will provide appropriate disclosures as required by ASU 2014-15.

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-11 (ASU 2015-11), Simplifying the Measurement of Inventory. According to ASU 2015-11, an entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in ASU 2015-11 more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The Board has amended some of the other guidance in Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory. However, the Board does not intend for those clarifications to result in any changes in practice. Other than the change in the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of ASU 2015-11, there are no other substantive changes to the guidance on measurement of inventory. For public business entities, the amendments in ASU 2015-11 are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in ASU 2015-11 should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company elected to early adopt the above. The adoption doesn't have a significant impact on the Company's consolidated financial position or results of operations.

During November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes. ASU 2015-17 provides presentation requirements to classify deferred tax assets and liabilities as noncurrent in a classified statement of financial position. The standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted for any interim and annual financial statements that have not yet been issued. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. The adoption did not have a significant impact on the Company's consolidated financial position or results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 requires public business entities to use the exit price notion when measuring the fair value of financial

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instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. These changes become effective for the Company's fiscal year beginning January 1, 2018. The expected adoption method of ASU 2016-01 is being evaluated by the Company and the adoption is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize leases on their balance sheets, and leaves lessor accounting largely unchanged. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early application is permitted for all entities. ASU 2016-02 requires a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, with an option to elect to use certain transition relief. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by Item 8 is included following the "Index to Financial Statements" on page F-1 contained in this annual report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer (principal executive officer), who also serves as our chief financial officer (principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, we recognize that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of period covered in this report, our disclosure controls and procedures were not effective. The ineffectiveness of the Company's disclosure controls and procedures was due to material weaknesses identified in the Company's internal control over financial reporting, described below.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, our management, with the participation of the Company's principal executive officer and principal financial officer has conducted an assessment, including testing, using the criteria in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013). Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. This assessment included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, the Company's management concluded its internal control over financial reporting was not effective as of December 31, 2016. The ineffectiveness of the Company's internal control over financial reporting was due to the following material weaknesses which are indicative of many small companies with small staff:

- (i) inadequate segregation of duties consistent with control objectives; and
- (ii) ineffective controls over period end financial disclosure and reporting processes.

Our management feels the weaknesses identified above have not had any material affect on our financial results. However, we are currently reviewing our disclosure controls and procedures related to these material weaknesses and expect to implement changes in the next fiscal year, including identifying specific areas within our governance, accounting and financial reporting processes to add adequate resources to potentially mitigate these material weaknesses.

Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management's Remediation Plan

We plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes in the next fiscal year as resources allow:

- (i) appoint additional qualified personnel to address inadequate segregation of duties and ineffective risk management and implement modifications to our financial controls to address such inadequacies; and
- (ii) adopt sufficient written policies and procedures for accounting and financial reporting.

The remediation efforts set out in (i) is largely dependent upon our company securing additional financing to cover the costs of hiring the requisite personnel and implementing the changes required. If we are unsuccessful in securing such funds, remediation efforts may be adversely affected in a material manner. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake.

Management believes that despite our material weaknesses set forth above, our financial statements for the year ended December 31, 2016 are fairly stated, in all material respects, in accordance with U.S. GAAP.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the year ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors and Executive Officers

As of March 28, 2017, our directors and executive officers, their age, positions held, and duration of such, are as follows:

<u>Name</u>	<u>Position Held with Company</u>	<u>Age</u>	<u>Date First Elected or Appointed</u>
Randall Letcavage ⁽¹⁾	Chief Executive Officer, President, Chief Financial Officer and Chairman of the Board of Directors	59	October 5, 2012
Woodrow Clark, PhD ⁽²⁾	Director	72	July 29, 2012
Lane Harrison ⁽³⁾	Director	65	October 5, 2012
Robert Baron ⁽⁴⁾	Director	77	October 9, 2015

Notes

- (1) Mr. Letcavage was appointed Chief Executive Officer on November 1, 2012.
- (2) Dr. Clark was appointed Director on July 29, 2012.
- (3) Mr. Harrison was elected Director on October 5, 2012.
- (4) Mr. Baron was appointed Director on October 9, 2015.

Business Experience

The following is a brief account of the education and business experience of our directors and executive officers during the past five years, indicating their principal occupation during the period, and the name and principal business of the organization by which they were employed.

Randall Letcavage – Chief Executive Officer, President, Chief Financial Officer and Chairman of the Board of Directors

Mr. Letcavage was named Chairman, President, Chief Executive Officer, and Chief Financial Officer of the Company on October 5, 2012. Prior to this he was employed as a consultant by Capital Finance LLC. He brings in excess of 25 years plus of business experience specializing in the financial markets and business consulting and green energy/clean technology. For the past 20 years Mr. Letcavage has been an investment banker widely recognized for individual achievements as well as his role of Founder, Officer and Director of the iCapital Group that includes iCapital Finance Inc, iCapital Advisory LLC and iCap Development LLC (A National “CDE” Community Development Entity – Certified by the U.S Treasury Department). Mr. Letcavage has also held executive positions, invested, and/or operated numerous businesses including related companies in “Power Generation and Power Reduction” – CEO of Ciralight Global Inc, CEO of Green Central Holdings, Consultant and second largest shareholder of publicly traded PRHL which operates Energy Efficiency Experts (E3). Letcavage had been successful in many areas additionally providing capital to healthcare companies. Mr. Letcavage personally acted as an advisor to municipalities leading millions in industrial bond transactions, while also advising the National Conference of Black Mayors (NCBM; over 800 members all of whose cities may one day be able to offer deregulated power services). Mr. Letcavage served as the Managing Director of NC Capital Markets and as Vice President of The National Capital Companies, Inc. (directing the daily operations of most of its subsidiaries). Mr. Letcavage was formerly the CEO and a majority owner of Capital Access Group. Prior to Capital Access, Mr. Letcavage founded and/or managed several asset management firms, including Valley Forge Capital Holdings and the Marshall Plan, LLC that directed and/or co-managed over \$3 billion in assets with former renowned CALPERS (California Pension & Retirement Systems) Manager, Greta Marshall. Prior to Valley Forge, Mr. Letcavage founded Security America, Inc., an asset management firm based in Grosse Pointe, Michigan. Mr. Letcavage worked with Prudential-Bache running a Joint Venture —High Net Worth Group (a/k/a Security American, Inc.).

Woodrow Clark, PhD – Director

Dr. Clark was appointed a Director of the Company on July 29, 2012. Dr. Clark, a long-time advocate for the environment and renewable energy, is an internationally recognized author, lecturer, public speaker and advisor specializing in sustainable communities. Dr. Clark was one of the contributing scientists to the work of the United Nations Intergovernmental Panel on Climate Change (UNIPCC) which as an organization was awarded the Nobel Peace Prize in December 2007. In 2004, he founded, and now manages, Clark Strategic Partners (CSP), an environmental and renewable energy consulting firm using his political-economic expertise in order to guide, advice and implements public and private clients worldwide – specifically on sustainable smart green communities of all kinds ranging from colleges and universities to shopping malls, office buildings and film studios. Dr. Clark's five books and 50+ peer-reviewed articles reflect that concern for global sustainable communities. His last book is Global Energy Innovations (Praeger Press, November 2011) that concerns the "green industrial revolution" (GIR). He explains his work as being the solutions to climate change through public policy, science and technologies, economics and finance. Clark also teaches graduate courses in these areas throughout the USA and internationally. Currently, Dr. Clark is Academic Specialist, UCLA Provost Office and Cross-Disciplinary Scholars in Science and Technology. Prior to launching CSP, Dr. Clark was Senior Advisor on Renewable Energy, Emerging Technologies, and Finance to California Governor Gray Davis from 2000-2003. Before that, from 1999-2000, he was a Visiting Professor of Science, Technology and Entrepreneurship at Aalborg University, Denmark, where he was a Fulbright Fellow in 1994. Dr. Clark was the Manager of Strategic Planning for Technology Transfer at Lawrence Livermore National Laboratory (LLNL) for the University of California and U.S. Department of Energy, during the 1990s. In 1980, he founded a mass media company in San Francisco, CA, Clark Communications, specializing in the production and distribution of documentary and educational films focused on "social issues" such as "sexual harassment", "health issues" and older workers along with other topics including books from dramatic current events. Dr. Clark earned three masters' degrees from different universities in Illinois and his Ph.D. at University of California, Berkeley.

Lane Harrison - Director

Lane Harrison was appointed a Director of the Company on October 5, 2012. Mr. Harrison is Founder and President of Affluent and Corporate Insurance Services, Inc. and Capital Preservation Insurance Services, Inc. The firms provide insurance and advanced consulting services to professional advisors, corporations, small business owners and high net worth families. Mr. Harrison has over 30 years of business consulting and sale/marketing experience. He has lectured extensively to the professional advisor community. In addition, Mr. Harrison advised large multi-national corporations such as Bicoastal Corporation, (Formerly Singer Corp.) where he served as Director, and Bicoastal Financial Corporation, serving as President/Director. Mr. Harrison is a graduate of Salem State College with a Bachelor of Arts in Social Welfare.

Robert Baron – Director

Robert Baron was appointed a Director on October 9, 2015. Mr. Baron is a director of Opko Health (NYSE: OPK) where he serves as chairman of the governance and nominating committee and as a member of the audit committee and the compensation committee. He is also a director of Green States Energy and Andover Medical (OTC: ADOV). Prior public boards include Hemobiotech and Suburban Bancorp, where he assisted in taking troubled savings and loans from cease and desist status to a public offering and eventually to a sale to Fifth Third Bank. Mr. Baron was also owner and president of Cash City Inc., a payday loan and check cashing business, from 1999 to 2003. From 1997 to 1999, he was the President of East Coast operations of CSS/TSC, a distributor of blank tee shirts, fleece and accessories and a subsidiary of Tultex Corp with over \$200 million in revenues. Prior to that, Mr. Baron President/Owner of T-Shirt City, a privately held company with \$80 million in nationwide sales, which was sold to Tultex Corp. Mr. Baron is a graduate of Ohio State University and attended Harvard University and Stanford University.

Family Relationships

There are no family relationships among our directors and executive officers.

Involvement in Certain Legal Proceedings.

No director or executive officer has been a director or executive officer of any business which has filed a bankruptcy petition or had a bankruptcy petition filed against it and no director or executive officer has been convicted of a criminal offense within the past ten years or is the subject of a pending criminal proceeding. No director or executive officer has been the subject of any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities. No director or officer has been found by a court to have violated a federal or state securities

or commodities law.

Significant Employees

We do not have other significant employees.

Committees of Board of Directors

There are currently no committees of the Board of Directors. Our board of directors is of the view that it is appropriate for us not to have a standing nominating, audit or compensation committee because the current size of our board of directors does not facilitate the establishment of a separate committee. Our board of directors has performed, and will perform adequately, the functions of any specific committee.

Term of Office

Our directors hold office until their successors are elected or appointed at their election at an annual general meeting or their appointment by the unanimous resolution of our shareholders. Notwithstanding the foregoing, our directors hold office until their successors are elected or appointed, or until their deaths, resignations or removals.

Director Independence

Our board of directors consists of Randall Letcavage, Robert Baron, Lane Harrison and Woodrow W. Clark II. Our securities are quoted on the OTCQB which does not have any director independence requirements. Under NASDAQ Marketplace Rule 5605(a)(2), a director is not considered to be independent if he or she is also an executive officer or employee of the company. Using this definition of independence, we have determined that three directors, Robert Baron, Lane Harrison and Woodrow W. Clark II, are independent directors. Randall Letcavage is not independent as he is an officer and employee of the Company.

Section 16(a) Beneficial Ownership Compliance

Section 16(a) of the Securities Exchange Act, as amended, requires our executive officers and directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the Securities and Exchange Commission and to provide us with copies of those filings. Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, during the year ended December 31, 2016, the filing requirements applicable to its officers, directors and greater than 10% beneficial owners were complied.

Code of Ethics

We currently do not have a Code of Ethics.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation

The following table summarizes the compensation of each named executive for the years ended December 31, 2016 and 2015 awarded to or earned by (i) each individual serving as our principal executive officer and principal financial officer of the Company and (ii) each individual that served as an executive officer of the Company at the end of such fiscal years who received compensation in excess of \$100,000.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Nonequity Incentive Plan Compensation (\$)	Change in Pension Value and Non Qualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Randall Letcavage CEO, CFO ^{1,2, 3}	2016	240,000	52,000	-	-	-	-	-	292,000
	2015	240,000	50,000	-	355,726	-	-	\$133,000	778,726

Notes

- (1) During the year ended December 31, 2016, Mr. Letcavage (directly or through related entities) earned \$290,000 as compensation for his role as our CEO and CFO.
- (2) During the year ended December 31, 2016, the Company incurred expenses of \$31,511 to iCapital Advisory for consulting services, a related party entity for which Mr. Letcavage is the President.
- (3) No retirement, pension, profit sharing, stock option or insurance programs or other similar programs have been adopted by us for the benefit of our employees.

We currently do not have a written employment agreement with Mr. Letcavage.

Outstanding Equity Awards at Fiscal Year End

The following table summarizes the outstanding equity awards held by each named executive officer of our company as of December 31, 2016.

	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock that have not Vested (#)	Market Value of Shares or Units of Stock that have not Vested (#)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have not Vested (\$)
Randall Letcavage, CEO, CFO	1,150,000	-	-	0.0025 to 0.15	12/31/19 to 12/31/20	-	-	-	-
Woodrow Clark, PhD, Director	150,000	-	-	0.15	12/31/19	-	-	-	-
Lane Harrison, Director	150,000	-	-	0.15	12/31/19	-	-	-	-

Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide retirement or similar benefits for our directors or executive officers.

Resignation, Retirement, Other Termination, or Change in Control Arrangements

We have no contract, agreement, plan or arrangement, whether written or unwritten, that provides for payments to our directors or executive officers at, following, or in connection with the resignation, retirement or other termination of our directors or executive officers, or a change in control of our company or a change in our directors' or executive officers' responsibilities following a change in control.

Director Compensation

The following table sets forth for each director certain information concerning his compensation for the year ended December 31, 2016.

	Fees Earned or Paid in	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation	Change in Pension Value and	All other Compensation (\$)	Total (\$)
--	------------------------	-------------------	--------------------	--	-----------------------------	-----------------------------	------------

	Cash (\$)			(\$)	Nonqualified Deferred Compensation Earnings (\$)		
Randall Letcavage	-	-	-	-	-	-	-
Woodrow Clark, PhD	-	-	-	-	-	15,000	15,000
Lane Harrison	-	-	-	-	-	5,000	5,000
Robert Baron	-	-	-	-	-	25,500	25,500

All directors receive reimbursement for reasonable out of pocket expenses in attending board of directors' meetings and for promoting our business. From time to time we may engage certain members of the board of directors to perform services on our behalf. In such cases, we intend to compensate the members for their services at rates no more favorable than could be obtained from unaffiliated parties.

Mr. Letcavage receives compensation for his services as an executive officer of the Company, but not as a director. Dr. Clark received speaking fees when speaking on behalf of the company at symposia and conventions. Mr. Harrison received fees for extra services he provided including consulting and lead generation. Mr. Baron received fees for extra services he provides including consulting and other services.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following tables set forth, as of March 28, 2017, certain information with respect to the beneficial ownership of our common stock by each stockholder known by us to be the beneficial owner of more than 5% of our common stock and by each of our current directors and executive officers. Each person has sole voting and investment power with respect to the shares of common stock, except as otherwise indicated. Beneficial ownership consists of a direct interest in the shares of common stock, except as otherwise indicated.

In the following tables, we have determined the number and percentage of shares beneficially owned in accordance with Rule 13d3 of the Securities Exchange Act of 1934 based on information provided to us by our controlling stockholder, executive officers and directors, and this information does not necessarily indicate beneficial ownership for any other purpose. In determining the number of shares of our common stock beneficially owned by a person and the percentage ownership of that person, we include any shares as to which the person has sole or shared voting power or investment power, as well as any shares subject to warrants or options held by that person that are currently exercisable or exercisable within 60 days.

Security Ownership of Management

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership ^{(4) (5)}	Percent of Class
Common Stock	Randall Letcavage 1382 Valencia, Unit F Tustin, CA 92780	8,638,486 Direct ^{(1) (2)}	2.31%
Common Stock	Woodrow Clark, PhD 1382 Valencia, Unit F Tustin, CA 92780	150,000 Direct ⁽³⁾	<1%
Common Stock	Lane Harrison 1382 Valencia, Unit F Tustin, CA 92780	150,000 Direct ⁽³⁾⁽⁵⁾	<1%
Common Stock	Robert Baron 1382 Valencia, Unit F Tustin, CA 92780	-	-
Common Stock	Directors & Executive Officers as a group (4 persons)	8,938,486 Direct	2.39%

Notes

- (1) Includes 7,488,486 common shares, 1,000,000 stock options exercisable at \$0.0025, 150,000 stock options exercisable at \$0.15, and 250,000 Series B Preferred Shares, which carry voting rights of 1,000 shares of common stock for every 1 share of preferred stock. Including the common and preferred shares, Mr. Letcavage possesses the combined voting power of 257,488,486 shares of common stock.
- (2) Beneficial ownership includes stock options.
- (3) The beneficial owner has sole voting and investment power with respect to the shares shown.
- (4) All ownership is beneficial and of record, unless indicated otherwise.
- (5) Stock options owned by Patriot Advisory Group, LLC, Series A, of which Mr. Harrison is the Manager.

Changes in Control

Series B Preferred Stock

On December 16, 2015, the Board of Directors of the Company authorized a Series B Preferred Stock, designated as the "Series B Voting Convertible Preferred Stock" (the "Series B Preferred"). The Series B Preferred consists of Two Hundred Fifty Thousand (250,000) shares at \$.0001 par value and voting rights of 1,000 votes for each share of Series B Preferred. All other rights and privileges shall be the same as the Series A Preferred. As of December 31, 2015, there were 250,000 shares of Series B Preferred issued and outstanding which constitutes a combined voting right of 250,000,000 shares of our common stock.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Transactions with Related Persons

Except as set out below, as of December 31, 2016, there have been no transactions, or currently proposed transactions, in which we were or are to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of our total assets at year-end for the last two completed fiscal years, and in which any of the following persons had or will have a direct or indirect material interest:

- any director or executive officer of our company;
- any person who beneficially owns, directly or indirectly, shares carrying more than 5% of the voting rights attached to our outstanding shares of common stock;
- any promoters and control persons; and
- any member of the immediate family (including spouse, parents, children, siblings and in laws) of any of the foregoing persons.

During year ended December 31, 2016 and 2015, Mr. Letcavage (directly or through related entities) recorded \$292,000 and \$290,000, respectively as compensation for his role as our CEO and CFO. The following tables outline the related parties associated with the Company and amounts due for each period indicated:

Name of Related Party	Relationship with the Company
iCapital Advisory	Consultant company owned by the CEO of the Company
Jamp Promotion	Company owned by Patrick Farah, the managing director of TPC
Mason Ventures	Company owned by Shadie Kalkas, the managing director of TPC

	December 31, 2016	December 31, 2015
iCapital Advisory – Consulting fees	\$ 31,467	\$ 75,543
Jamp Promotion – Commissions	90,500	90,500
Mason Ventures and Sebo Services – Loans	–	5,038
	<u>\$ 121,967</u>	<u>\$ 171,081</u>
Related party receivable - Mason Ventures and Sebo Services	<u>\$ 67,879</u>	<u>–</u>

During the year ended December 31, 2016, we received loans from Mason Ventures of approximately \$710,453 and repaid approximately \$783,370. During the year ended December 31, 2015, we received loans from Mason Ventures of approximately \$670,000 and repaid approximately \$700,000. The loans are unsecured and non-interest bearing.

Additionally, we have also reviewed the facts and circumstance of our relationship with Nexalin Technology and iCapital Advisory, both of which are affiliated companies of our CEO, and have assessed whether these two companies are variable interest entities (VIEs). Based on the guidance provided in *ASC 810, Consolidation*, these two companies are not considered VIEs. The Company is not the primary beneficiary of Nexalin Technology and iCapital Advisory and, whether those two companies have any income (losses) as of December 31, 2016, it would not be absorbed by Premier Holding Corporation.

Named Executive Officers and Current Directors

For information regarding compensation for our named executive officers and current directors, see “Executive Compensation.”

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit and Accounting Fees

The following table sets forth the fees billed to the Company for professional services rendered by Anton & Chia, LLP (“AC”), independent registered public accounting firm, for the years ended December 31, 2016 and 2015:

Services	2016	2015
Audit fees	\$ 78,750	\$ 46,842
Audit related fees	–	–
Tax fees	–	–
All other fees	–	95,325
Total fees	<u>\$ 78,750</u>	<u>\$ 142,167</u>

Audit Fees

The audit fees were paid for the audit services of our annual and quarterly reports and issuing consents for our registration statements.

Tax Fees

The tax fees were paid for reviewing various tax related matters.

Pre-Approval Policies and Procedures

Our board of directors preapproves all services provided by our independent registered public accounting firm. All of the above services and fees were reviewed and approved by the board of directors before the respective services were rendered. Our board of directors has considered the nature and amount of fees billed by AC and believes that the provision of services for activities unrelated to the audit is compatible with maintaining their respective independence.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) (1) Financial Statements:

Report of Independent Registered Public Accounting Firm – Anton & Chia, LLP

Balance Sheets as of December 31, 2016 and 2015.

Statements of Operations for the Years Ended December 31, 2016 and 2015.

Statement of Changes in Stockholders' Equity for the Years Ended December 31, 2016 and 2015.

Statements of Cash Flows for the Years Ended December 31, 2016 and 2015.

<u>No.</u>	<u>Description</u>
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3.1	Articles of Incorporation (incorporated by reference to an exhibit to a registration statement on Form S-1)
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3.2*	By laws
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31.1*	Certification Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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31.2*	Certification Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
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32.1*	Certification Statement of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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32.2*	Certification Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
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Financial statements formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets,

101*	(ii) the Consolidated Statements of Operations and Comprehensive Loss, (iii) the Consolidated Statements of Cash Flows and (v) the Notes to Consolidated Financial Statements tagged as blocks of text.
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* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PREMIER HOLDING CORPORATION

By /s/ Randall Letcavage
Randall Letcavage
Chief Executive Officer & Chief Financial Officer
(Principal Executive Officer and Principal Financial and
Accounting Officer)
Date: March 31, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Randall Letcavage
Randall Letcavage
Chairman of the Board of Directors
Date: March 31, 2017

By /s/ Woodrow Clark
Woodrow Clark
Director
Date: March 31, 2017

By /s/ Lane Harrison
Lane Harrison
Director
Date: March 31, 2017

By /s/ Robert Baron
Robert Baron
Director
Date: March 31, 2017

PREMIER HOLDING CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Premier Holding Corporation

We have audited the accompanying consolidated balance sheets of Premier Holding Corporation (the "Company") as of December 31, 2016 and 2015 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company was not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits include examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. Our audits also include assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2016 and 2015 and the consolidated results of their operations, and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3, the Company has recurring losses from operations and negative cash flows from operations. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Anton & Chia, LLP

Newport Beach, California
March 31, 2017

**PREMIER HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS**

	December 31, 2016	December 31, 2015
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 1,811,503	\$ 395,726
Accounts receivable, net	458,140	444,843
Prepaid expenses	148,774	102,418
Inventory	20,546	82,533
Related party receivable - managing director	67,879	—
Total current assets	<u>2,506,842</u>	<u>1,025,520</u>
Equipment, net	168,647	134,745
Goodwill	4,000,000	4,000,000
Deposit	188,652	—
Total assets	<u><u>\$ 6,864,141</u></u>	<u><u>\$ 5,160,265</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 404,545	\$ 508,083
Accounts payable - related party	121,967	171,081
Convertible note, net	1,252,887	1,780,482
Notes payable	143,557	98,668
Lawsuit liability	—	26,000
Derivative liability	918,000	1,484,000
Total liabilities	<u>2,840,956</u>	<u>4,068,314</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
STOCKHOLDERS' EQUITY:		
Preferred stock - undesignated, \$0.0001 par value, 42,750,000 shares authorized; none issued and outstanding as of December 31, 2016 and 2015, respectively	—	—
Series A Preferred stock, \$0.0001 par value, 7,000,000 shares authorized; 200,000 issued and outstanding as of December 31, 2016 and 2015, respectively	20	20
Series B Preferred stock, \$0.0001 par value, 250,000 shares authorized; 250,000 issued and outstanding as of December 31, 2016 and December 31, 2015, respectively	25	25
Common stock, \$0.0001 par value, 450,000,000 shares authorized; 358,840,221 and 204,400,850 shares issued and outstanding as of December 31, 2016 and 2015, respectively	35,884	20,440
Common stock to be issued	4,000	4,000
Treasury stock	(869,000)	(869,000)
Additional paid-in capital	34,708,657	26,108,346
Accumulated deficit	(29,392,022)	(23,796,018)
Total Premier Holding Corporation stockholders' equity	<u>4,487,564</u>	<u>1,467,813</u>
Non-controlling interest	(464,379)	(375,862)
Total stockholders' equity	<u>4,023,185</u>	<u>1,091,951</u>

Total liabilities and stockholders' equity

\$ 6,864,141 \$ 5,160,265

See accompanying notes which are an integral part of these consolidated financial statements.

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PREMIER HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,	
	2016	2015
REVENUE:		
TPC commission revenue	\$ 4,300,663	\$ 4,552,281
Product revenue	491,808	646,186
Total revenue	<u>4,792,471</u>	<u>5,198,467</u>
COST OF SALES	418,913	463,796
GROSS PROFIT	<u>4,373,558</u>	<u>4,734,671</u>
OPERATING EXPENSES:		
Selling, general and administrative	8,950,103	7,830,996
Total operating expenses	<u>8,950,103</u>	<u>7,830,996</u>
OPERATING LOSS	<u>(4,576,545)</u>	<u>(3,096,325)</u>
OTHER INCOME (EXPENSE):		
Interest expense	(1,934,976)	(899,495)
Gain (loss) on change in fair value of derivative liability	827,000	(140,000)
Total other expense, net	<u>(1,107,976)</u>	<u>(1,039,495)</u>
LOSS BEFORE INCOME TAXES, NON-CONTROLLING INTEREST AND DISCONTINUED OPERATIONS	<u>(5,684,521)</u>	<u>(4,135,820)</u>
Income taxes	-	-
LOSS BEFORE NON-CONTROLLING INTEREST AND DISCONTINUED OPERATIONS	<u>(5,684,521)</u>	<u>(4,135,820)</u>
DISCONTINUED OPERATIONS:		
Loss from discontinued operations	-	(278,463)
Gain on disposal of LP&L	-	1,852,884
INCOME FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>1,574,421</u>
NET LOSS	<u>\$ (5,684,521)</u>	<u>\$ (2,561,399)</u>
NET LOSS ATTRIBUTABLE TO NON-CONTROLLING INTEREST	<u>\$ 88,517</u>	<u>\$ 92,021</u>
NET LOSS ATTRIBUTABLE TO PREMIER HOLDING CORPORATION	<u>\$ (5,596,004)</u>	<u>\$ (2,469,378)</u>
Net loss Attributable to Premier Holding Corporation per share - basic and diluted		
Loss attributable to continuing operations	\$ (5,596,004)	\$ (4,043,799)
Net loss per common share - basic and diluted	\$ (0.02)	\$ (0.02)

Net loss attributable to Premier Holding Corporation per share - basic and diluted		
Loss from discontinued operations	—	(278,463)
Net loss per common share from discontinued operations - basic and diluted	—	(0.00)

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - Basic		
and diluted	<u>257,985,211</u>	<u>190,636,022</u>

See accompanying notes which are an integral part of these consolidated financial statements.

PREMIER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Additional
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-in Capital
Balance December 31, 2014	<u>200,000</u>	<u>\$ 20</u>	<u>—</u>	<u>\$ —</u>	<u>181,567,085</u>	<u>\$ 18,157</u>	<u>\$ 23,886,440</u>
Common stock issued for cash					16,275,876	1,627	794,348
Common stock issued for services					2,557,889	256	167,833
Options and warrants issued for services							431,010
Warrants issued with convertible notes payable							616,140
Preferred stock issued for services			250,000	25			202,975
Options exercised for accounts payable					4,000,000	400	9,600
Minority Interest in Subsidiary Disposal of Lexington							
Net Loss attributable to Premier							
Balance December 31, 2015	<u>200,000</u>	<u>\$ 20</u>	<u>250,000</u>	<u>\$ 25</u>	<u>204,400,850</u>	<u>\$ 20,440</u>	<u>\$ 26,108,346</u>
Common stock issued for cash					106,948,320	10,695	5,475,713
Common stock issued for convertible notes					32,562,500	3,256	1,299,244
Common stock issued for services					15,942,858	1,594	1,025,855
Cancellation of common stock					(1,014,307)	(101)	101
Warrants issued with convertible notes payable							70,398
Resolution of derivative liabilities to due debt conversions							729,000
Minority Interest in Subsidiary							
Net Loss attributable to Premier							
Balance December 31, 2016	<u>200,000</u>	<u>\$ 20</u>	<u>250,000</u>	<u>\$ 25</u>	<u>358,840,221</u>	<u>35,884</u>	<u>34,708,657</u>

See accompanying notes which are an integral part of these consolidated financial statements.

PREMIER HOLDING CORPORATION
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (CONTINUED)

	Common Stock Payable	Common Stock Subscription Payable	Non- Controlling Interest in Subsidiary	Treasury Stock	Accumulated Deficit	Total
Balance December 31, 2014	<u>\$ 289,060</u>	<u>\$ (10,495)</u>	<u>\$ (499,702)</u>	<u>\$ (869,000)</u>	<u>\$ (21,326,640)</u>	<u>\$ 1,487,840</u>
Common stock issued for cash	(285,060)	10,495				521,410
Common stock issued for services						168,089
Options and warrants issued for services						431,010
Warrants issued with convertible notes payable						616,140
Preferred stock issued for services						203,000
Options exercised for accounts payable						10,000
Minority Interest in Subsidiary			(92,021)			(92,021)
Disposal of Lexington			215,861			215,861
Net Loss attributable to Premier					(2,469,378)	(2,469,378)
Balance December 31, 2015	<u>\$ 4,000</u>	<u>\$ —</u>	<u>\$ (375,862)</u>	<u>\$ (869,000)</u>	<u>\$ (23,796,018)</u>	<u>\$ 1,091,951</u>
Common stock issued for cash						5,486,408
Common stock issued for convertible notes						1,302,500
Common stock issued for services						1,027,449
Cancellation of common stock	—					—
Warrants issued with convertible notes payable						70,398
Resolution of derivative liabilities to due debt conversions						729,000
Minority Interest in Subsidiary			(88,517)			(88,517)
Net Loss attributable to Premier					(5,596,004)	(5,596,004)
Balance December 31, 2016	<u>4,000</u>	<u>—</u>	<u>(464,379)</u>	<u>(869,000)</u>	<u>(29,392,022)</u>	<u>4,023,185</u>

See accompanying notes which are an integral part of these consolidated financial statements.

PREMIER HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Year Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (5,684,521)	\$ (2,561,399)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on disposal of LP&L	—	(1,852,883)
Shares based payments issued for services	1,027,449	301,089
Gain on change in fair value of derivative liability	(827,000)	140,000
Warrants and options issued for services	—	431,010
Depreciation and amortization expense	42,797	10,020
Amortization of debt discounts	1,540,303	602,320
Changes in operating assets and liabilities:		
Accounts receivable	(13,297)	(145,575)
Prepaid expenses	(46,356)	(80,795)
Inventory	61,987	(82,533)
Accounts payable and accrued liabilities	(103,538)	(150,132)
Net cash used in operating activities	<u>(4,002,176)</u>	<u>(3,388,878)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES:		
Purchase of equipment	(76,699)	(89,205)
Asset purchase	(188,652)	—
Net cash provided by discontinued operations	—	438,991
Net cash provided by (used in) investing activities	<u>(265,351)</u>	<u>349,786</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net advances to related party	(116,993)	(31,152)
Proceeds from notes payable	44,889	90,668
Proceeds from sale of common stock	5,486,408	521,410
Proceeds from convertible notes payable	295,000	2,228,800
Payment of lawsuit liability	(26,000)	(48,000)
Net cash provided by financing activities	<u>5,683,304</u>	<u>2,761,726</u>
NET CHANGE IN CASH	1,415,777	(277,366)
CASH AT BEGINNING OF PERIOD	395,726	673,092
CASH AT END OF PERIOD	\$ 1,811,503	\$ 395,726
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for:		
Interest	\$ 422,102	\$ 245,573
Income taxes	\$ —	\$ —
Non-cash investing and financing activities:		
Stock options exercised for accounts payable - related party	\$ —	\$ 10,000
Series B Preferred stock issued for accounts payable - related party	\$ —	\$ 70,000
Debt discount due to warrants included with convertible notes	\$ 70,398	\$ 892,000
Debt discount due to derivative liabilities	\$ 546,000	\$ —
Debt discount in excess of debt charged to interest expense	\$ 444,000	\$ —
Resolution of derivative liabilities to due debt conversions	\$ 729,000	\$ —
Common stock issued for conversion of debt	\$ 1,302,500	\$ —
Common stock returned to treasury	\$ 101	\$ —

See accompanying notes which are an integral part of these consolidated financial statements.

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PREMIER HOLDING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - NATURE OF OPERATIONS

Premier Holding Corporation (the “Company”) is an energy services holding company. The Company provides an array of energy services through its subsidiary companies, Efficiency Experts, Inc. (“E3”) and The Power Company USA, LLC (“TPC”). The Company provides solutions that enable customers to reduce their energy consumption, lower their operating and maintenance costs, and realize environmental benefits. The Company’s comprehensive set of services includes competitive electricity plans and upgrades to a facility’s energy infrastructure.

The Company was organized under the laws of the State of Nevada on October 18, 1971 under the name of Mr. Nevada, Inc. On November 13, 2008, the Company filed a Certificate of Amendment to its Articles of Incorporation with the State of Nevada Secretary of State to change its name from OVM International Holding Corporation to Premier Holding Corporation. The Company is organized with a holding company structure such that the Company provides financial and management expertise, which includes access to capital, financing, legal, insurance, mergers, acquisitions, joint ventures and management strategies for its subsidiaries.

In 2012, the Company acquired a unique marquee technology for energy efficient lighting, the E-Series controller developed by Active ES. This patented technology provides an upgrade for existing HID lamps for high-bay indoor and outdoor applications where the other current options for efficiency are new and untested, and expensive. This technology is being marketed by E3.

In the first quarter of 2013, the Company acquired an 80% stake in TPC, a deregulated power broker in Illinois. By the end of that quarter, TPC had over 11,000 clients and has been adding between 1,000 and 3,000 clients per month. The Company expects this to continue for the foreseeable future. Over 1,000 of these clients have commercial/industrial facilities such as small businesses, warehouses and distribution centers, which are candidates for E3.

On October 22, 2014, the Company entered into a Membership Purchase Agreement (“Agreement”) to acquire 85% of the membership interests of Lexington Power & Light, LLC (“LP&L”) from its owners. LP&L was incorporated under the laws of the State of New York on July 8, 2010 as a Limited Liability Company. LP&L markets and sells electricity and natural gas to both commercial and residential customers located primarily in five boroughs of New York City and on Long Island. The Company purchases electricity and natural gas on a wholesale basis pursuant to a combined supply and credit facility agreement. Under the Agreement, the Company was to acquire 85% of LP&L on the closing date for 7,500,000 shares of common stock and \$500,000 in Promissory Notes, plus earn-out payments based upon EBITDA milestones during the 12 months following the closing date. Under the terms of the Agreement, the Company had a contingent funding obligation of \$1,000,000 of which \$500,000 will be used as working capital for LP&L, had the option to acquire the remaining 15% of LP&L until December 31, 2018 for \$20,000,000 payable 1/2 in cash and 1/2 in common stock and was to limit its board of directors to five persons, with the members of LP&L having the right to appoint one board member. On April 7, 2015, the Agreement was terminated as per our default on our purchase obligations for the acquisition due to the non-performance of LP&L under the terms of the Agreement.

On May 6, 2016, we entered into a definitive agreement with WWCD, LLC, a company incorporated in the State of Illinois (“WWCD”), to acquire for \$125,000 all membership units, including all licenses and contracts held, of American Illuminating Company, LLC, a Connecticut limited liability company (“AIC”), a company owned by WWCD. AIC is a FERC-licensed supplier of deregulated energy. Consummation of the acquisition of AIC is subject to FERC approval, which was granted in February 2017. After final notifications and filings with regulatory agencies are complete, AIC is expected to begin supplying power immediately to our customers, will recruit additional resellers of deregulated power and provide them with our sales tools to streamline sales efforts, enforce compliance, and increase productivity. The Company has reflected the \$125,000 payment and additional \$62,873 costs towards the acquisition as a deposit of \$187,873 on the balance sheet as of December 31, 2016.

NOTE 2 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Principles of Consolidation

The consolidated financial statements include the accounts of Premier Holding Corporation, E3 and TPC as of and for the years ended December 31, 2016 and 2015. All significant intercompany transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying consolidated financial statements include the estimate of doubtful accounts receivable, valuation of stock-based compensation, valuation of derivative liabilities, fair values in connection with the analysis of goodwill and long-lived assets for impairment, valuation allowances against net deferred tax assets and estimated useful lives for intangible assets and property and equipment.

Revenue Recognition and Cost of Sales

E3 offers energy efficiency products and services to commercial middle market companies, as well as residential customers. In accordance with the requirements of *ASC 605 Revenue Recognition* the Company recognizes revenue when (1) persuasive evidence of an arrangement exists (contracts); (2) delivery has occurred; and (3) collectability is reasonably assured (based upon its credit policy). When consultations are provided to customers, the revenue is recognized at the completion of the service when collectability is reasonably assured. For products sold to customers, revenue is recognized when title has passed to the customer and collectability is reasonably assured and no further efforts are required. For sales related to Southern California Edison rebate program, the company is authorized and pre-approved to submit rebates on behalf of its clients. Upon product delivery, only sales tax is collected from the customer directly, and the total amount of the revenue becomes collectable through submission of rebate application to Southern California Edison, and then the rebate is assigned and delivered directly to the Company. Therefore, revenue is recognized when the product is delivered and rebate application is submitted to Southern California Edison.

TPC offers deregulated power and energy efficiency products and services to commercial middle market companies, as well as residential customers. In accordance with the requirements of *ASC 605 Revenue Recognition*, the Company recognizes revenue when (1) persuasive evidence of an arrangement exists (contracts); (2) delivery has occurred; (3) the seller's price is fixed or determinable (per the customer's contract); and/or (4) collectability is reasonably assured (based upon its credit policy). When consultations are provided to customers, the revenue is recognized at the completion of the service when collectability is reasonably assured. For products sold to customers, revenue is recognized when title has passed to the customer and collectability is reasonably assured and no further efforts are required. For residential service contracts, the commission revenue is recognized when the contract is signed and payment is received. For commercial service contracts, the commission revenue is recognized when the contract is signed and the performance is completed, with an appropriate allowance for estimated cancellation.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. As of December 31, 2016 and 2015, the Company does not have any cash equivalents.

Accounts Receivable

All accounts receivable are due thirty (30) days from the date billed. If the funds are not received within thirty (30) days, the customer

is contacted for payment. The Company uses the allowance method to account for uncollectable accounts receivable. As of December 31, 2016, and 2015, the balance of allowance for bad debts was \$100,000 and \$51,000, respectively.

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Inventory

Inventory is stated at the lower of cost or market. At December 31, 2016, inventory consists of raw materials.

Equipment

Equipment consists of a vehicles and computer equipment and is recorded at cost less accumulated depreciation. The Company's equipment is amortized on a straight-line basis over its estimated life, generally three to five years.

Non-controlling Interest

Non-controlling interests in TPC is recorded as a component of our equity, separate from the parent's equity. Purchase or sales of equity interests that do not result in a change of control are accounted for as equity transactions. Results of operations attributable to the non-controlling interest are included in our consolidated results of operations and, upon loss of control, the interest sold, as well as interest retained, if any, will be reported at fair value with any gain or loss recognized in earnings. The Company maintains an 80% limited interest in TPC and the remaining 20% non-controlling interest is held by TPC's members. Due to the termination of the LP&L Agreement, Premier disposed the 15% original non-controlling interest from LP&L in the amount of \$215,861 which is included in gain on disposal of LP&L.

Net Loss Per Share of Common Stock

The Company has adopted *ASC Topic 260 Earnings per Share*, which provides for calculation of "basic" and "diluted" earnings (loss) per share. Basic earnings (loss) per share includes no dilution and is computed by dividing net income (loss) available to common shareholders by the weighted average common shares outstanding for the period. Diluted earnings (loss) per share reflect the potential dilution of securities that could share in the earnings of an entity similar to fully diluted earnings (loss) per share. The Company excludes equity instruments from the calculation of diluted earnings per share if the effect of including such instruments is anti-dilutive. As of December 31, 2016, the Company has 1,650,000 stock options outstanding and 227,271,136 warrants outstanding. As of December 31, 2015, the Company had 1,650,000 stock options outstanding and 12,428,629 warrants outstanding.

As of December 31, 2016 and 2015, the Company had 450,000 and 450,000 shares of Preferred Stock outstanding, respectively. Net convertible debt as of December 31, 2016 and 2015 was \$1,252,887 and \$1,780,482, respectively, and is convertible between three months to one year from the original loan agreement date.

Income Taxes

Deferred income tax is provided for differences between the bases of assets and liabilities for financial and income tax reporting. A deferred tax asset, subject to a valuation allowance, is recognized for estimated future tax benefits of tax-basis operating losses being carried forward. Income taxes are provided based upon the liability method of accounting pursuant to the *ASC Topic 740 Income Taxes*. Under this approach, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. A valuation allowance is recorded against the deferred tax asset if management does not believe the Company has met the "more likely than not" standard to allow recognition of such an asset.

Stock-Based Compensation

We periodically issue stock options and warrants to employees and non-employees in non-capital raising transactions for services and for financing costs. We account for stock option and warrant grants issued and vesting to employees based on *ASC 718 Compensation—Stock Compensation*, where the award is measured at its fair value at the date of grant and is amortized ratably over the service period. We account for stock option and warrant grants issued and vesting to non-employees in accordance with *ASC 505 Equity*, where the value of the stock compensation is based upon the measurement date as determined at either (a) the date at which a performance commitment is reached, or (b) at the date at which the necessary performance to earn the equity instruments is complete.

Fair Value Measurements

On January 1, 2011, the Company adopted guidance which defines fair value, establishes a framework for using fair value to measure financial assets and liabilities on a recurring basis, and expands disclosures about fair value measurements. Beginning on January 1, 2011, the Company also applied the guidance to non-financial assets and liabilities measured at fair value on a non-recurring basis, which includes goodwill and intangible assets. The guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent sources. Unobservable inputs are inputs that reflect Premier's assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of the inputs as follows:

Level 1 - Valuation is based upon unadjusted quoted market prices for identical assets or liabilities in accessible active markets.

Level 2 - Valuation is based upon quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable in the market.

Level 3 - Valuation is based on models where significant inputs are not observable. The unobservable inputs reflect a company's own assumptions about the inputs that market participants would use.

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts payable, notes payable, accrued liabilities and derivative liabilities. The estimated fair value of cash, accounts receivable, notes receivable, accounts payable, notes payable and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments.

Certain non-financial assets are measured at fair value on a nonrecurring basis. Accordingly, these assets are not measured and adjusted to fair value on an ongoing basis but are subject to periodic impairment tests. These items primarily include long-lived assets, goodwill and other intangible assets.

Our derivative liabilities have been valued as Level 3 instruments.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value of convertible note derivative liability - December 31, 2015	\$ —	\$ —	\$ 1,484,000	\$ 1,484,000
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Fair value of convertible note derivative liability – December 31, 2016	\$ —	\$ —	\$ 918,000	\$ 918,000

Goodwill

The Company periodically reviews the carrying value of intangible assets not subject to amortization, including goodwill, to determine whether impairment may exist. Goodwill and certain intangible assets are assessed annually, or when certain triggering events occur, for impairment using fair value measurement techniques. These events could include a significant change in the business climate, legal factors, a decline in operating performance, competition, sale or disposition of a significant portion of the business, or other factors. Specifically, goodwill impairment is determined using a two-step process. The first step of the goodwill impairment test is used to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The Company uses level 3 inputs and a discounted cash flow methodology to estimate the fair value of a reporting unit. A discounted cash flow analysis requires one to make various judgmental assumptions including assumptions about future cash flows, growth rates, and discount rates. The assumptions about future cash flows and growth rates are based on the Company's budget and long-term plans. Discount rate assumptions are based on an assessment of the risk inherent in the respective reporting units. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired and the second step of the impairment test is unnecessary. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to

that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. That is, the fair value of the reporting unit is allocated to all of the assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

The Company did not record an impairment loss on goodwill for the years ended December 31, 2016 or 2015.

Concentrations of Credit Risk

The Company maintains deposits in a financial institution which is insured by the Federal Deposit Insurance Corporation (“FDIC”). At various times, the Company has deposits in this financial institution in excess of the amount insured by the FDIC. The Company has not experienced any losses related to these balances and believes its credit risk to be minimal.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications had no impact on previously reported net loss.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09), which supersedes nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services. ASU 2014-09 defines a five-step process to achieve this core principle and, in doing so, more judgment and estimates may be required within the revenue recognition process than are required under existing U.S. GAAP. The standard is effective for annual periods beginning after December 15, 2016, and interim periods therein, using either of the following transition methods: (i) a full retrospective approach reflecting the application of the standard in each prior reporting period with the option to elect certain practical expedients, or (ii) a retrospective approach with the cumulative effect of initially adopting ASU 2014-09 recognized at the date of adoption (which includes additional footnote disclosures). Early adoption is not permitted. The Company is currently evaluating the impact of the pending adoption of ASU 2014-09 on its consolidated financial statements and has not yet determined the method by which it will adopt the standard beginning January 1, 2017.

In August 2014, the FASB issued ASU No. 2014-15, “Presentation of Financial Statements— Going Concern (Subtopic 205-40), Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. Continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity’s liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting. Currently, there is no guidance under U.S. GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related footnote disclosures. The amendments in this Update provide that guidance. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. The amendments require management to assess an entity’s ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. Specifically, the amendments (1) provide a definition of the term substantial doubt, (2) require an evaluation every reporting period including interim periods, (3) provide principles for considering the mitigating effect of management’s plans, (4) require certain disclosures when substantial doubt is alleviated as a result of consideration of management’s plans, (5) require an express statement and other disclosures when substantial doubt is not alleviated, and (6) require an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). For the period ended December 31, 2016, management evaluated the Company’s ability to continue as a going concern and concluded that substantial doubt has not been alleviated about the Company’s ability to continue as a going concern. While the Company continues to explore further significant sources of financing, management’s assessment was based on the uncertainty related to the amount and nature of such financing over the next twelve months. Management is currently evaluating the impact of ASU No. 2014-15 on its consolidated financial statements.

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-11 (ASU 2015-11), Simplifying the Measurement of Inventory. According to ASU 2015-11, an entity should measure inventory within the scope of this update at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. The amendments in ASU 2015-11 more closely align the measurement of inventory in GAAP with the measurement of inventory in International Financial Reporting Standards (IFRS). The Board has amended some of the other guidance in Topic 330 to more clearly articulate the requirements for the measurement and disclosure of inventory. However, the Board does not intend for those clarifications to result in any changes in practice. Other than the change in the subsequent measurement guidance from the lower of cost or market to the lower of cost and net realizable value for inventory within the scope of ASU 2015-11, there are no other substantive changes to the guidance on measurement of inventory. For public business entities, the amendments in ASU 2015-11 are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. The amendments in ASU 2015-11 should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company elected to early adopt the above. The adoption doesn't have a significant impact on the Company's consolidated financial position or results of operations.

During November 2015, the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes, which simplifies the presentation of deferred income taxes. ASU 2015-17 provides presentation requirements to classify deferred tax assets and liabilities as noncurrent in a classified statement of financial position. The standard is effective for fiscal years beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is permitted for any interim and annual financial statements that have not yet been issued. We early adopted ASU 2015-17 effective December 31, 2015 on a prospective basis. The adoption did not have a significant impact on the Company's consolidated financial position or results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. ASU 2016-01 requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. These changes become effective for the Company's fiscal year beginning January 1, 2018. The expected adoption method of ASU 2016-01 is being evaluated by the Company and the adoption is not expected to have a significant impact on the Company's consolidated financial position or results of operations.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize leases on their balance sheets, and leaves lessor accounting largely unchanged. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. Early application is permitted for all entities. ASU 2016-02 requires a modified retrospective approach for all leases existing at, or entered into after, the date of initial application, with an option to elect to use certain transition relief. The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

NOTE 3 – GOING CONCERN AND MANAGEMENT'S LIQUIDITY PLANS

As of December 31, 2016, the Company had an accumulated deficit of \$29,392,022. During the years ended December 31, 2016 and 2015, the Company incurred operating losses of \$4,576,545 and \$3,096,325, respectively, and used cash in operating activities of \$4,002,955 and \$3,388,878, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company recognizes it will need to raise additional capital in order to fund operations, meet its payment obligations and execute its business plan. There is no assurance that additional financing will be available when needed or that management will be able to obtain financing on terms acceptable to the Company and whether the Company will generate revenues, become profitable and generate positive operating cash flow. If the Company is unable to raise sufficient additional funds on favorable terms, it will have to develop and implement a plan to further extend payables and to raise capital through the issuance of debt or equity on less favorable terms until sufficient additional capital is raised to support further operations. There can be no assurance that such a plan will be successful. If the Company is unable to obtain financing on a timely basis, the Company could be forced to sell its assets, discontinue its operations and/or pursue other strategic avenues to commercialize its technology.

Accordingly, the accompanying consolidated financial statements have been prepared in conformity with U.S. GAAP, which

contemplates continuation of the Company as a going concern and the realization of assets and the satisfaction of liabilities in the normal course of business. The carrying amounts of assets and liabilities presented in the consolidated financial statements do not necessarily represent realizable or settlement values. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4 – ACQUISITIONS & GOODWILL

The following table presents details of the Company's Goodwill as of December 31, 2016 and 2015:

	The Power Company USA, LLC
Balances at January 1, 2015:	\$ 4,000,000
Aggregate goodwill acquired	—
Impairment losses	—
Balances at December 31, 2015:	\$ 4,000,000
Aggregate goodwill acquired	—
Impairment losses	—
Balances at December 31, 2016:	<u>\$ 4,000,000</u>

The Power Company USA, LLC Share Exchange

On February 28, 2013, the Company acquired 80% of the outstanding membership units of TPC, a deregulated power broker in Illinois for thirty million 30,000,000 shares of Premier's common stock valued at \$4,500,000. The total purchase price for TPC was allocated as follows:

Goodwill	\$ 4,500,000
Total assets acquired	4,500,000
The purchase price consists of the following:	
Common Stock	4,500,000
Total purchase price	\$ 4,500,000

The total amount of goodwill that is expected to be deductible for tax purposes is \$4,500,000 and is amortized over 15 years. The total amortization expense for tax purposes for the year ended December 31, 2016 is \$300,000.

Lexington Power & Light, LLC

On October 22, 2014, Premier entered into a Membership Purchase Agreement ("Agreement") to acquire 85% of the membership interests of Lexington Power & Light, LLC ("LP&L") from its owners. LP&L was incorporated under the laws of the State of New York on July 8, 2010 as a Limited Liability Company. LP&L markets and sells electricity and natural gas to both commercial and residential customers located primarily in five boroughs of New York City and on Long Island. The Company purchases electricity and natural gas on a wholesale basis pursuant to a combined supply and credit facility agreement. Under the Agreement, Premier was to acquire 85% of LP&L on the closing date for 7,500,000 shares of common stock and \$500,000 in promissory notes, plus earn-out payments based upon EBITDA milestones during the twelve months following the closing date. Under the terms of the Agreement, Premier had a contingent funding obligation of \$1,000,000 of which \$500,000 will be used as working capital for LP&L, had the option to acquire the remaining 15% of LP&L until December 31, 2018 for \$20,000,000 payable 1/2 in cash and 1/2 in common stock and was to limit its board of directors to five persons, with the members of LP&L having the right to appoint one board member.

The total purchase price for the Lexington Power & Light, LLC acquisition was allocated as follows:

Cash	\$ 985,798
Accounts receivable	383,819
Inventory	55,020
Accrued revenue	337,522
Equipment	35,342
Goodwill	2,859,151
Other assets	527,176
Total assets acquired	5,183,828
Accounts payable and accrued liabilities	(1,960,176)

Note payable	(1,175,268
Long term note payable	(200,000
Total liabilities assumed	(3,335,444
Non-Controlling interest	151,616
Net assets acquired	<u>\$ 2,000,000</u>
The purchase price consists of the following:	
Note payable	\$ 500,000
Earn out payment	750,000
Common stock	750,000
Total purchase price	<u><u>\$ 2,000,000</u></u>

On April 7, 2015, the Agreement was terminated due to Premier's default on its purchase obligations for LP&L under the terms of the Agreement. The fair value of non-controlling interest as of acquisition date was \$(151,616). Also, there were earn-out payments to the members of LP&L for the company achieving an EBITDA of at least \$2,500,000 for the most recent completed 12 fiscal months from the preceding year, where the Company was to be entitled to \$500,000 cash and 2,500,000 shares of restricted common stock. In addition, in the event the purchaser or any subsidiary thereof did not direct customer referrals resulting in gross revenues for the Company of at least \$50,000,000 on an annual basis during the earn out period, the members were to be entitled to \$500,000 and 2,500,000 shares of restricted common stock.

NOTE 5 – CONVERTIBLE NOTES PAYABLE

Between July 15, 2014 and December 21, 2015, the Company entered into convertible notes with third-parties for use as operating capital for a total of \$1,358,500. The convertible notes payable agreements require the Company to repay the principal, together with 10 - 18% annual interest by the agreements' expiration dates ranging between July 15, 2019 and August 6, 2020. The notes are secured by assets of the Company and mature five years from the issuance date and automatically convert into share of common stock at a conversion price of 80% of the closing market price on the last day of the month upon which the maturity date fall, unless an election is made for repayment in cash. One year from the contract date, the holders may elect to convert the note in whole or in part into shares of common stock at a conversion price of 80% of the average closing market price over the prior 30 days of trading. During the year ended December 31, 2016, a total of \$612,000 of these notes were converted into shares of common stock, with a total of \$746,500 of these notes remaining as of December 31, 2016.

The Company analyzed the conversion option of the notes for derivative accounting consideration under ASC 815-15, Derivatives and Hedging and determined that the instrument should be classified as a liability once the conversion option becomes effective after one year due to there being no explicit limit to the number of shares to be delivered upon settlement of the above conversion options for the notes issued (see Note 7).

Between March 9, 2015 and May 11, 2016, the Company entered into convertible notes with third parties for use as operating capital for a total of \$2,074,800. The convertible notes payable agreements require the Company to repay the principal, together with 12% annual interest by the agreements' expiration dates ranging between March 9, 2017 and May 11, 2019. The notes are secured by assets of the Company and mature three years from the issuance date. Six months from the contract date, the holders may elect to convert the note in whole or in part into shares of common stock at \$0.15. Two warrants were issued with each note including (1) a warrant to purchase an amount of equal to 50% of face value of the note at an exercise price \$0.15 for a period of three years following the note issuance date and (2) a warrant to purchase an amount of equal to 83.33% of face value of the note at an exercise price \$0.25 for a period of three years following the note issuance date. The Company recorded an aggregate debt discount of \$686,536 for the fair value of these warrants through December 31, 2016, which is being amortized over the term of the notes, and is included in convertible notes on the Company's balance sheet at an unamortized remaining balance of \$236,666. The total debt discount recorded during the year ended December 31, 2016 and 2015 was \$70,398 and \$616,138, respectively. Interest expense related to the amortization of this debt discount for the years ended December 31, 2016 and 2015 was \$196,262 and \$105,827, respectively. During the year ended December 31, 2016, a total of \$690,500 of these notes were converted into shares of common stock, with a total of \$1,384,300 of these notes remaining as of December 31, 2016.

During the year ended December 31, 2016, the total of all notes converted was \$1,302,500, with the holders receiving an aggregate of 32,562,500 shares of common stock.

During the years ended December 31, 2016 and 2015, the Company recorded interest expense of \$1,934,976 and \$899,495, respectively.

NOTE 6 – NOTES PAYABLE

On October 22, 2014, the Company entered into a note for the acquisition of 85% of Lexington in amount of \$325,000. The note payable agreement requires the Company to repay the principal, together with imputed federal rate for term of the note. This Promissory Note (this "Note") shall be payable as follows: (i) an initial payment of \$40,625 payable within forty-five (45) days following the date hereof (the "Initial Payment Date"); and (ii) seven (7) equal monthly installments of \$40,625 commencing ninety (90) days following the Initial Payment Date and each installment ninety (90) days thereafter (each an "Installment Date"). The Maker may prepay this entire Note at any time without premium or penalty. Any prepayment will be applied first against accrued, but unpaid interest and then against the outstanding principal balance. Due to the default of this note, the acquisition related to this note payable

was terminated on April 7, 2015; therefore, the Company is released for further payment because of the reversal of ownership interest in Lexington (See Note 9).

On October 22, 2014, the Company also entered into a note for the acquisition of 85% of Lexington in amount of \$175,000. The note payable agreement requires the Company to repay the principal, together with imputed federal rate for term of the note. This Promissory Note (this "Note") shall be payable as follows: (i) an initial payment of \$21,875 payable within forty-five (45) days following the date hereof (the "Initial Payment Date"); and (ii) seven (7) equal monthly installments of \$21,875 commencing ninety (90) days following the Initial Payment Date and each installment ninety (90) days thereafter (each an "Installment Date"). The Maker may prepay this entire Note at any time without premium or penalty. Any prepayment will be applied first against accrued, but unpaid interest and then against the outstanding principal balance. Due to the default of this note, the acquisition related to this note payable was terminated on April 7, 2015; therefore, the Company is released for further payment because of the reversal of ownership interest in Lexington.

During 2013, TPC entered into a line of credit with Energy Me in amount of \$50,000. This loan bears no interest, and shall be repaid \$2,000 per month. As of December 31, 2015, this loan was fully repaid.

NOTE 7 – DERIVATIVE LIABILITY

The embedded conversion feature in the convertible debt instruments (the “Notes”) that the Company issued beginning in July 2014 (See Note 4), and became convertible beginning in July 2015, qualified it as a derivative instrument since the number of shares issuable under the note is indeterminate based on guidance under ASC 815, *Derivatives and Hedging*. The conversion feature of these convertible promissory notes has been characterized as a derivative liability beginning in July 2015 to be re-measured at the end of every reporting period with the change in value reported in the statement of operations.

The valuation of the derivative liability attached to the convertible debt was determined by management using a binomial pricing model that values the derivative liability within the notes. Using the results from the model, the Company recorded a derivative liability of \$918,000 for the fair value of the convertible feature included in the Company’s convertible debt instruments as of December 31, 2016. The derivative liability recorded for the convertible feature created a debt discount of \$1,438,000, which is being amortized over the remaining term of the notes using the effective interest rate method and is included in convertible notes on the balance sheet. Interest expense related to the amortization of this debt discount for the year ended December 31, 2016, was \$238,194. Additionally, \$444,000 of debt discount was charged to interest expense during the year ended December 31, 2016, representing the amount of debt discount in excess of the convertible debt. A total of \$514,067 of the debt discount was charged to interest expense during the year ended December 31, 2016 related to convertible debt converted during the year.

Key inputs and assumptions used to value the embedded conversion feature in the month the Notes became convertible were as follows:

- The average value of a share of Company stock in the month the Notes became convertible, the measurement date - ranging from \$0.051 - \$0.077 (per the over-the-counter market quotes);
- The average conversion price of all Notes issued in their month of issuance, with such conversion price determined based on 80% of the average over-the-counter market price for the 30 days preceding the one-year anniversary of all Notes in that month’s pool;
- The number of shares into which Notes in pool would convert - face amount of the Notes in that month’s pool divided by the average conversion price for Notes included in that month’s pool;
- Risk free rate - 2.5%;
- Dividend yield - 0.0%;
- Assumed annual volatility of Company stock – 126.6%; and
- The Company would be unable to repay the notes within their term.

Additional key inputs and assumptions used to value the embedded conversion feature as of December 31, 2016:

- The value of a share of Company stock on December 31, 2016, the measurement date - \$0.0650 (per the over-the-counter market quotes);
- Conversion price - \$0.0495, based on 80% of the average quoted market price for the Company’s common stock for the 30-day period ended December 31, 2016; and
- Number of shares into which Notes would convert - face value of Notes divided by \$0.0495.

The following table summarizes the derivative liability included in the consolidated balance sheet:

Derivative liability as of December 31, 2015	\$ 1,484,000
Change in fair value of derivative liability	(827,000)
Derivative on new loans	990,000
Reduction due to debt conversions	(729,000)
Derivative liability as of December 31, 2016	<u>\$ 918,000</u>

NOTE 8 – STOCKHOLDERS’ EQUITY

Preferred Stock

On June 3, 2013, the Company filed a Certificate of Amendment of Articles of Incorporation with the State of Nevada Secretary of

State giving it the authority to issue 50,000,000 shares of preferred stock with a par value of \$0.0001 per share. As of December 31, 2016, there were 200,000 Series A Non-Voting Convertible Stock shares and 250,000 Series B Voting Convertible Preferred Stock shares issued and outstanding.

On March 31, 2014, the Board of Directors of the Company approved the creation of a Series A Non-Voting Convertible Preferred Stock (the "Series A Preferred Stock"). On April 1, 2014, the Company filed a Certificate of Designation for the Company's Series A Preferred Stock in Nevada of which the Company is authorized to issue up to 7,000,000 shares with a par value of \$0.0001 per share. In general, each share of Series A Preferred Stock has no voting or dividend rights, a stated value of \$1.00 per share (the "Stated Value"), and is convertible nine months after issuance into common stock at the conversion price equal to one-tenth (1/10) of the Stated Value, or at \$0.10 per common share.

On December 11, 2015, the Board of Directors of the Company approved the creation of the Corporation's Series B Voting Convertible Preferred Stock ("Series B Preferred Stock"). On December 16, 2015, the Corporation filed a Certificate of Designation for the Series B Preferred Stock in Nevada of which the Company is authorized to issue up to 250,000 shares with a par value of \$0.0001 per share. Holders of Series B Preferred Stock shall be entitled to 1,000 votes for each share of Series B Preferred Stock. Votes of shares of Series B Preferred Stock shall be added to votes of shares of common stock of the Company at any meeting of stockholders of the Company at which stockholders have the right to vote. Series B Preferred Stock shall have voting rights for a period of three years from the date of issuance. On the third anniversary of the issuance of shares of Series B Preferred Stock, each share of Series B Preferred Stock shall be converted into four shares of common stock without further action of the Board of Directors. Series B Preferred Stock shall have the same dividends per share and, except as provided above, the same powers, designations, preferences and relative rights, qualifications, limitations or restrictions as those of shares of Series A Preferred Stock of the Company.

On December 19, 2015, the Board of Directors of the Company approved the sale of 250,000 shares of Series B Preferred Stock to Randall Letcavage for the sum of \$70,000 or \$.28 per share. This amount was paid by a reduction of the amount it owes to Randall Letcavage, Chief Executive Office and President, and Chairman of the Board of Directors of the Corporation. Mr. Letcavage abstained from the Board decision to accept his offer. 1,000,000 shares of common stock of the Company were reserved for issuance to the holder of the Series B Preferred Stock when such shares are converted into shares of common stock automatically three years after the date of issuance.

The Company determined that the fair value of the 250,000 shares of Series B Stock was approximately \$203,000, and recorded the excess amount of approximately \$133,000 over the purchase price of \$70,000 as compensation expense for the year ended December 31, 2015.

Common Stock

During the year ended December 31, 2015, the Company entered into a series of stock purchase agreements with accredited investors for the sale of 16,275,876 shares of its common stock in the aggregate amount of \$795,975.

During the year ended December 31, 2016, the Company entered into a series of stock purchase agreements with accredited investors for the sale of 106,948,320 shares of its common stock in amount of \$5,486,407. The Company issued 32,562,500 shares of common stock for the conversion of convertible notes totaling \$1,302,500. Additionally, approximately 1,000,000 shares of common stock were cancelled and returned to the treasury.

Unless otherwise set forth above, the securities described above were not registered under the Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving any public offering.

During the year ended December 31, 2015, 2,557,889 shares of common stock were issued for certain consulting services. The shares were valued at \$168,089, of which \$77,500 was recognized as reduction of debt and \$90,589 was recognized as expense. The shares were valued based upon the fair value of the common stock on the measurement date. A summary of these share issuances are as follows:

<u>Date of issuance</u>	<u>Shares Issued</u>	<u>Fair Value</u>
February 12, 2015 ⁽¹⁾	375,000	\$ 26,250
February 12, 2015 ⁽¹⁾	325,000	22,750
February 12, 2015 ⁽¹⁾	200,000	14,000

February 12, 2015 ⁽¹⁾	100,000	7,000
May 6, 2015 ⁽¹⁾	150,000	7,500
August 7, 2015	82,889	5,389
August 7, 2015	300,000	15,000
September 16, 2015	715,000	50,050
October 6, 2015	25,000	1,625
November 3, 2015	250,000	16,250
December 27, 2015	35,000	2,275
Totals	<u>2,557,889</u>	<u>\$ 168,089</u>

⁽¹⁾ Recognized as reduction of debt.

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During the year ended December 31, 2016, 15,942,858 shares of common stock were issued for consulting services valued at \$0.052 to \$0.077 per share, based upon the fair value of the common stock on the measurement date totaling \$1,027,450, which was recognized immediately as general and administrative expense.

Options for Common Stock

A summary of option activity for the years ended December 31, 2016 and 2015 is presented below:

	<u>Number Outstanding</u>	<u>Weighted- Average Exercise Price Per Share</u>	<u>Weighted- Average Remaining Contractual Life (Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at January 1, 2015	6,000,000	\$ 0.02	4.17	\$ —
Granted	—	—	—	—
Exercised	(4,000,000)	—	—	—
Canceled/forfeited/expired	(350,000)	0.06	—	—
Outstanding at December 31, 2015	<u>1,650,000</u>	<u>0.04</u>	<u>4.53</u>	<u>—</u>
Granted	—	—	—	—
Exercised	—	—	—	—
Canceled/forfeited/expired	—	—	—	—
Outstanding at December 31, 2016	<u>1,650,000</u>	<u>\$ 0.04</u>	<u>3.52</u>	<u>—</u>
Options vested and exercisable at December 31, 2016	<u>1,650,000</u>	<u>\$ 0.04</u>	<u>3.52</u>	<u>—</u>

On June 30, 2014, the Board of Directors of the Company approved a new employment agreement with the Company's Chief Executive Officer, Randy Letcavage (the "Employment Agreement"). The Employment Agreement has a retroactive effective date of January 1, 2014 and replaces all prior agreements between the Company and Mr. Letcavage. The Employment Agreement provides for an annual base salary of \$240,000, a discretionary bonus of \$50,000 over each 12-month period, expense reimbursement, and a grant of stock options on 5,000,000 shares vesting over 2 years at an initial exercise price per share equal to \$.0025 per share. Stock options are vesting at the following rate:

- 1,000,000 (one million) shares of common stock on the Commencement Date;
- 1,000,000 (one million) shares of common stock on the sixth (6th) month anniversary of the Commencement Date;
- 1,000,000 (one million) shares of common stock on the first anniversary of the Commencement Date;
- 1,000,000 (one million) shares of common stock on the 18th month anniversary of the Commencement Date; and
- 1,000,000 (one million) shares of common stock on the second anniversary of the Commencement Date.

In addition, the Company agreed to indemnify Mr. Letcavage to the fullest extent permitted by law for claims related to Mr. Letcavage's role as an officer and director of the Company, or its subsidiaries. The Company recorded \$0 and \$355,725 as his stock based compensation related to the stock options for the years ended December 31, 2016 and 2015, respectively. As of December 31, 2015, \$872,316 had been recorded as his stock based compensation related to the stock options, with \$0 unrecognized cost related to the stock options remaining. On October 8, 2015, Mr. Letcavage exercised 4,000,000 options for common stock at an aggregate price of \$10,000, which was paid through the reduction of accounts payable owed Mr. Letcavage.

On December 31, 2014, the Board of Directors of the Company granted 150,000 stock options to each of its three board members with vesting immediately at an initial exercise price per share equal to \$.15 per share.

The Company valued the options using the Black-Scholes option pricing model with the following assumptions: dividend yield of zero, years to maturity of between 0.5 and 5 years, risk free rates of between 1.65 and 1.73 percent, and annualized volatility of

between 108% and 217%.

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Warrants for Common Stock

A summary of warrant activity for the years ended December 31, 2016 and 2015 is presented below:

	Number Outstanding	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value
Outstanding at January 1, 2015	2,793,694	0.157	1.10	—
Granted	12,428,629	0.194	2.58	—
Exercised	—	—	—	—
Canceled/forfeited/expired	(2,793,694)	—	—	—
Warrants vested and exercisable at December 31, 2015	12,428,629	\$ 0.194	2.58	—
Granted	219,802,470	0.086	1.44	—
Exercised	—	—	—	—
Canceled/forfeited/expired	(4,959,963)	1.94	1.66	—
Outstanding at December 31, 2016	<u>227,271,136</u>	<u>\$ 0.089</u>	<u>1.44</u>	<u>—</u>
Warrants vested and exercisable at December 31, 2016	<u>227,271,136</u>	<u>\$ 0.089</u>	<u>1.44</u>	<u>—</u>

During the year ended December 31, 2015, the Company issued 11,261,963 warrants included with certain convertible notes payable (see Note 5), and 1,166,666 warrants to third-parties for services with a fair value of \$75,286. The Company valued the warrants using the Black-Scholes option-pricing model with the following assumptions: dividend yield of zero, years to maturity of 3 to 5 years, risk free rates of between 0.84 and 1.37 percent, and annualized volatility of between 130% and 216%.

During the year ended December 31, 2016, the Company issued 1,966,650 warrants included with certain convertible notes payable (see Note 4) with a value of \$70,397. The Company valued the warrants using the Black-Scholes option-pricing model with the following assumptions: dividend yield of zero, years to maturity of 3 years, risk free rates of between 0.85 and 1.31 percent, and annualized volatility of between 124% and 130%.

During the year ended December 31, 2016, the Company issued 217,835,820 warrants included with certain stock purchases from accredited investors, with exercise prices ranging from \$0.07 to \$0.10, and expiration dates ranging from 7 months to 5 years. There was no expense resulting from these warrants.

NOTE 9 – DISCONTINUED OPERATION

The Company acquired assets from LP&L on October 22, 2014. Due to the default of the purchase agreement between the Company and LP&L on April 7, 2015, the Company lost control over LP&L. Based on the requirements of ASC 810, *Consolidation*, Premier will no longer present assets and liabilities retained as of the date of deconsolidation. To accomplish this, the results of LP&L's operations are reported in discontinued operations in accordance with ASC 205, *Presentation of Financial Statements*.

Summarized operating results for the discontinuation of operations is as follows:

Fair value of consideration	\$ 629,668
Fair value of retained non-controlling investment	—
Carrying value of non-controlling interest	(215,861)
	<u>413,807</u>
Less: carrying value of former subsidiary's net assets	(1,439,077)

Gain on disposal of LP&L's interest and retained non-controlling investment	\$ <u>1,852,884</u>
Loss from discontinued operation from January 1, 2015 to April 7, 2015	\$ <u>(278,463)</u>

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As of the date of deconsolidation, in accordance with *ASC 810 Consolidation*, we have recognized a gain of \$1,852,884 related to this event. We have no carried value of assets related to our retained investment in LP&L, but retain a non-controlling equity interest, which is 1.56% of LP&L interest with fair value amount of \$0. We are presenting the gain on our statement of operations under the heading "Income from Disposal of LP&L". The Company analyzed the carrying value of LP&L's net assets on the deconsolidation date, determined amount is \$1,439,077 including the following,

Cash	\$ 37,294
Accounts receivable	804,137
Inventory	14,802
Collateral Postings	136,997
Accrued Revenue	414,683
Fixed assets	29,475
Collateral Deposit	200,000
Accounts payable and accrued liabilities	(1,658,957)
Note Payable-related party	(117,124)
Note payable	(837,040)
Due to Premier	(463,344)
Carrying value of former subsidiary's net assets	<u>\$ (1,439,077)</u>

The Company anticipates that it will have no involvement with the management of LP&L after the date of deconsolidation and confirms that this transaction was not with a related party and that LP&L will not be a related party going forward after the deconsolidation.

Major assets and liabilities of the discontinued operation of LP&L are as follows as of December 31, 2014:

	December 31, 2014
Cash	\$ 23,698
Accounts receivable	810,446
Inventory	42,319
Collateral Postings	286,997
Accrued Revenue	479,406
Fixed assets	33,928
Collateral Deposit	200,000
Assets of discontinued operations	<u>\$ 1,876,694</u>
Accounts payable and accrued liabilities	1,209,359
Note Payable-related party	141,860
Note payable	991,400
Current liabilities of discontinued operations	<u>\$ 2,342,619</u>

Major line items constituting net loss of the discontinued operations of LP&L are as follows for the periods from January 1, 2015 through April 7, 2015 (deconsolidation):

	2015
Revenues	\$ 2,287,851
Cost of sales	<u>2,144,747</u>
Gross profit	143,104
Selling, general and administrative expenses	<u>421,567</u>
Loss on discontinued operations	<u>\$ (278,463)</u>

NOTE 10 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016 and 2015, Mr. Letcavage (directly or through related entities) recorded \$292,000 and \$290,000, respectively as compensation for his role as our CEO and CFO in accordance with his Employment Agreement dated January 1, 2014. The following tables outline the related parties associated with the Company and amounts due for each period indicated.

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
iCapital Advisory	Consultant company owned by the CEO of the Company
Jamp Promotion	Company owned by Patrick Farah, a managing director of TPC
Mason Ventures and Sebo Services	Companies owned by Shadie Kalkas, a managing director of TPC

	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
iCapital Advisory – Consulting fees	\$ 31,467	\$ 75,543
Jamp Promotion – Commissions	90,500	90,500
Mason Ventures and Sebo Services – Loans	–	5,038
	<u>\$ 121,967</u>	<u>\$ 171,081</u>
Related party receivable - Mason Ventures and Sebo Services	<u>\$ 67,879</u>	<u>–</u>

During the year ended December 31, 2016, we received loans from Mason Ventures of approximately \$710,453 and repaid approximately \$783,370. During the year ended December 31, 2015, we received loans from Mason Ventures of approximately \$670,000 and repaid approximately \$700,000. The loans are unsecured and non-interest bearing.

Additionally, we have also reviewed the facts and circumstance of our relationship with Nexalin Technology and iCapital Advisory, both of which are affiliated companies of our CEO, and have assessed whether these two companies are variable interest entities (VIEs). Based on the guidance provided in *ASC 810, Consolidation*, these two companies are not considered VIEs. The Company is not the primary beneficiary of Nexalin Technology and iCapital Advisory and, whether those two companies have any income (losses) as of December 31, 2016, it would not be absorbed by Premier Holding Corporation.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Operating lease

For the operations of TPC, the Company leases 4,260 square feet of office space at 1165 N. Clark Street, Chicago, Illinois under a 65-month operating lease through March 2019. The monthly base rent is approximately \$9,415 per month and increases each year during the term of the lease.

Legal Proceedings

Whitaker Energy, LLC

In 2013, Whitaker Energy, LLC (“Whitaker”) filed a civil action the Superior Court of Dekalb County, State of Georgia, Case No. 13-CV8610-6, against TPC and the Company alleging that TPC is in default under its obligations to Whitaker under a promissory note pursuant to which Whitaker loaned TPC \$150,000 in 2012 concurrent with Whitaker’s purchase of a membership interest in TPC. Under the terms of the loan between TPC and Whitaker, TPC owed a monthly payment to Whitaker, the amount of which varies each month and is based on the number of contracts TPC enters into from door-to-door sales and call centers. TPC and Whitaker dispute the number of contracts entered into by TPC after certain adjustments and charge-backs from cancellation of contracts by consumers. Under the complaint, Whitaker seeks to recover \$93,080 of principal under the loan, plus prejudgment interest in the amount of \$9,184 and reasonable attorneys’ fees and expenses of the litigation. In addition, Whitaker seeks an order from the court for access to TPC’s books and records. TPC and the Company dispute the claim by Whitaker that TPC is in default under the loan between TPC and Whitaker. As of April 23, 2014, the parties to the litigation have negotiated a settlement of the litigation which would include a monthly payment by TPC to Whitaker of \$4,000 in payment of the principal and accrued interest. Under the terms of the settlement,

Whitaker will recover a total of \$110,000 plus interest on unpaid amounts. As of December 31, 2016, the Company has made payments totaling \$110,000, with no remaining balance due at December 31, 2016.

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Hi-Tech Specialists, Inc.

Prior to its acquisition by TPC, Hi-Tech Specialists, Inc. ("Hi-Tech") filed suit against U.S.E.C. LLC d/b/a/ US Energy Consultants and Michail Skachko concerning the parties' agreement seeking damages in an amount in excess of \$789,077. The nature of the litigation relates to a contract between the parties wherein Hi-Tech was to solicit service agreements on behalf of U.S.E.C. LLC. The suit is ongoing and TPC is aggressively pursuing its claim against the parties named.

Lexington Power & Light, LLC

LP&L rents office space under several non-cancelable operating lease agreements in the same commercial building that commenced beginning in March 2014, all of which expired on February 28, 2016. The annual rental payments required under these operating lease agreements for 2015 and 2016 were \$46,867 and \$7,849, respectively. Due to the default of the acquisition note payable, the acquisition of LP&L was terminated on April 7, 2015, thus the Company is no longer obligated to this operating lease effective April 7, 2015.

As of December 31, 2013, LP&L had a contingent liability related to a complaint filed by a single commercial customer with the New York Public Service Commission seeking a reimbursement of \$40,000. The Company had determined it appropriate under the circumstances to recognize and accrue this loss contingency. Due to the default of the acquisition note payable, the acquisition of LP&L was terminated on April 7, 2015, thus the Company is no longer obligated to this loss contingency effective April 7, 2015.

NOTE 12 – INCOME TAXES

Net deferred tax assets consist of the following:

	December 31, 2016	December 31, 2015
Deferred tax assets	11,880,000	10,310,000
Valuation allowance	(11,880,000)	(10,310,000)
Net deferred tax asset	<u>\$ —</u>	<u>\$ —</u>

Deferred tax assets consist primarily of net operating loss carryforwards, stock options issued for services and impairment expense. Management has elected to provide a deferred tax asset valuation allowance equal to the potential benefit due to our history of losses. If we demonstrate the ability to generate future taxable income, management will re-evaluate the allowance. The increase in the valuation allowance of approximately \$1,700,000 during the year ended December 31, 2016 primarily represents the benefit of the change in net operating loss carry-forwards and change of fair value of the derivative liability during the period. The increase in the valuation allowance of approximately \$400,000 during the year ended December 31, 2015 primarily represents the benefit of the change in net operating loss carry-forwards during the period. As of December 31, 2016, our estimated net operating loss carry-forward is approximately \$24,000,000 and will expire beginning in 2032 through 2036. Internal Revenue Code Section 382 limits the ability to utilize net operating losses if a 50% change in ownership occurs over a three-year period. Such limitation of the net operating losses may have occurred but we have not analyzed it at this time as the deferred tax asset is fully reserved.

The Company's predecessor operated as an entity exempt from federal and state income taxes. The Company has not yet filed tax returns for 2013, 2014, 2015 and 2016, which are subject to examination.

NOTE 13 - SUBSEQUENT EVENTS

From January through March 2017, the Company entered into a series of stock purchase agreements with accredited investors for the sale of 12,472,502 shares of its common stock in the aggregate amount of \$643,700.

From January through March 2017, the Company received an aggregate of \$820,134 from accredited investors for the sale of 12,734,471 shares of common stock of which shares have not yet been issued as of the date of this filing.

BYLAWS OF
INTERMARK DEVELOPMENT CORPORATION
(a Nevada Corporation)

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BYLAWS OF INTERMARK DEVELOPMENT CORPORATION
(a Nevada Corporation)

ARTICLE I
CORPORATE OFFICES

1.1 REGISTERED OFFICE

The registered office of the corporation shall be in the City of Reno, County of Clark, State of Nevada. The name of the registered agent of the corporation at such location is Nevada Agency and Trust Company, located at West 50 Liberty Street, Bank of America, Reno, Nevada

1.2 OTHER OFFICES

The board of directors may at any time establish other offices at any place or places where the corporation is qualified to do business.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Nevada, designated by the board of directors. In the absence of any such designation, stockholders' meetings shall be held at the registered office of the corporation.

The annual meeting of stockholders shall be held each year within 180 days of the end of the prior fiscal year, on a date and at a time designated by the board of directors or as otherwise determined by the board of directors.

2.3 SPECIAL MEETING

A special meeting of the stockholders may be called at any time by the board of directors, or by the chairman of the board, or by the president, or by one or more stockholders holding shares in the aggregate entitled to cast not less than ten percent (10%) of the votes at that meeting.

If a special meeting is requested by any person or persons other than the board of directors or the president or the chairman of the board, then the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president or the secretary of the corporation.

No business may be transacted at such special meeting otherwise than specified in such notice. The board of directors shall determine the time and place of such special meeting, which shall be held not less than 35 nor more than 120 days after the receipt of the request. Upon determination of the time and the place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 2.4 of these bylaws. If the notice is not given within 61 days after the receipt of the request, the person or persons requesting the meeting may set the time and place of the meeting and give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the board of directors may be held.

2.4 NOTICE OF STOCKHOLDERS MEETINGS

All notices of meetings of stockholders shall be sent or otherwise given in accordance with Section 2.5 of these bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and (i) in the case of a special meeting, the general nature of the business to be transacted (no business other than that specified in the notice may be transacted) or (ii) in the case of the annual meeting, those matters which the board of directors, at the time of giving the notice, intends to present for action by the stockholders (but any proper matter may be presented at the meeting for such action). The notice of any meeting at which directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the board intends to present for election.

2.5 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE

Written notice of any meeting of stockholders shall be given either personally or by first class mail or by telegraphic or other written communication. Notices not personally delivered shall be sent charges prepaid and shall be addressed to the stockholder at the address of that stockholder appearing on the books of the corporation or given by the stockholder to the corporation for the purpose of notice. If no such address appears on the corporation's books or is given, notice shall be deemed to have been given if sent to that stockholder by mail or telegraphic or other written communication to the corporation's principal executive office, or if published at least once in a newspaper of general circulation in the county where that office is located. Notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by telegram or other means of written communication.

If any notice addressed to a stockholder at the address of that stockholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice to the stockholder at that address, then all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available to the stockholder on written demand of the stockholder at the principal executive office of the corporation for a period of one (1) year from the date of the giving of the notice.

An affidavit of the mailing or other means of giving any notice of any stockholders' meeting, executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice, shall be prima facie evidence of the giving of such notice.

2.6 QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stock holders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation.

If, however, such quorum is not present or represented at any meeting of the stockholders, then the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.7 ADJOURN MEETING: NOTICE

Any stockholders' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of the majority of the shares represented at that meeting, either in person or by proxy. When a meeting is adjourned to another time or place, unless these bylaws otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.8 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Section 2.11 of these bylaws, subject to the provisions of the General Corporation Law of Nevada (relating to voting rights of fiduciaries, pledgers and joint owners of stock and to voting trusts and other voting agreements).

Except as provided in the last paragraph of this Section 2.8, or as may be otherwise provided in the certificate of incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

At a stockholders' meeting at which directors are to be elected, or at elections held under special circumstances, a stockholder shall be entitled to cumulate votes (i.e., cast for any candidate a number of votes greater than the number of votes which such stockholder normally is entitled to cast). Each holder of stock, or of any class or classes or of a series or series thereof, who elects to cumulate votes shall be entitled to as many votes as equals the number of votes which (absent this provision as to cumulative voting) he would be entitled to cast for the election of directors with respect to his shares of stock multiplied by the number of directors to be elected by him, and he may cast all of such votes for a single director or may distribute them among the number to be voted for, or for any two or more of them, as he may see fit.

2.9 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Nevada or of the certificate of incorporation or these bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor business on the day next preceding the day on which the meeting is held.

(i) The record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action by the board of directors is necessary, shall be the day on which the first written consent is expressed.

(ii) The record date for determining stockholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

2.10 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

No action shall be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, or by the written consent of the stockholders setting forth the action so taken and signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote upon were present and voted.

2.11 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS

For the purpose of determining stockholder entitled to notice of or to vote at any meeting of stockholder or any adjournment thereof, or make a determination of stockholder for any other proper purpose, the board of directors may fix a future date as the record date for any such determination of stockholder, such date in any case to be not more than seventy days, and, in case of a meeting of stockholder, not less than ten days, prior to the date on which the particular action requiring such determination of stockholder is to be taken. If no record date is fixed by the directors, the record date shall be the day before the notice of the meeting is given to stockholder, or the date on which the resolution of the board of directors providing for a distribution is adopted, as the case may be. The record date for determining the stockholder entitled to take action without a meeting or entitled to be given notice of action so taken shall be the date a writing upon which the action is taken is first received by the corporation.

2.12 PROXIES

Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by a written proxy, signed by the stockholder and filed with the secretary of the corporation, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney in fact. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of the General Corporation Law of Nevada.

2.13 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The officer who has charge of the stock ledger of a corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

2.14 INSPECTORS OF ELECTION

Before any meeting of stockholders, the board of directors may appoint an inspector or inspectors of election to act at the meeting or its adjournment. If no inspector of election is so appointed, then the chairman of the meeting may, and on the request of any stockholder or a stockholder's proxy shall, appoint an inspector or inspectors of election to act at the meeting. The number of inspectors shall be either one (1) or three (3). If inspectors are appointed at a meeting pursuant to the request of one (1) or more stockholders or proxies, then the holders of a majority of shares or their proxies present at the meeting shall determine whether one (1) or three (3) inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, then the chairman of the meeting may, and upon the request of any stockholder or a stockholder's proxy shall appoint a person to fill that vacancy.

Such inspectors shall:

- (a) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the authenticity, validity, and effect of proxies;
- (b) receive votes, ballots or consents;
- (c) hear and determine all challenges and questions in any way arising in connection with the right to vote;
- (d) count and tabulate all votes or consents;
- (e) determine when the polls shall close;
- (f) determine the result; and
- (g) do any other acts that may be proper to conduct the election or vote with fairness to all stockholders.

ARTICLE III DIRECTORS

3.1 POWERS

Subject to the provisions of the General Corporation Law of Nevada and any limitations in the certificate of incorporation or these bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 NUMBER OF DIRECTORS

The number of directors of the corporation shall be one (1). This number may be changed by a duly adopted amendment to the certificate of incorporation or by an amendment to this bylaw adopted by the vote or written consent of the holders of a majority of the stock issued and outstanding and entitled to vote or by resolution of a majority of the board of directors. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 ELECTION QUALIFICATION AND TERM OF OFFICE OF DIRECTORS

Except as provided in Section 3.4 of these bylaws, directors shall be elected at each annual meeting of stockholders to hold office until the next annual meeting. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws, wherein other qualifications for directors may be prescribed. Each director, including a director elected to fill a vacancy, shall hold office until his successor is elected and qualified or until his earlier resignation or removal. Elections of directors need not be by written ballot.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon written notice to the corporation. When one or more directors so resigns and the resignation is effective at a future date, a majority of the directors then in office (even if less than a quorum), including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies. Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in the General Corporation Law of Nevada.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole board (as constituted immediately prior to any such increase), then the Court may, upon application of any stockholder or stockholders holding at least ten (10) percent of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of the General Corporation Law of Nevada as far as applicable.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The board of directors of the corporation may hold meetings, both regular and special, either within or outside the State of Nevada. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 FIRST MEETINGS

The first meeting of each newly elected board of directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected board of directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the board of directors, or as shall be specified in a written waiver signed by all of the directors.

3.7 REGULAR MEETINGS

Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

3.8 SPECIAL MEETINGS NOTICE

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two (2) directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first class mail or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the corporation. If the notice is mailed, it shall be deposited in the United States mail at least four (4) days before the time of the holding of the meeting. If the notice is delivered personally or by telephone or by telegram, it shall be delivered personally or by telephone or to the telegraph company at least forty eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose or the place of the meeting, if the meeting is to be held at the principal executive office of the corporation.

3.9 QUORUM

At all meetings of the board of directors, a majority of the authorized number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.10 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Nevada or of the certificate of incorporation or these bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice unless so required by the certificate of incorporation or these bylaws.

3.11 ADJOURNED MEETING NOTICE

If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.12 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

3.13 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the certificate of incorporation or these bylaws, the board of directors shall have the authority to fix the compensation of directors.

3.14 APPROVAL OF LOANS TO OFFICERS

The corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiary, including any officer or employee who is a director of the corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the corporation. The loan, guaranty or other assistance may be with or without interest and may be unsecured, or secured in such manner as the board of directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

3.15 REMOVAL OF DIRECTORS

Unless otherwise restricted by statute, by the certificate of incorporation or by these bylaws, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors; provided, however, that, so long as stockholders of the corporation are entitled to cumulative voting, if less than the entire board is to be removed, no director may be removed without cause if the votes cast against his or her removal would be sufficient to elect him or her if then cumulatively voted at an election of the entire board of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE IV COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, with each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors or in the bylaws of the corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) amend the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in the General Corporation Law of Nevada, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the corporation), (ii) adopt an agreement of merger or consolidation under the General Corporation Law of Nevada, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, (iv) recommend to the stockholders a dissolution of the corporation or a revocation of a dissolution, or (v) amend the bylaws of the corporation; and, unless the board resolution establishing the committee, the bylaws or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to the General Corporation Law of Nevada.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these bylaws, Section 3.5 (place of meetings and meetings by telephone), Section 3.7 (regular meetings), Section 3.8 (special meetings and notice), Section 3.9 (quorum), Section 3.10 (waiver of notice), Section 3.11 (adjournment and notice of adjournment), and Section 3.12 (action without a meeting), with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the board of directors and its members; provided, however, that the time of regular meetings of committees may also be called by resolution of the board of directors and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

ARTICLE V OFFICERS

5.1 OFFICERS

The officers of the corporation shall be a president, one or more vice presidents, a secretary, and a treasurer. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more assistant vice presidents, assistant secretaries, assistant treasurers, and any such other officers as may be appointed in accordance with the provisions of Section 5.3 of these bylaws. Any number of offices may be held by the same person.

5.2 ELECTION OF OFFICERS

The officers of the corporation, except such officers as may be appointed in accordance with the provisions of Sections 5.3 or 5.5 of these bylaws, shall be chosen by the board of directors, subject to the rights, if any, of an officer under any contract of employment.

5.3 SUBORDINATE OFFICERS

The board of directors may appoint, or empower the president to appoint, such other officers and agents as the business of the corporation may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the board of directors may from time to time determine.

5.4 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the board of directors at any regular or special meeting of the board or, except in the case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors.

Any officer may resign at any time by giving written notice to the corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

5.5 VACANCIES IN OFFICES

Any vacancy occurring in any office of the corporation shall be filled by the board of directors and the number of directors can be increased by board action.

5.6 CHAIRMAN OF THE BOARD

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these bylaws. If there is no president, then the chairman of the board shall also be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 5.7 of these bylaws.

5.7 PRESIDENT

Subject to such supervisory powers, if any, as may be given by the board of directors to the chairman of the board, if there be such an officer, the president shall be the chief executive officer of the corporation and shall, subject to the control of the board of directors, have general supervision, direction, and control of the business and the officers of the corporation. He shall preside at all meetings of the stockholder and, in the absence or non-existence of a chairman of the board, at all meetings of the board of directors. He shall have the general powers and duties of management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed by the board of directors or these bylaws.

5.8 VICE PRESIDENT

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the president and when so acting shall have all the powers of, and be subject to all the restrictions upon, the president. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these bylaws, the president or the chairman of the board.

5.9 SECRETARY

The secretary shall keep or cause to be kept, at the principal executive office of the corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholder. The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholder meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the corporation or at the office of the corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all stockholder and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholder and of the board of directors required to be given by law or by these bylaws. He shall keep the seal of the corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these bylaws.

5.10 TREASURER

The treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall at all reasonable times be open to inspection by any director.

The treasurer shall deposit all money and other valuables in the name and to the credit of the corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, shall render to the president and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these bylaws.

5.11 ASSISTANT SECRETARY

The assistant secretary, or, if there is more than one, the assistant secretaries in the order determined by the stockholders or board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors or the stockholders may from time to time prescribe.

5.12 ASSISTANT TREASURER

The assistant treasurer, or, if there is more than one, the assistant treasurers, in the order determined by the stockholders or board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors or the stockholders may from time to time prescribe.

5.13 AUTHORITY AND DUTIES OF OFFICERS

In addition to the foregoing authority and duties, all officers of the corporation shall respectively have such authority and perform such duties in the management of the business of the corporation as may be designated from time to time by the board of directors or the stockholders.

ARTICLE VI INDEMNITY

6.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The corporation shall, to the maximum extent and in the manner permitted by the General Corporation Law of Nevada, indemnify each of its directors and officers against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Section 6.1, a "director" or "officer" of the corporation includes any person (i) who is or was a director or officer of the corporation, (ii) who is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.2 INDEMNIFICATION OF OTHERS

The corporation shall have the power, to the maximum extent and in the manner permitted by the General Corporation Law of Nevada, to indemnify each of its employees and agents (other than directors and officers) against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the corporation. For purposes of this Section 6.2, an "employee" or "agent" of the corporation (other than a director or officer) includes any person (i) who is or was an employee or agent of the corporation, (ii) who is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a corporation which was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation.

6.3 INSURANCE

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of the General Corporation Law of Nevada.

ARTICLE VII RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION OF RECORDS

The corporation shall, either at its principal executive office or at such place or places as designated by the board of directors, keep a record of its stockholder listing their names and addresses and the number and class of shares held by each stockholder, a copy of these bylaws as amended to date, accounting books, and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the corporation at its registered office in Nevada or at its principal place of business.

The officer who has charge of the stock ledger of a corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

7.2 INSPECTION BY DIRECTORS

Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders, and its other books and records for a purpose reasonably related to his position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

7.3 ANNUAL STATEMENT TO STOCKHOLDERS

The board of directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

7.4 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The chairman of the board, the president, any vice president, the treasurer, the secretary or assistant secretary of this corporation, or any other person authorized by the board of directors or the president or a vice president, is authorized to vote, represent, and exercise on behalf of this corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE VIII GENERAL MATTERS

8.1 CHECKS

From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the corporation, and only the persons so authorized shall sign or endorse those instruments.

8.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

The board of directors, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.3 STOCK CERTIFICATES: PARTLY PAID SHARES

The shares of a corporation shall be represented by certificates, provided that the board of directors of the corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the board of directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the corporation by the chairman or vice chairman of the board of directors, or the president or vice president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8.4 SPECIAL DESIGNATION ON CERTIFICATES

If the corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in the General Corporation Law of Nevada, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the corporation shall issue to represent such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

8.5 LOST CERTIFICATES

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the corporation and canceled at the same time. The corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation at its option may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

8.6 CONSTRUCTION: DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Nevada General Corporation Law shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

8.7 DIVIDENDS

The directors of the corporation, subject to any restrictions contained in the certificate of incorporation, may declare and pay dividends upon the shares of its capital stock pursuant to the General Corporation Law of Nevada. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock.

The directors of the corporation may set at out of any of the funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the corporation, and meeting contingencies.

8.8 FISCAL YEAR

The fiscal year of the corporation shall be fixed by resolution of the board of directors and may be changed by the board of directors.

8.9 SEAL

The Corporation shall have power to have a corporate seal, which shall be adopted and which may be altered by the board of directors, and the corporation may use the same by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.10 TRANSFER OF STOCK

Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by *proper evidence of succession, assignation or authority to transfer*, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

8.11 STOCK TRANSFER AGREEMENTS

The corporation shall have power to enter into and perform any agreement with any number of stockholder of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Nevada.

8.12 REGISTERED STOCKHOLDERS

The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

ARTICLE IX AMENDMENTS

The original or other bylaws of the corporation may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the corporation may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

ARTICLE X DISSOLUTION

If it should be deemed advisable in the judgment of the board of directors of the corporation that the corporation should be dissolved, the board, after the adoption of a resolution to that effect by a majority of the whole board at any meeting called for that purpose, shall cause notice to be mailed to each stockholder entitled to vote thereon of the adoption of the resolution and of a meeting of stockholders to take action upon the resolution.

At the meeting a vote shall be taken for and against the proposed dissolution. If a majority of the outstanding stock of the corporation entitled to vote thereon votes for the proposed dissolution, then a certificate stating that the dissolution has been authorized in accordance with the provisions of the General Corporation Law of Nevada and setting forth the names and residences of the directors and officers shall be executed, acknowledged, and filed and shall become effective in accordance with the General Corporation Law of Nevada. Upon such certificate's becoming effective in accordance with the General Corporation Law of Nevada, the corporation shall be dissolved.

Whenever all the stockholders entitled to vote on a dissolution consent in writing, either in person or by duly authorized attorney, to a dissolution, no meeting of directors or stockholders shall be necessary. The consent shall be filed and shall become effective in accordance with the General Corporation Law of Nevada. Upon such consent's becoming effective in accordance with the General Corporation Law of Nevada, the corporation shall be dissolved. If the consent is signed by an attorney, then the original power of attorney or a photocopy thereof shall be attached to and filed with the consent. The consent filed with the Secretary of State shall have attached to it the affidavit of the secretary or some other officer of the corporation stating that the consent has been signed by or on behalf of all the stockholders entitled to vote on a dissolution; in addition, there shall be attached to the consent a certification by the secretary or some other officer of the corporation setting forth the names and residences of the directors and officers of the corporation.

ARTICLE XI CUSTODIAN

11.1 APPOINTMENT OF A CUSTODIAN IN CERTAIN CASES

The Court of the state of Nevada, upon application of any stockholder, may appoint one or more persons to be custodians and, if the corporation is insolvent, to be receivers, of and for the corporation when:

(i) at any meeting held for the election of directors the stockholders are so divided that they have failed to elect successors to directors whose terms have expired or would have expired upon qualification of their successors; or

(ii) the business of the corporation is suffering or is threatened with irreparable injury because the directors are so divided respecting the management of the affairs of the corporation that the required vote for action by the board of directors cannot be obtained and the stockholders are unable to terminate this division; or

(iii) the corporation has abandoned its business and has failed within a reasonable time to take steps to dissolve, liquidate or distribute its assets.

11.2 DUTIES OF CUSTODIAN

The custodian shall have all the powers and title of a receiver appointed under the General Corporation Law of Nevada, but the authority of the custodian shall be to continue the business of the corporation and not to liquidate its affairs and distribute its assets, except when the Court of the state of Nevada otherwise orders and except in cases arising out of the General Corporation Law of Nevada.

CERTIFICATE OF ADOPTION OF BYLAWS
OF
INTERMARK DEVELOPMENT CORPORATION
(a Nevada Corporation)

Adoption by Board of Directors

The undersigned person was appointed by the Board of Directors of the corporation to act as the secretary of INTERMARK DEVELOPMENT CORPORATION hereby adopts the foregoing bylaws, comprising twenty five (25) pages, as the Bylaws of the corporation.

Executed this ____ day of August, 1996.

/s/ Cindy K. Swank
Cindy K. Swank, Secretary

**OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302**

I, Randall Letcavage, certify that:

1. I have reviewed this Annual Report on Form 10-K of Premier Holding Corporation (the "Company") for the period ended December 31, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 31, 2017

By: /s/ Randall Letcavage
Name: Randall Letcavage
Title: Chief Executive Officer (Principal Executive Officer)

**OFFICER'S CERTIFICATE
PURSUANT TO SECTION 302**

I, Randall Letcavage, certify that:

1. I have reviewed this Annual Report on Form 10-K of Premier Holding Corporation for the period ended December 31, 2016;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;
4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and
5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: March 31, 2017

By: /s/ Randall Letcavage

Name: Randall Letcavage
Title: Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Premier Holding Corporation (the "Company") for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 31, 2017

By: /s/ Randall Letcavage

Name: Randall Letcavage

Title: Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with this Annual Report on Form 10-K of Premier Holding Corporation (the "Company") for the period ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, in the capacity and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

Date: March 31, 2017

By: /s/ Randall Letcavage

Name: Randall Letcavage

Title: Chief Financial Officer (Principal Financial Officer and
Principal Accounting Officer)

Financial Arrangements

Exhibit C-4

Not Applicable.

Credit Rating

Exhibit C-6

Based on the credit report in Exhibit C-7, "Industry Monthly Payment Trends", The Power Company USA, LLC payment history is nearly a 100% rating every month whereas the industry ranking is approximately 85%. Albeit, The Power Company USA, LLC is listed as high risk due to the fact that The Power Company USA, LLC does not utilize credit for its business. The Power Company USA, LLC does not have any outstanding liabilities other than normal current business payables.

Bankruptcy Information

Exhibit C-8

The Power Company USA, LLC has no pending or past bankruptcies.

Merger Information

Exhibit C-9

The Power Company USA, LLC has not had any dissolution or mergers or acquisitions *within the two most recent years preceding the application.*

Corporate Structure

Exhibit C-10

The Power Company is a stand-alone entity with no affiliate or subsidiary companies.