

Evolution Solar Corporation
Annual Report
Period Ended December 31, 2010

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PART A: GENERAL COMPANY INFORMATION

Item 1 Exact name of the issuer and the address of its principal executive offices.

Evolution Solar Corporation
(formerly Auto Club Marketing, Corp. until May 1, 2008)

Item 2 Address of the issuer's principal executive offices.

21 Waterway Avenue, Suite 300
The Woodlands, Texas 77380

Phone: 281-362-2760
Fax: 281-362-2704
<http://www.evolutionsolar.com/>

Item 3 Jurisdiction and date of incorporation.

Evolution Solar Corporation ("we", "us", "EVSO" or the "Company") was incorporated in the State of Colorado on April 23, 1986.

PART B: SHARE STRUCTURE

Item 4 Exact title and class of securities outstanding.

Common Stock
CUSIP: 30050F-102
Trading Symbol: EVSO

Item 5 Par of state value and description of the security.

The par value of the common stock is \$0.0001.

Item 6 The number of shares or total amount of the securities outstanding for each class of securities authorized.

Class of Security	Period End Date	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares	Total Number of Beneficial Shareholders	Total Number of Shareholders of Record ⁽¹⁾
Common stock	December 31, 2010	1,000,000,000	181,431,086	81,181,498	1	246
Common stock	December 31, 2009	1,000,000,000	48,431,086	37,181,498	1	253

(1) Does not include shares held in street names.

PART C: BUSINESS INFORMATION

Item 7 The name and address of the transfer agent.

Transfer Online, Inc.
512 SE Salmon Street
Portland, OR 97214
(503) 227-2950

Transfer Online is registered under the Exchange Act and is regulated by the Securities and Exchange Commission.

Item 8 The nature of the issuer's business.

State and date of incorporation

Evolution Solar Corporation was incorporated in the State of Colorado on April 23, 1986.

Fiscal periods

Our fiscal year ends on December 31.

Bankruptcy proceedings

None

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets

None

Defaults on notes, leases or other obligations

None.

Change of control

In May 2008, as a part of the acquisition of Evolution Solar Corporation, a Nevada corporation, the Company issued 12,000,000 shares of its common stock to Robert Kaapke, the owner of that company.

Increase of 10% or more of the same class of outstanding equity securities

In May 2008, as a part of the acquisition of Evolution Solar Corporation, a Nevada corporation, the Company issued 12,000,000 shares of its common stock to Robert Kaapke, the owner of that company, which constituted 92% of the issued and outstanding shares of the Company at that time.

During 2009, the Company issued 8,009,514 shares of common stock pursuant to warrant agreements granted in May 2008 to purchase shares of common stock. The exercise of these warrants generated \$800,951 in cash.

During 2009, the Company issued 8,000,000 shares of common stock to accredited investors for \$800,000 in cash.

On March 24, 2010, the Company issued 5,000,000 shares of common stock to convert notes payable in the amount of \$125,000. The shares were valued at \$875,000

On March 31, 2010, the Company issued 20,000,000 shares of common stock for the acquisition of Pacific Coast Solar. The shares were valued at \$1,850,000 based on the market price of the stock less a 50 percent block discount based on the size of block of stock issued.

On June 28, 2010, we agreed to issue 12,000,000 shares of common stock to convert notes payable of \$120,000. The shares were valued at \$1,200,000 on the date of issuance based on the market price of the stock. As a result, we recognized a loss on conversion of \$1,080,000.

On August 5, 2010, we agreed to issue 15,000,000 shares of common stock to convert notes payable of \$150,000. The shares were valued at \$975,000 on the date of issuance based on the market price of the stock. As a result, we recognized a loss on conversion of \$825,000.

On November 17, 2010, we issued 80,000,000 shares for cash proceeds of \$40,000.

Stock splits, recapitalizations, stock dividends and other reorganizations

Effective May 23, 2008, the Company authorized a two-for-one forward stock split.

De-listings from securities exchanges

None.

Legal proceedings

None

Our business

Evolution Solar Corporation's principal business objective is to provide custom solar solutions for domestic and international companies focused on renewable / alternative energy solutions. The process is inclusive of energy usage assessment, feasibility review, product and/or procedural recommendations, as well as construction of the facility. In addition, the Company expects to leverage the extensive manufacturing and distribution partners of its subsidiary in China, Synergy Design and Development Company, Ltd., a Hong Kong corporation ("SDD"), to bring low-cost, high-efficiency, green solutions to consumers worldwide.

The Company intends to continue executing its business plan; however the Company is operating at a loss, has limited funds and may not be able to sustain sufficient funding for the next twelve months. The Company's revenues will likely continue to be insufficient to sustain operations, and the Company will likely require additional funds in the form of loans or private sales of equity from existing or new sources. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable.

Management is in the process of developing a demonstration project to highlight the Company's ability to provide custom solar solutions through its use of innovative products sourced by the Company's subsidiary in China. Through this demonstration project the company will work in partnership with academic institutions on product research and development. In analyzing prospective opportunities, management will evaluate to the extent applicable, the available technical, financial and managerial resources of any future business. Management will also consider the nature of present and expected competition; potential advances in research and development; the potential for growth and/or expansion; the likelihood of sustaining a profit within a period of time; perceived value of the product or service; and other relevant factors.

Management will assess all relevant factors and make a determination based on the composite of available information, without reliance on any one factor. Until such time that the Company has a project complete, the Company will continue to rely on the productivity of its subsidiary in China for income. At this time there are no expected changes in the number of employees. Any expansion of the team would be commensurate with opportunity in the market place.

We have never been a "shell company" as defined by Securities Act Rule 405.

Subsidiaries

The Company owns a 51% interest in Synergy Design and Development Company, Ltd., a Hong Kong corporation. Evolution Solar Corporation, a Nevada corporation is a wholly-owned subsidiary of the company.

Government Regulation and Other Considerations

Our industry is subject to a variety of national, federal, state and local laws, rules and regulations relating to worker safety, zoning, building and electrical codes, and the use, storage, discharge and disposal of environmentally sensitive materials.

Solar Energy Industry

We believe that economic and national security issues, technological advances, environmental regulations seeking to limit emissions from the use of fossil fuels, air pollution regulations restricting the release of greenhouse gasses, aging electricity transmission infrastructure and limited and a sometimes unreliable supply of fossil fuels, has made reliance on traditional sources of fuel for generating electricity less attractive. Government policies, in the form of

both regulation and incentives, have accelerated the adoption of solar technologies by businesses and consumers. For example, in the United States, the 2005 energy bill enacted for three years a 30% investment tax credit for solar which was renewed and extended for eight years in November, 2008, and in February 2009 an alternative cash rebate program was approved.

Government Subsidies and Incentives

Various subsidies and tax incentive program exist at the federal and state level to encourage the adoption of solar power including capital cost rebates, performance-based incentives, feed-in tariffs, tax credits and net metering. Capital cost rebates provide funds to customers based on the cost or size of a customer's solar power system. Performance-based incentives provide funding to a customer based on the energy produced by their solar system. Under a feed-in tariff subsidy, the government sets prices that regulated utilities are required to pay for renewable electricity generated by end-users. The prices are set above market rates and may be differentiated based on system size or application. Feed-in tariffs pay customers for solar power system generation based on kilowatt-hours produced, at a rate generally guaranteed for a period of time. Tax credits reduce a customer's taxes at the time the taxes are due. Under net metering, a customer can generate more energy than it uses, during which periods the electricity meter will spin backwards. During these periods, the customer "lends" electricity to the grid, retrieving an equal amount of power at a later time. Net metering programs enable end-users to sell excess solar electricity to their local utility in exchange for a credit against their utility bills. Net metering programs are usually combined with rebates, and do not provide cash payments if delivered solar electricity exceeds their utility bills. In addition, several states have adopted renewable portfolio standards, or RPS, which mandate that a certain portion of electricity delivered to customers come from a list of eligible renewable energy resources. Under a RPS, the government requires regulated utilities to supply a portion of their total electricity generation in the form of electricity from renewable sources. Some programs further specify that a portion of the renewable energy quota must be from solar generated electricity.

Despite the benefits of solar power, there are also certain risks and challenges faced by users of solar power. Solar power is heavily dependent on government subsidies to promote acceptance by mass markets. We believe that the near-term growth in the solar energy industry depends significantly on the availability and size of these government subsidies and on the ability of the industry to reduce the cost of generating solar electricity. The market for solar energy products is, and for some time will continue to be, heavily dependent on public policies that support growth of solar energy. There can be no assurances that such policies will continue despite the November 2008 eight year renewal of the 30% investment tax credit applicable to solar energy projects and the February 2009 approval of the alternative cash rebate program. Decrease in the level of rebates, incentives or other governmental support for solar energy would have an adverse affect on our ability to sell our products.

Employees

We have one full-time and two part-time employees. We engage independent contractors to perform legal and financial tasks on our behalf.

Item 9 The nature of products or services offered.

Beginning in May 2008, following the acquisition of Evolution Solar Corporation, the company ceased selling auto club memberships and began providing consulting services with organizations to create, license, and sell alternative sources of energy, particularly in the solar arena. The company is also exploring opportunities in the manufacture of solar cells both commercial and residential applications. The company has discontinued the sale of auto club memberships.

On July 30, 2008, the Company acquired a 51% interest in Synergy Design & Development Company Limited, a Hong Kong corporation formed in 2000, which is a duly licensed tax free China trading company based in Shanghai, China ("SDD"). SDD has been an active company trading goods manufactured in China and reselling such goods throughout the world. The Company intends for SDD to provide value in negotiating and trading in solar technology equipment to be manufactured for the Company in China.

A. Principal products or services, and their markets;

Our Synergy subsidiary exports from China the following types of products: solar equipment and paper and plastic products. The majority of our customers are in the United States. Additional customers are located in France, Mexico and Canada.

B. Distribution methods of the products or services;

Our products are sold mainly to distributors or retailers.

C. Status of any publicly announced new product or service;

None.

D. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition;

We are able to negotiate volume discounts from a variety of Chinese manufactures, allowing us to take advantage of pricing variances to maximize profits from each order. While the contract manufacturing industry is highly competitive, we are able to compete by operating in niche segments as well as providing superior customer service.

E. Sources and availability of raw materials and the names of principal suppliers;

We do not use raw materials. We contract for manufacturing of products based on orders from our customers. While we have preferred manufacturers, our business model allows flexibility should we experience issues with a manufacturer.

F. Dependence on one or a few major customers;

We currently depend on two customers for more than half of our revenue. These two customers account for roughly 70% of our revenue. We anticipate pending contracts will adjust our revenue stream so that no customer accounts for more than 30% of revenue.

G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and

We are licensed by the Chinese Government to do business under the name Synergy. We have no material agreements.

H. The need for any government approval of principal products or services and the status of any requested government approvals.

At export, government export approval is required for certain products. Rarely do we export products requiring such clearance. When clearance is requested it is generally a formality.

Item 10 The nature and extent of the issuer's facilities

The Company leases office space at 21 Waterway Avenue, Suite 300, The Woodlands, Texas 77380. The Company's subsidiary, Synergy Design and Development Company Limited has leased offices and a manufacturing plant at 23 East Yan Dang Building No. 107 Yan Dang Road, Shanghai, China.

PART D: MANAGEMENT STRUCTURE AND FINANCIAL INFORMATION

Item 11 Chief executive officer, members of the board of directors, and control persons

Officers and directors

Robert Hines

21 Waterway Avenue, Suite 300

The Woodlands, Texas 77380

Robert Hines is the Company's president, chief executive officer and sole member of the Board of Directors. Mr. Hines has over ten years of banking industry experience where, among other responsibilities, he served the banking needs of small businesses. From 2005 to 2008, he was employed at a regional Texas bank in several positions, the most recent being Regional Manager and Senior Vice President. In that position, he supervised and coached branch managers to ensure that retail banking sales objectives were achieved. Since 2008, he has worked as a self-employed consultant coaching small businesses owners in marketing, strategic planning, and funding their businesses. Mr. Hines is a graduate of the University of Houston. Mr. Hines receives a salary of \$120,000 per year and does not own any common stock. He does not have an employment contract with the Company.

Legal/Disciplinary History

During the past five year, Mr. Hines has not been the subject of:

1. a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);
2. the entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;
3. a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities, which finding or judgment has not been reversed, suspended, or vacated; or
4. the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

Family Relationships

There are no family relationships between Mr. Hines and any of the Company's directors, officers, or 5% shareholders.

Related Party Transactions

There were no related party transactions during the last two fiscal years.

Conflicts of Interest

There are no conflicts of interest between Mr. Hines and the Company.

Item 12 Financial Statements.**Evolution Solar Corporation
Consolidated Balance Sheets
(Unaudited)**

	December 31, 2010	December 31, 2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 26,105	\$ 9,766
Accounts receivable	59,091	53,086
Inventory	40,276	-
Prepaid expenses	26	4,018
Total current assets	125,498	66,870
Goodwill	1,850,000	-
TOTAL ASSETS	\$ 1,975,498	\$ 66,870
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 45,062	\$ 38,279
Loans and accrued interest	423,837	121,412
TOTAL LIABILITIES	468,899	159,691
STOCKHOLDERS' EQUITY		
Common Stock, \$0.0001 par value, 1 billion shares authorized, 181,431,086 and 48,431,086 shares issued and outstanding at December 31, 2010 and 2009, respectively	18,143	4,843
Additional paid-in capital	8,086,633	3,159,933
Retained deficit	(6,568,177)	(3,227,597)
Treasury stock	(30,000)	(30,000)
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	1,506,599	(92,821)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,975,498	\$ 66,870

The accompanying notes are an integral part of these financial statements.

Evolution Solar Corporation
Consolidated Statements of Operations
(Unaudited)

	Year ended December 31,	
	2010	2009
REVENUE	\$ 247,760	\$ 971,121
COST OF GOODS SOLD	187,761	777,286
GROSS PROFIT	59,999	193,835
GENERAL AND ADMINISTRATIVE	745,579	1,763,481
LOSS FROM OPERATIONS	(685,580)	(1,569,646)
OTHER INCOME (EXPENSE)		
Loss on conversion of debt to equity	(2,655,000)	-
Other income	-	808
Total Other Income (Expense)	(2,655,000)	808
NET LOSS	(3,340,580)	(1,568,838)
Minority interest in net losses	-	(48,222)
NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS	\$ (3,340,580)	\$ (1,617,060)
Net loss per common share	\$ (0.04)	\$ (0.04)
Weighted Common Shares Outstanding	90,204,089	36,255,671

The accompanying notes are an integral part of these financial statements.

Evolution Solar Corporation
Consolidated Statements of Cash Flow
(Unaudited)

	Year ended December 31,	
	2010	2009
Operating Activities:		
Net loss	\$ (3,340,580)	\$ (1,617,060)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Loss on conversion of debt to equity	2,655,000	-
Changes in operating assets and liabilities:		
Accounts receivable and other receivables	(6,005)	31,732
Inventory	(40,276)	510
Prepaid expenses	3,992	12,285
Accounts payable and accrued liabilities	6,783	(140,994)
Net cash used in operating activities	(721,086)	(1,713,527)
Financing Activities:		
Proceeds from issuance of loans	697,425	103,362
Proceeds from the exercise of warrants	-	800,951
Proceeds from the sale of common stock	40,000	800,000
Net cash provided by financing activities	737,425	1,704,313
Net increase in cash	16,339	(9,214)
Cash - Beginning of Period	9,766	18,980
Cash - End of Period	\$ 26,105	\$ 9,766
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During The Period For:		
Interest	\$ -	\$ -
Noncash investing and financing transactions		
Issuance of stock for acquisition of Pacific Coast Solar	\$ 1,850,000	\$ -
Issuance of stock for conversion of loans and accrued interest	\$ 3,050,000	\$ -

The accompanying notes are an integral part of these financial statements.

Evolution Solar Corporation
Consolidated Statements Stockholders' Equity (Deficit)
(Unaudited)

	Common stock		Additional	Accumulated	Treasury	
	Shares	Par	paid-in capital	Deficit	Stock	Total
Balance, December 31, 2008	32,421,572	\$ 38,958	\$ 1,524,867	\$ (1,619,066)	\$ (30,000)	\$ (85,241)
Capital account adjustments	-	(35,716)	35,716	8,529	-	8,529
Exercise of warrants	8,009,514	801	800,150	-	-	800,951
Stock issued for cash	8,000,000	800	799,200	-	-	800,000
Net loss	-	-	-	(1,617,060)	-	(1,617,060)
Balance, December 31, 2009	48,431,086	\$ 4,843	\$ 3,159,933	\$ (3,227,597)	\$ (30,000)	\$ (92,821)
Adjustment to outstanding shares	1,000,000	100	(100)	-	-	-
Shares issued for conversion of debt	5,000,000	500	874,500	-	-	875,000
Shares issued for acquisition of Pacific Coast Solar	20,000,000	2,000	1,848,000	-	-	1,850,000
Shares issued for conversion of debt	12,000,000	1,200	1,198,800	-	-	1,200,000
Shares issued for conversion of debt	15,000,000	1,500	973,500	-	-	975,000
Shares issued for cash	80,000,000	8,000	32,000	-	-	40,000
Net loss	-	-	-	(3,340,580)	-	(3,340,580)
Balance, December 31, 2010	181,431,086	\$ 18,143	\$ 8,086,633	\$ (6,568,177)	\$ (30,000)	\$ 1,506,599

The accompanying notes are an integral part of these financial statements.

Evolution Solar Corporation
Notes to Unaudited Consolidated Financial Statements

NOTE 1 – NATURE OF BUSINESS

Evolution Solar Corporation, (“Evolution”, “EVSO”, the “Company”, “we” or “us”), is pursuing opportunities in the alternative energy field.

Company History

The Company was incorporated in the State of Colorado on April 23, 1986 as Altech Capital Corporation. On January 25, 1988, the Company changed its name to Auto Club of America Corp. following the acquisition of and subsequent merger of the Auto Club of America, Inc.

On April 29, 2002, the Company changed its name to Auto Club Marketing Corp. following the sale of its assets and former name. On May 1, 2008, the Company acquired Evolution Solar with the issuance of 12 million shares of common stock and prior business activities were abandoned. The Company then changed its name to Evolution Solar Corporation to better reflect the current line of business.

On July 30, 2008, the Company purchased a 51% interest in Synergy Design and Development, Ltd., a Hong Kong company, which assists foreign clients with imports and exports in China, for \$200,000.

Summary of Significant Accounting Policies

Basis of Presentation – These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”).

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There are no cash equivalents at December 31, 2010 and 2009.

The Company maintains its cash in well known banks selected based upon management's assessment of the banks' financial stability. Balances periodically exceed the \$100,000 federal depository insurance limit; however, the Company has not experienced any losses on deposits.

Revenue Recognition – The Company recognizes revenue when persuasive evidence of an arrangement exists, product delivery has occurred or the services have been rendered, the price is fixed or determinable and collectability is reasonably assured. Revenue is recognized net of sales returns and allowances.

Stock-Based Compensation – We account for stock-based employee compensation arrangements using the accounting standard issued by the FASB relating to Stock-Based Compensation (“Topic 718”). We account for stock options issued to non-employees in accordance with Topic 718.

Basic and Diluted Earnings per share – Basic earnings per common share is computed by dividing net earnings or loss (the numerator) by the weighted average number of common shares outstanding during each period (the denominator). Diluted earnings per common share is similar to the computation for basic earnings per share, except that the denominator is increased by the dilutive effect of stock options outstanding and unvested restricted shares and share units, computed using the treasury stock method.

Management Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. While it is believed that such estimates are reasonable, actual results could differ significantly from those estimates.

Concentrations of Credit Risk – Financial instruments which subject the Company to concentrations of credit risk include cash and cash equivalents and accounts receivable.

Income Taxes – We recognize deferred tax assets and liabilities based on differences between the financial reporting and tax bases of assets and liabilities using the enacted tax rates that are expected to be in effect when the differences are expected to be recovered. We provide a valuation allowance for deferred tax assets for which we do not consider realization of such assets to be more likely than not.

Recently Issued Accounting Pronouncements – The Company does not expect that any recently-issued accounting pronouncements will have a material effect on the financial statements.

NOTE 2 – GOING CONCERN

The accompanying financial statements have been prepared assuming that Evolution will continue as a going concern. As shown in the accompanying financial statements, we suffered a net loss of \$3,340,580 during the year ended December 31, 2010 and had negative cash flow from operations of \$721,086 during the same period. Moreover, we have a working capital deficit of \$343,401 at December 31, 2010. These conditions raise substantial doubt as to our ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern. Management intends to finance these deficits by selling its common stock and issuing additional promissory notes to its shareholders.

NOTE 3 – CAPITAL STOCK

At December 31, 2009, we had 48,431,086 shares of common stock outstanding.

Subsequent to year end, our transfer agent discovered an error in the number of outstanding shares. As a result, we have increased the number of outstanding shares by 1,000,000 during the three months ended March 31, 2010.

On March 24, 2010, we agreed to issue 5,000,000 shares of common stock to convert notes payable of \$125,000. The shares were valued at \$875,000 on the date of issuance based on the market price of the stock. As a result, we recognized a loss on conversion of \$750,000.

On March 31, 2010, we issued 20,000,000 shares of common stock for the acquisition of Pacific Coast Solar. The shares were valued at \$1,850,000 based on the market price of the stock less a 50 percent block discount based on the size of block of stock issued. The value of the consideration given was recorded as goodwill on the date of acquisition, as Pacific Coast Solar has no other assets or liabilities.

On June 28, 2010, we agreed to issue 12,000,000 shares of common stock to convert notes payable of \$120,000. The shares were valued at \$1,200,000 on the date of issuance based on the market price of the stock. As a result, we recognized a loss on conversion of \$1,080,000.

On August 5, 2010, we agreed to issue 15,000,000 shares of common stock to convert notes payable of \$150,000. The shares were valued at \$975,000 on the date of issuance based on the market price of the stock. As a result, we recognized a loss on conversion of \$825,000.

On November 17, 2010, we issued 80,000,000 shares of common stock in exchange for cash proceeds of \$40,000.

At December 31, 2010, we had 181,431,086 shares of common stock outstanding.

NOTE 4 – LOANS PAYABLE

We have relied partially on cash received in exchange for notes payable in order to fund our operations. During the year ended December 31, 2010, we received cash proceeds in the amount of \$697,425. These loans are due on demand and bear no interest.

Item 13 Financial information for the two preceding fiscal years.

Included in Item 12 above.

Item 14 Beneficial Owners

Common Stock

	No. of Shares Owned	Percent of Total
Blue Bayou Ventures, Inc. P. O. Box 0832-1630, World Trade Centre Panama, Republic of Panama Caesar Rivera, Director	100,000,000	55.1%

Item 15 Name, address and telephone number of advisors.

1. Investment Banker
None
2. Promoters
None
3. Counsel
Whitley LLP Attorneys at Law
11767 Katy Freeway, Suite 425
Houston, Texas 77079
Telephone: (888) 816-0374
Fax: (866) 512-7794
swhitley@whitley-llp.com
4. Accountant or auditor

Marini Partners LLC
6319 Concho Bay Drive
Houston, Texas 77041
5. Public relations consultant
None
6. Investor relations consultant
None

Item 16 Management's discussion and analysis or plan of operation.**A. Plan of Operation.**

Evolution Solar Corp. hopes to develop solar solutions for domestic and international companies focused on energy services worldwide. Through SDD, the Company expects to leverage its extensive manufacturing and distribution partners to bring low-cost, high-efficiency, green solutions to consumers worldwide.

i. a discussion of how long the issuer can satisfy its cash requirements and whether it will have to raise additional funds in the next twelve months;

The Company intends to continue executing its business plan; however the Company is operating at a loss, has limited funds and may not be able to sustain sufficient funding for the next twelve months. The Company's revenues will likely continue to be insufficient to sustain operations, and the Company will likely require additional funds in the form of loans or private sales of equity from existing or new sources. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable.

ii. a summary of any product research and development that the issuer will perform for the term of the plan;

Management is in the process of developing a demonstration project to highlight the Company's ability to provide custom solar solutions through its use of innovative products sourced by the Company's subsidiary in China. Through this demonstration project the company will work in partnership with academic institutions on product research and development. In analyzing prospective opportunities, management will evaluate to the extent applicable, the available technical, financial and managerial resources of any future business. Management will also consider the nature of present and expected competition; potential advances in research and development; the potential for growth and/or expansion; the likelihood of sustaining a profit within a period of time; perceived value of the product or service; and other relevant factors.

iii. any expected purchase or sale of plant and significant equipment; and

None.

iv. any expected significant changes in the number of employees.

None.

B. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Investing in our common stock involves a high degree of risk. Prospective investors should carefully consider the risks described below and other information contained in this Annual Report, including our financial statements and related notes before purchasing shares of our common stock. There are numerous and varied risks that may prevent us from achieving our goals. If any of these risks actually occur our business, financial condition and results of operations may be materially adversely affected. In that case, the trading price of our common stock could decline and investors in our common stock could lose all or part of their investment.

Risks Related to Our Business

We currently have no solar projects under construction, and we rely on our Chinese subsidiary for income.

At this time, Evolution has no active solar projects under construction. Although we are currently negotiating for the sale of solar panels to several different projects, we currently rely on our Chinese subsidiary for income, which has historically not been sufficient to cover our administrative and compliance costs.

Our cash resources are very limited and if we cannot raise additional funds or create sufficient cash flows from operations, we will not be able to pay our vendors and will probably not be able to continue as a going concern.

As of December 31, 2010, our available cash balance was \$26,105 and we had negative cash flows from operations of \$721,086 for the year ended December 31, 2010. Our future cash flows depend on our ability to enter into, and be paid under, contracts for the sale of solar panels and technologies to solar energy projects and our ability to sell our debt and equity securities on terms satisfactory to us. While management believes these can be accomplished, there can be no assurance that we will be successful in entering into such contracts or selling our securities, in which case we will probably not be able to continue as a going concern.

We have a limited operating history and have sustained recurring losses.

We have reported losses since inception. For our fiscal years ended December 31, 2010 and December 31, 2009, we experienced losses of approximately \$3.3 million and \$1.6 million, respectively. As of December 31, 2010, we had an accumulated deficit of approximately \$6.6 million. In addition, we expect to incur additional losses in the foreseeable future before we have positive cash flows from operations, and there can be no assurance that we will ever achieve profitability. Our future viability, profitability and growth depends upon our ability to successfully operate and expand our operations. There can be no assurance that any of our efforts will prove successful or that we will not continue to incur operating losses in the future.

We will need additional financing to execute our business plan and fund operations, and such additional financing may not be available on reasonable terms or at all.

We have limited funds. We may not be able to execute our current business plan and fund business operations long enough to become cash-flow positive or to achieve profitability. Our ultimate success may depend upon our ability to raise additional capital. There can be no assurance that additional funds will be available when needed from any source or, if available, will be available on terms that are acceptable to us.

We may be required to pursue sources of additional capital through various means, including joint venture projects and debt or equity financings. Future financings through equity investments will be dilutive to existing stockholders. Also, the terms of securities we may issue in future capital transactions may be more favorable for our new investors. Newly issued securities may include preferences, superior voting rights, the issuance of warrants or other convertible securities, which will have additional dilutive effects. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which will adversely impact our financial condition and results of operations.

Our ability to obtain needed financing may be impaired by such factors as the weakness of capital markets, both generally and specifically in the renewable energy industry, and the fact that we have not been profitable, which could impact the availability or cost of future financings. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs, even to the extent that we reduce our operations accordingly, we may be required to cease operations.

We are dependent upon key personnel whose loss may adversely impact our business.

We rely heavily on the expertise, experience and continued services of our senior management, especially Robert Hines, our Chairman and Chief Executive Officer. The loss of Mr. Hines or an inability to attract or retain other key individuals, could materially adversely affect us. We seek to compensate and motivate our executives, as well as other employees, through competitive salaries and bonus and option plans, but there can be no assurance that these programs will allow us to retain key employees or hire new key employees. As a result, if Mr. Hines were to leave or be unable to serve, we could face substantial difficulty in hiring a qualified successor and could experience a loss in productivity while any such successor obtains the necessary training and experience.

We may not be able to effectively control and manage our growth.

Our strategy envisions a period of potentially rapid growth. We currently maintain nominal administrative and personnel capacity due to the nature of our business, and our expected growth may impose a significant burden on our future planned administrative and operational resources. The growth of our business may require significant investments of capital and increased demands on our management, workforce and facilities. We will be required to substantially expand our administrative and operational resources and attract, train, manage and retain qualified management and other personnel. Failure to do so or satisfy such increased demands would interrupt or have a material adverse effect on our business and results of operations.

If we fail to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results, which could have a material adverse effect on our business, financial condition and the market value of our securities.

Risks Relating to Our Industry

We face intense competition, and many of our competitors have substantially greater resources than we do.

We operate in a highly competitive environment that is characterized by price fluctuations, supply shortages and rapid technological change. We compete with major international and domestic companies. Our major competitors include Akeena Solar, Global Solar, Premier Power Renewable Energy, Real Goods Solar, SPG Solar, Sun Edison and SunPower/Powerlight, as well as numerous other regional players, and other companies similar to us primarily located in our operating markets. Our competitors often have greater market recognition and substantially greater financial, technical, marketing, distribution, purchasing, manufacturing, personnel and other resources than we do.

Many of our competitors are developing and are currently producing products based on new solar power technologies that may ultimately have costs similar to, or lower than, our projected costs. Many of our current and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we do. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of products than we can. Some of our competitors own, partner with or have longer term or stronger relationships with solar cell providers which could result in them being able to obtain solar panels on a more favorable basis than we can. It is possible that new competitors or alliances among existing competitors could emerge and rapidly acquire significant market share, which would harm our business.

If we fail to compete successfully, our business would suffer and we may lose or be unable to gain market share. We may in the future compete for potential customers with solar and heating, ventilation and air conditioning system installers and service providers, electricians, utilities and other providers of solar power equipment or electric power. Competition in the solar power services industry may increase in the future, partly due to low barriers to entry. In addition, we may face competition from other alternative energy resources now in existence or developed in the future. Increased competition could result in price reductions, reduced margins or loss of market share and greater competition for qualified technical personnel. There can be no assurance that we will be able to compete successfully against current and future competitors. If we are unable to compete effectively, or if competition results in a deterioration of market conditions, our business and results of operations would be adversely affected.

Technological changes in the solar power industry could render our technology uncompetitive or obsolete, which could impair our ability to capture market share and limit our sales.

Our failure to develop new technology could cause our products to become uncompetitive or obsolete, which could impair our ability to capture market share and limit our sales. The solar power industry is rapidly evolving and competitive. Our future success will depend on our ability to appropriately respond to changing technologies and changes in function of products and quality. We may need to invest significant financial resources in research and development to keep pace with technological advances in the solar power industry and to effectively compete in the future.

A variety of solar power and monitoring technologies may be currently under development by other companies that could result in higher product performance than those expected to be produced using our technology. Our development efforts may be rendered obsolete by the technological advances of others and other technologies may prove more advantageous than our monitoring system and the installation of solar power products that we can offer.

A drop in the retail price of conventional energy or non-solar alternative energy sources may negatively impact our profitability.

We believe that a customer's decision to purchase or install solar power capabilities is primarily driven by the cost of electricity from other sources and their anticipated return on investment resulting from purchase of a solar power system. Fluctuations in economic and market conditions that impact the prices of conventional and non-solar

alternative energy sources, such as decreases in the prices of oil and other fossil fuels, could cause the demand for solar power systems to decline, which would have a negative impact on our profitability.

Existing regulations, and changes to such regulations, may present technical, regulatory and economic barriers to the purchase and use of solar power products, which may significantly reduce demand for our products.

Installation of solar power systems are subject to oversight and regulation in accordance with national and local ordinances, building and electrical codes, zoning, environmental protection regulation, utility interconnection requirements for metering and other rules and regulations. If we fail to observe these shifting requirements on a national, state, or local level, in providing our products and services, we may incur claims and/or reputational damage. Changes in utility electric rates or net metering policies could also have a negative effect on our business. Government regulations or utility policies pertaining to solar power systems are unpredictable, may limit our ability to charge market rates and may result in significant additional expenses or delays and, as a result, could cause a significant reduction in our revenues and/or demand for solar energy systems and our services.

Our business depends on the availability of rebates, tax credits and other financial incentives; reduction or elimination of which would reduce the demand for our services and impair our results.

Certain states, including California, New Jersey and Arizona, offer substantial incentives to offset the cost of solar power systems. These systems can take many forms, including direct rebates, state tax credits, system performance payments and Renewable Energy Credits (RECs). In addition, the Federal government currently offers a tax credit or a cash rebate on the installation of solar power systems. This Federal Investment Tax Credit approved in 2005 was due to expire at the end of 2008 but was extended for eight years in November 2008 and the alternative of a cash rebate was enacted in February 2009.

Tax laws can be changed at any time. Current tax rules also permit businesses to accelerate the depreciation on their system over five years. Reduction in or elimination of such tax and other incentives or delays or interruptions in the implementation of favorable federal or state laws could substantially increase the costs of our systems to customers, resulting in reduced demand for our services, and negatively affecting our sales and financial condition.

Our business strategy depends on the widespread adoption of solar power technology.

The market for solar power products is emerging and rapidly evolving, and its future success is uncertain. If solar power technology proves unsuitable for widespread commercial deployment or if demand for solar power products fails to develop sufficiently, we would be unable to generate enough revenues to achieve and sustain profitability and positive cash flow. The factors influencing the widespread adoption of solar power technology include but are not limited to:

- cost-effectiveness of solar power technologies as compared with conventional and non-solar alternative energy technologies;
- performance and reliability of solar power products as compared with conventional and non-solar alternative energy products;
- success of other alternative distributed generation technologies such as fuel cells, wind power, tidal power and micro turbines;
- fluctuations in economic and market conditions which impact the viability of conventional and non-solar alternative energy sources, such as increases or decreases in the prices of oil and other fossil fuels;
- continued deregulation of the electric power industry and broader energy industry; and
- availability of governmental subsidies and incentives.

Risks Relating to Our Organization and Our Common Stock

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile. During 2010, the closing price of our stock varied between its highest point of \$0.30 and its lowest of \$0.038. During 2009, the high and low points were \$1.61 and \$0.29, respectively. The price of our stock could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital or project financing;
- additions or departures of key personnel;
- limited “public float” in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us that our Board of Directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Our common stock is currently a “penny stock,” which may make it more difficult for our investors to sell their shares.

Our common stock is currently and may continue in the future to be subject to the “penny stock” rules adopted under Section 15(g) of the Exchange Act. The penny stock rules generally apply to companies whose common stock is not listed on the NASDAQ Stock Market or other national securities exchange and trades at less than \$5.00 per share, other than companies that have had average revenue of at least \$6,000,000 for the last three years or that have tangible net worth of at least \$5,000,000 (\$2,000,000 if the company has been operating for three or more years).

These rules require, among other things, that brokers who trade penny stock to persons other than established customers complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances.

Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If we remain subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for our securities. Since our securities are subject to the penny stock rules, investors may find it more difficult to dispose of our securities.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, including shares which have passed the expiration of any statutory holding period under Rule 144, or upon expiration of lock-up periods applicable to outstanding shares, or issued upon the exercise of outstanding options or warrants, it could create a circumstance commonly referred to as an —overhang and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

C. Off-Balance Sheet Arrangements.

The Company has no off-balance sheet arrangements.

PART E: ISSUANCE HISTORY

Item 17 List of securities offerings and shares issued for services in the past two years

In May 2008, as a part of the acquisition of Evolution Solar Corporation, a Nevada corporation, the Company issued 12,000,000 shares of its common stock to Robert Kaapke, the owner of that company, which constituted 92% of the issued and outstanding shares of the Company at that time. [[Price per share?]] These shares carried a restrictive legend limiting their transferability.

During 2009, the Company issued 8,009,514 shares of common stock pursuant to warrant agreements granted in May 2008 to purchase shares of common stock at a price of ten cents per share. The exercise of these warrants generated \$800,951 in cash. These shares carried a restrictive legend limiting their transferability.

During 2009, the Company issued 8,000,000 shares of common stock at a price of ten cents per share to accredited investors for \$800,000 in cash. These shares carried a restrictive legend limiting their transferability.

On March 24, 2010, the Company issued 5,000,000 shares of common stock to convert notes payable in the amount of \$125,000. The shares were valued at \$875,000, or 2.5 cents per share. These shares were not restricted, as their issuance date was deemed to “tack back” to the date of the note.

On March 31, 2010, the Company issued 20,000,000 shares of common stock for the acquisition of Pacific Coast Solar. The shares were valued at \$1,850,000, or 9.25 cents per share, based on the market price of the stock less a 50 percent block discount based on the size of block of stock issued. These shares carried a restrictive legend limiting their transferability.

On June 28, 2010, we agreed to issue 12,000,000 shares of common stock to convert notes payable of \$120,000. The shares were valued at \$1,200,000 on the date of issuance based on the market price of the stock (10 cents per share). As a result, we recognized a loss on conversion of \$1,080,000. These shares were not restricted, as their issuance date was deemed to “tack back” to the date of the note.

On August 5, 2010, we agreed to issue 15,000,000 shares of common stock to convert notes payable of \$150,000. The shares were valued at \$975,000 on the date of issuance based on the market price of the stock (6.5 cents per share). As a result, we recognized a loss on conversion of \$825,000. These shares were not restricted, as their issuance date was deemed to “tack back” to the date of the note.

On November 17, 2010, we issued 80,000,000 shares for cash proceeds of \$40,000, or five cents per share. These shares carried a restrictive legend limiting their transferability.

Each of the above initial sales was conducted pursuant to the exemption from registration afforded by Section 4(2) of the Securities Act, due to the limited number of purchasers, the sophistication of the purchasers in financial and business matters, and the private nature of the transaction.

Conversion of notes into shares were conducted pursuant to the exemption from registration afforded by Section 4(1) of the Securities Act and Rule 144 promulgated thereunder, due to the satisfaction of the conditions of Rule 144.

PART F: EXHIBITS

Item 18 Material Contracts.

None

Item 19 Articles of Incorporation and Bylaws.

The Articles of Incorporation of the Company can be found at (<http://www.otcmarkets.com/otciq/ajax/showFinancialReportById.pdf?id=17287>) and are hereby incorporated by reference.

The Bylaws of the Company can be found at (<http://www.otcmarkets.com/otciq/ajax/showFinancialReportById.pdf?id=17288>) and are hereby incorporated by reference.

Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

None

Item 21 Certifications.

I, Robert Hines, certify that:

1. I have reviewed this Annual Disclosure Statement of Evolution Solar Corporation;
2. Based on my knowledge, this disclosure statement 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 disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

By: //s// Robert Hines
Robert Hines
Chairman and CEO
Date: March 31, 2011