

UPDATED COMPANY INFORMATION AND DISCLOSURE STATEMENT
Pursuant to Rule 15c2-11

As of March 31, 2012

PRINCIPAL SOLAR, INC.

Principal Solar, Inc.
A New York Corporation
15851 North Dallas Pkwy, Suite 600
Addison, TX 75001
855-774-7799
info@PrincipalSolar.com
www.PrincipalSolar.com

CUSIP 74255T 103 EIN 27-3096175

ISSUER'S EQUITY SECURITIES AUTHORIZED AS OF MARCH 31, 2012:

300,000,000 shares of Common stock authorized, \$0.01 par value per share
1,000,000 shares of Preferred stock authorized, \$0.01 par value per share

SHARES OF CAPITAL STOCK OUTSTANDING ON MARCH 31, 2012:

14,387,652 shares of Common Stock

May 8, 2012

Principal Solar, Inc
INITIAL INFORMATION AND DISCLOSURE STATEMENT
AS OF MARCH 31, 2012

All information contained in this Initial Information and Disclosure Statement has been compiled to fulfill the disclosure requirements of Rule 15c2-11(a) (5) promulgated by the Securities Exchange Act of 1934, as amended. The enumerated items and captions contained herein correspond to the format set forth in the Rule.

PART A: GENERAL COMPANY INFORMATION

Item 1 The exact name of the issuer and its predecessors (if any).

Our name is Principal Solar, Inc., a New York corporation. Principal Solar, Inc. is the successor company to Kupper Parker Communications Group, Inc. (“KPCG”), having been created in March 2011 through a reverse merger undertaken pursuant to an Exchange Agreement dated as of March 15, 2011 between PSWW and KPCG. Upon completion of the transactions under the Exchange Agreement KPCG’s name was changed to Principal Solar.

KPCG was incorporated in February 1972 under New York law and was engaged in the business of Advertising, marketing and promotions.

Item 2 The address of the issuer’s principal executive officers.

Principal Solar, Inc.
A New York Corporation
15851 North Dallas Pkwy, Suite 600
Addison, TX 75001
855-774-7799
info@PrincipalSolar.com
www.PrincipalSolar.com

Item 3 The jurisdiction and date of issuer’s incorporation of organization:.

Principal Solar was incorporated in Texas in July 2010. The predecessor corporation, Kupper Parker Communications Group was incorporated in February 1972 under New York Law.

PART B: SHARE STRUCTURE

Item 4 The exact title and class of securities outstanding

Common Stock:
Security Symbol: PSWW
CUSIP Number: 74255T 103

Item 5 Par or stated value and description of the security

A. Par Value

Common Capital Shares, \$0.001 par value per share

B. Common or Preferred Stock

1. For common equity, describe any dividend, voting and preemption rights.

In March of 2011, KPCG management agreed to a 40 to 1 reverse split of the outstanding shares such that, each Common Share, par value \$0.01 of the Corporation, issued at such time, was changed into one-fortieth (.025) of shares of Common Stock of the Corporation. In lieu of the issuance of any fractional shares that would otherwise result from the reverse stock split, the Corporation issued to any stockholder that would otherwise receive fractional shares, one (1) additional Common Share. KPCG also agreed to an increase in total treasury shares from 31,000,000 shares to 301,000,000 consisting of 300,000,000 Common and 1,000,000 Preferred.

2. For preferred stock, describe the dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions.

The Company has not issued preferred stock.

3. Describe any other material rights of common or preferred stockholders.

N/A

4. Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.

There are no provisions of the Company's charter or by-laws that would delay, defer, or prevent a change in control of the Company with the consent of the Board of Directors.

5. Describe any provision in issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer.

There are no provisions of the Company's charter or by-laws that would delay, defer, or prevent a change in control of the issuer.

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

Class of Securities	Date	Authorized & Issued Shares	Tradable / Float	Owners
Common	3-31-2012	14,387,652	157,322	145

PART C: BUSINESS INFORMATION

Item 7. The name and address of the transfer agent

American Stock Transfer & Trust Company

6201 15th Avenue

Brooklyn, NY 11219

Tel: 718.921.8206 Fax: 718.765.8711

Geraldine Lippman glippman@amstock.com

The Transfer Agent is registered under the Exchange Act. The regulatory authority of the Transfer Agent is the Securities and Exchange Commission.

Item 8. The nature of issuers business

- A. Business Development. The Business was formed in with the understanding that solar is approaching Grid Parity (the ability for solar to compete with traditional generation). The company has been built with three driving principals: excellence in management, Board and Advisors, hyper growth through a rollup strategy, and thought leadership through prolific authoring of white papers and articles on energy relevant topics.
1. Principal Solar is a New York C Corporation;
 2. Principal Solar was formed in 2009 and incorporated in 2010 in the State of Texas; After the reverse merger with Kupper Parker Communications Group Principal Solar became a New York Corporation;
 3. The fiscal year end is December 31;
 4. Principal Solar has never been in bankruptcy;
 5. The Company executed a reverse merger with Kupper Parker Communications Group in 2011;
 6. The Company has received no notice of default on any material indebtedness;
 7. Change of control occurred in March of 2011 after the reverse merger with KPCG;
 8. The Company has not had any increase of 10% or more of the same class of outstanding equity securities;
 9. The Company executed a 1 for 40 reverse split as part of the reverse merger;
 10. The Company has not been delisted by any securities exchanges nor has it been deleted from the OTC capital markets;
 11. The Company is unaware of any threatened legal proceedings or administrative actions
- B. Business of Issuer
1. The Company's Primary SIC Code is 4911 Electric Services;
 2. The Company is currently conducting operations and is not in the Development stage.
 3. The Company is not a "shell company," as defined by Rule 405 under the Securities Act of 1933, as amended;
 4. The Company has no parent or subsidiaries;
 5. The Company knows of no special effects laws, regulations, or rules impacting the business at present;
 6. The Company has not spent money on research and development;
 7. At the present, the company is acquiring existing assets. All of these assets were subject to compliance with environmental laws at the time of construction.
 8. The Company currently has nine employees, two of which are working full time.

Item 9. The nature of products or services offered

A. Principal products or services and their markets

Over the next 3 years, PSI will establish itself as the world's leading solar power company using a 4-pronged approach. The Company will:

1. **Acquire** existing small and medium sized solar generation facilities in a serial roll-up strategy using the stock swap approach; the goal is to create a large portfolio of solar electricity generation.
2. **Establish** thought leadership by networking luminaries who will author technical White Papers, define standards and host webinars at www.DefinitiveSolar.com .
3. **Implement**, opportunistically, new commercial solar projects utilizing our new partnerships and relationships.

4. **Build** an entity capable of winning bids for very large gigawatt projects around the world based on solid economics; this is the longer-term phase 2 of the company plan.
- B. Distribution methods of the products or services;
The Company does not distribute products or services
- C. Status of any publicly announced new product or service;
The Company has not announced any new products or services available for sale.
- D. Competitive business conditions, the issuer's competitive position in the industry, and methods of competition;
The energy industry is one of the largest business sectors in the country. The renewable sector and deregulation of the energy market is in its infancy and is expected to be highly competitive in the coming years. Competition is based primarily on location, customer service, available services and rates. The Company's competitors may have significantly greater financial and operating resources than the Company. The Company faces competition from sources both inside and outside the energy industry and from parties who act as energy aggregators and or consultants for others for which they have a business or other economic relationship, such as engineering consulting firms, business associations for their large power companies, and other similar entities. The Company recognizes that competition may arise from new sources not currently competing with the Company. The Company will be distinct and driven by its belief in the mission to change the world's energy model and guard the planet's resources.
- E. Sources and availability of raw materials and the names of principal suppliers;
Currently, the Company is not building resources, but instead, acquiring completed assets. Most parts for building solar generation facilities come from China, Japan and Germany.
- F. Dependence on one or a few major customers;
The company is not reliant on one major customer.
- G. Patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts, including their duration; and
All of our employees and consultants have signed agreements which address confidentiality. We cannot provide assurance that the steps we have taken to protect our intellectual property rights, however, will deter adequately infringement or misappropriation of those rights.
- H. The need for any government approval of principal products or services and the status of any requested government approvals.
The services of Principal Solar do not currently require any government approvals.

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

The Company currently occupies offices in Addison Texas, just north of Dallas. The company also has virtual offices and employees in Las Vegas and San Antonio. PSI owns two generating facilities:

SunGen Mill 77 Owns and operates a roof mounted solar electric generation facility located in Amesbury Massachusetts. The project was designed as a 63 kilowatt DC that is operating at 120/208 volts providing approximately 62,500 kilowatt hours per year.

SunGen StepGuys Owns and operates a roof mounted solar electric generation facility located in Alfred Maine. The project was designed as a 111 kilowatt DC that is operating at 120/208 volts providing approximately 124,000 kilowatt hours per year.

PART D: Management Structure and Financial Information

Item 11. The name of the Chief Executive Officer, members of the board of directors as well as control persons

A. Officers and Directors.

The following table sets forth certain information with respect to the beneficial ownership of our outstanding common stock as of December 31, 2011 by (i) each of our named executive officers listed in the Summary Compensation Table below; (ii) each of our directors; and (iii) all of our executive officers and directors as a group. Beneficial ownership is determined in accordance with the rules of the SEC. To our knowledge and subject to applicable community property laws, each of the holders of stock listed below has sole voting and investment power as to the stock owned unless otherwise noted. The address for each of our directors and named executive officers is 15851 North Dallas Pkwy, Suite 600, Addison, TX 75001.

Ownership as of 03/31/2011

Senior Management		
Shareholder	Total Shares	% Owned
Michael Gorton – Founder CEO	2,025,266	14.08%
Kenneth Allen - Founder COO	1,486,095	10.33%
Michael Martin - Founder EVP	851,913	5.92%
Dave Cary - CFO	200,000	1.39%
Jorge Aizcorbe – Founder EVP	620,000	4.31%
Rick Borry - CTO	253,030	1.76%
Dan Bedell SVP	253,030	1.76%
TOTAL MANAGEMENT	5,689,334	42.60%
Outside Directors		
Shareholder	Total Shares	% Owned
Carl Hefton - former Director	118,728	0.83%
Ron Seidel - Director	133,879	0.93%
Hunter L Hunt - Director	-	0.00%
Margaret Keliher - Director	84,000	0.58%
John Harris - Director	-	0.00%
TOTAL - BOARD	336,607	2.81%
Other Significant Shareholders		
Shareholder	Total Shares	% Owned
Investment Banker - Pegasus	2,138,617	14.86%
Consultants & Advisors	3,305,277	22.97%
F&F Round	522,095	3.63%
Series A Round	1,056,161	7.34%
Acquisitions	440,163	3.06%
Richard Kang -Financial Advisor	742,076	5.16%
KPCG Legacy Shares - * registered s	157,322	1.16%
TOTAL - OTHER	8,361,711	54.59%
TOTAL SHARES ISSUED	14,387,652	100.00%

Summary Executive Compensation Table 2010 - 2011

Executive	2010 Salary	2010 Bonus	2011 Salary	2011 Bonus
Michael Gorton, CEO	\$50,000	\$0	\$140,000	\$0
Ken Allen, COO	\$0	\$0	\$75,000	\$0
Richard Kang, interim CFO	\$1,500	\$0	\$67,750	\$0
Michael Martin, EVP	\$26,000	\$0	\$104,200	\$0
Dan Bedell, SVP	\$0	\$0	\$24,500	\$0
Rick Borry, CTO	\$0	\$0	\$50,000	\$0

- (1) Michael Gorton is the founding CEO. 2011 salary was accrued, and will be paid out as capital becomes available.
- (2) Kenneth Allen served as our founding COO. Mr. Allen agreed to work half time in 2011, but will switch to full time beginning in 3Q of 2012
- (3) Richard Kang served as interim CFO in 2010 and 2011.
- (4) Rick Borry joined the company in 2011 and will continue to function on a part time basis until 3Q, 2012.

Director Compensation

There are no standard compensation arrangements for our board members. In 2011, no cash compensation was awarded to or earned by any of our directors. All director compensation has been in the form of stock payments as shown above. We expect that in the future, our compensation committee will determine the compensation and benefits for our directors in consideration of their services on the board.

BIOGRAPHICAL INFORMATION

Michael Gorton, CEO, Chairman. BS Engineering, MS Physics, Juris Doctorate.

Over the last twenty years, Mr. Gorton has become the quintessential entrepreneur, mentor and company builder. He has had the unique opportunity to impact three industries: telecommunications, music and healthcare. Gorton has earned 3 college degrees while working full time.

In 2002, Mr. Gorton was the founding CEO of TelaDoc, a company which solved the efficiency paradigm for a subsection of healthcare. Under the TelaDoc model, members had access to telephonic physicians who could review medical records, treat and prescribe medication. When Mr. Gorton founded the company, it was considered controversial, and when he left in 2009, it had over a million paying members nationwide, advocacy from the very top of healthcare, and studies/white papers from many of the think tanks.

In 2000, as the tech bubble was popping, Mr. Gorton became a founding partner of the Texas Acceleration Group, an entity formed to assist startup companies. Because of the imminent fall of the technology sector, Gorton and other TAG partners founded Palo Duro Records to promote unknown country artist: Shelley Laine. During the next three years, Laine became the number one ranked Independent artist in Country Music, was nominated for best female artist in 2002, and put six songs on the charts.

In 1993, Mr. Gorton founded Internet Global, an entity designed to deliver Internet access. At that time, almost no one knew what the Internet was or how it would impact the world. In the early days, Michael would travel and lecture on subjects as simple as: *what is an email address?* Ultimately, iGlobal would deliver the world's first DSL network and one of the nation's first VOIP networks. In the late 90s, the Dallas Business Journal ranked iGlobal as North Texas #1 provider. Mr. Gorton negotiated a \$122 million buyout of iGlobal in 1Q 2000.

In 1981, Mr. Gorton joined Dallas Power and Light, which later merged into Texas Utilities. During his term there, he worked as a project engineer dealing with power plants, distribution, transformer management, and integration of renewable energy into the grid. Over the course of several projects, he moved from lead engineer to management. After completing law school at night, Michael began working on regulatory issues and other non-engineering management projects. Mr. Gorton left TXU in 1992.

Mr. Gorton enjoys writing both fiction, and nonfiction. He has published two novels and dozens of articles on topics ranging from physics to healthcare. He has run 18 marathons, climbed mountains on several continents, ridden his bicycle on several long distance rides, one of which was just under 5,000 miles. Michael and his family are working a goal of climbing the highest mountain in each of the 50 States.

Dave Cary, CFO. BS Business Administration: Accounting, MBA, CPA.

Dave Cary is a critical blend of classic chief financial officer and entrepreneur. He has significant depth and breadth of corporate finance, accounting and Wall St. experience and skill as well as the passion for driving early stage company growth.

Mr. Cary's past five years were as the Chief Operating Officer at TDI Technologies, a privately held software company. Through most of the 2000s, Dave served as the Chair of the Audit Committee of Neon Systems (NEON: NASDAQ) where he oversaw the Sarbanes Oxley implementation and was involved with acquisitions and the eventual sale to another technology company. From 1992-1999, Dave was with i2 Technologies where he managed the financial and administrative functions in this rapid pace environment and was also heavily engaged in revenue negotiations, hiring, training, legal matters, acquisitions. Dave led the company's highly successful 1996 Initial Public Offering, with a valuation of \$1 billion, as well as other major financial transactions. During his time at i2, the company grew from start up to 3,800 employees across twenty-eight countries. Dave's approach to i2 financial management was a combination of what he had learned in the real estate business and the manufacturing business.

Before i2, Dave worked at Southmark Corporation; a real estate based financial company. Southmark was a very aggressive deal-oriented organization which eventually reported \$9 billion in assets. Dave was the corporate controller of the Public Syndications group and as such, was responsible for the cash management of thousands of properties. Dave periodically reported to the Board on an unofficial but routine basis to explain cash resources. Dave also headed the transfer of two large companies from the Bay Area to Texas.

In 1984, Dave joined General Portland, Inc. ("GPI") a large cement and construction materials manufacturer where he served in various accounting functions. Dave was involved with some of the joint ventures with the State of Texas and also, at one point, involved with running the plants during a labor strike.

Dave began his adult life in the infantry where he served four years as a squad leader. He first cut his accounting teeth as a KPMG auditor. He holds a BS in Accounting from San Francisco State and an MBA from Southern Methodist University. Dave is an amateur historian who enjoys bicycling, hiking, and spending time with his wife and children. He has also helped create a grass roots ad hoc organization to protect the civil rights of parents against unwarranted governmental intrusion.

Kenneth G. Allen, COO, BS Electrical Engineering.

Mr. Allen has the quiet confidence of a leader that inspires his team. Over the years, he has served in many roles that required developing employees in administration, engineering, and other skilled crafts. He has a natural talent as a detailed operations leader and balances Mr. Gorton extremely well. Mr. Allen's skill set and accomplishments include:

From 1970 – 1998 Mr. Allen worked for Dallas Power & Light, which merged with Texas Utilities. He began his career as an engineer, and then coordinated Construction of various facilities and power plants, substations, foundations, buildings, walls, towers, roads, drainage systems, high-voltage electrical systems, electronic control systems, mechanical systems, pumps systems and emergency power systems. Beginning in 1985, Mr. Allen managed a combustion turbine and steam power plant for Texas Utilities. Texas Independent Energy (TIE) hired Mr. Allen in 2001 as a Plant Manager with responsibilities for oversight of commissioning, operating and maintaining combined cycle combustion turbines. Allen retired from TIE in 2009.

Mr. Allen has chaired Safety Committee upgrades to safety programs and ensured compliance with government and state regulatory agencies. Additionally, he developed a safety handbook and implemented adequate protection satisfying regulatory requirements.

Mr. Allen has directed accounting and administrative review teams to streamline procedures, accounting, policies and procedures, and methods of purchasing and distribution of materials. Results: Many redundant processes eliminated and administrative staffs reduced.

When Mr. Allen is not working, he enjoys spending time in outdoor activities like hunting, fishing and ranching. He owns a jeep and enjoys the challenge of off road four wheeling.

R. Michael Martin, EVP Business Development, BBA International Business. Mr. Martin has over 20 years' experience in the information technology industry in diverse business development roles. After starting his career 1984-1985 with a boutique system integrator, Mr. Martin moved into the large-scale market at Unisys Corporation where he succeeded in sales to the manufacturing industry through 1990. Mr. Martin then spent the next four years in the systems integration and consulting field primarily with SHL Systemhouse (now a part of HP/EDS). In 1996, he entered the emerging enterprise software sector, in supply chain management, with rising-star i2 Technologies where he was a leader for i2's largest strategic partnerships that were instrumental to the company's dramatic growth. Moving into the customer data integration realm in 2003-2004, he served as VP of Business Development at Initiate Systems, accelerating the company's partnerships highlighted by the IBM relationship that led to Initiate's subsequent exit via IBM acquisition. More recently, Mr. Martin led the sales of Aquire's strategic workforce management solutions to its largest customers from 2005-2009.

During this successful tenure in information technology, Mr. Martin has passionately and consistently provided high-value solutions to large enterprises for strategic aspects of their operations. A key to his success has been creative problem solving with senior management of large corporate customers.

Mr. Martin, an avid cyclist and traveler, graduated from The University of Texas at Austin in 1983 with a BBA in International Business. His undergraduate program included a year of study in Paris, France. Mr. Martin and his wife have four children and reside in his native Dallas. Mr. Martin is fluent in French and active in many community affairs with particular interests in education, renewable energy and social enterprises.

Rick Borry, Chief Technology Officer

Rick Borry was a co-founder (in 2010) and principal of Capstone Solar, where he produced a series of online conferences around the needs of solar professionals. He is now responsible for technology systems and the Definitive Solar Library, after joining Principal Solar as CTO through the [2011 acquisition of Capstone Solar](#).

While at Capstone Solar, Dr. Borry founded Webvent.tv, which is credited as the first platform to build communities around online conferences. Until August 2010, Dr. Borry was the Chief Software Architect for Certain Software beginning with their acquisition in November 2001 of his online event registration startup, Register123.com (founded October 1998). At various stages during that tenure, Dr. Borry worked in every department while the company grew to over 150 employees around the world.

Dr. Borry earned his Doctorate in Chemical Engineering from the University of California at Berkeley (1998) and his B.S. from Clemson University (1993). Dr. Borry has worked as a research associate for DuPont in Delaware (1993) and an environmental engineer for Hoechst Celanese in South Carolina (1991). Dr. Borry also serves as an advisor for Solar Logic at the University of North Texas in Denton.

Jorge Aizcorbe, EVP Sales, Bachelor of Business Administration

Mr. Aizcorbe spent the first seven years of his life in pre-Castro Cuba, the son of a successful businessman that worked in the Batista government. When Castro took over, his family fled the country, and Mr. Aizcorbe spent his younger years both in Spain, and in the US. He started his business career with WR Grace & Co. in corporate development and Merger & Acquisitions. Over the years, he has seen significant success founding and growing successful entities. His accomplishments include transactions which have generated over \$1 Billion for companies such as Chase Capital Partners, Bechtel Industries, Scotts Miracle Gro and Madison Dearborn Partners. Mr. Aizcorbe's work career includes:

- Solar Systems of Arizona, Scottsdale Arizona, Co-founder / President. 1975 - 1978
- Performance Group Inc., Scottsdale Arizona, Co-founder / Mergers and Acquisitions / Managing Director. 1979 - 1982
- W R Grace Co, Ave of the Americas, New York, New York. Corporate Development / Mergers & Acquisitions. 1982 - 1986
- Performance Group Inc., San Francisco, California. Co-founder / Mergers and Acquisitions/ Managing Director. 1987 - 2000.
- Optreon Corp., San Jose, California. Co-founder / Corporate Development / (Board member with Former California Pete Wilson) 2001 - 2003

Mr. Aizcorbe has innate skills in negotiation, focusing on the individual across the table, leveraging knowledge and experience, all of which are used in consummating business transactions.

Mr. Aizcorbe co-founded Optreon Company and Solar Systems of Arizona. He has held a long standing involvement with the Make a Wish Foundation and is a supporter of the Wildlife Conservation Network. He is fluent in Spanish and English, enjoys reading and travel with his wife and children.

BOARD OF DIRECTORS

Michael Gorton – Chairman (Bio above)

Hunter L. Hunt is president and CEO of Hunt Consolidated Energy, the holding company for Hunt Oil, Hunt Power and the other energy activities of the Ray L. Hunt family of Dallas, Texas. Hunt Oil Company, founded in 1934 by H.L. Hunt, is one of the largest privately-owned energy companies in the world, engaging in exploration and production, LNG, refining, and development of traditional and renewable energy technologies.

Hunt Power and Sharyland Utilities were established by Hunter Hunt in 1998 to seek opportunities in the electric utility industry. Sharyland is a transmission and distribution electric utility located in South Texas and is the first new regulated electric utility created in the U.S. in over 40 years. Currently, Sharyland Utilities is developing a 300-mile electric transmission project to bring wind power from the Panhandle region of Texas into the major metropolitan areas. Sharyland Utilities also acquired Cap Rock Energy, an electric utility headquartered in Midland, Texas, in July 2010. Cap Rock (whose name was changed to Sharyland Utilities) serves customers in 29 counties in Texas. Hunt serves as president of Sharyland Utilities.

Hunt graduated from Southern Methodist University summa cum laude, earning Bachelor of Science degrees with honors in both economics and political science and minors in mathematics and business. He serves on several boards, including the SMU Engineering School's Executive Board, the Dallas County Community College District Foundation, KERA (North Texas' public broadcasting company), the Circle Ten Council of the Boy Scouts of America, and the All Stars Program, a national community outreach charity headquartered in New York City.

Margaret Keliher, Executive Director of Texas Business for Clean Air since 2007 and director at the Texas Institute. Ms. Keliher has a passion for finding solutions to America's energy problem and for developing business initiatives for clean air and energy independence. She is the first female in the 157-year history of Dallas County to serve as County Judge. In 2002 Judge Keliher was appointed to an unexpired term as Dallas County Judge by the County Commissioners Court. She served as Dallas County Judge until 2007.

Judge Keliher came to the Chief Executive Officer's role on the Court after serving as Judge of the 44th Civil District Court of Dallas County since 1999. In that position she received accolades for her organizational skills and for innovative ideas in handling her docket and communicating with persons with business in her court. The 2001 Dallas Bar Association Judicial Evaluation ranked her as one of the hardest-working Civil District Court Judges, ranked among the top in judicial temperament and demeanor.

She came to the bench from Jones Day law firm where she handled commercial and business litigation. She was with Jones Day from 1992 until 1998. Before joining the firm, Judge Keliher was with the Dallas County District Attorney's office as a felony prosecutor for two years.. Prior to her law career, she was a Certified Public Accountant with Deloitte from 1977 until 1986. She earned a

bachelors in accounting from the University of Virginia, and graduated cum laude from the SMU School of Law.

Ron Seidel, began serving as President of RBS Energy Consulting in 2004, working with private equity, investment banks, and government on electric energy issues primarily in the Electric Reliability Council of Texas (ERCOT) market. Prior to his consultancy, Mr. Seidel was president of Texas Independent Energy from 2005 - 2007 with full P & L responsibility for two 1,000 megawatt combined-cycle plants in ERCOT. In 2004 – 2005, Mr. Seidel served as senior vice president of Energy Supply at City Public Service of San Antonio. Mr. Seidel's career as an executive at TXU spanned from 1970 - 2003 where, among other duties, he was senior vice president of Fossil Generation and Mining, president of TXU Energy Trading, and operations manager at the Comanche Peak Nuclear Plant.

Mr. Seidel holds his Mechanical Engineering degree from New Mexico State University; earned his M.B.A. from the Cox School of Business at Southern Methodist University; is a registered professional engineer in Texas; and has held a U.S. Nuclear Regulatory Commission Senior Reactor Operator license.

John Harris is a veteran in the Information Technology and Business Process Outsourcing industry with more than 35 years of experience in CEO and senior executive positions. Mr. Harris spent 25 years Electronic Data Systems (EDS) in a number of senior executive positions and was a significant contributor to the growth of the company as it scaled from \$100 million dollars in revenue to approximately \$19 billion at the time of his departure in 1999. Since EDS, Mr. Harris has been CEO of several private equity backed technology service companies where his primary focus has been on developing new growth strategies, repositioning the companies to better serve their target markets, building strong leadership teams and creating value for shareholders. He has extensive International experience having worked/ lived in Europe, The Middle East, Asia and Latin America.

Mr. Harris is currently an operating partner and investor with GlendonTodd Capital and CEO of Chemical Information Services, a leading provider of information services to the bulk chemical sourcing community. Mr. Harris was most recently President and CEO of eTelecare Global Solutions; a \$300M private equity backed Business Process Outsourcing Company delivering technical support, sales, and customer care services to the Fortune 1000 market. During his tenure the company doubled revenues, and expanded operations in the Philippines, Central America and South Africa while building an industry-leading management team. He successfully led the company's IPO, privatization and ultimate merger in 2009 that created a \$1 billion BPO services company.

Prior to eTelecare Mr. Harris was President and CEO of Seven World Wide, a \$400 million private equity backed Marketing Services BPO Company which provided digital imaging, production, distribution and content management services with 36 facilities and 48 locations in North America and the United Kingdom. During his tenure he restructured the company, disposed of non-core assets, right sized the cost structure, and shifted the focus to profitable growth areas. Mr. Harris led the sale of the company doubling shareholder value for the investors.

At EDS, Mr. Harris was named a Group Vice President and Corporate officer and was responsible for EDS's four Communications Industry business units that served the wire line, wireless, entertainment and publishing markets. Under Mr. Harris' leadership, these business units grew from \$65 million to approximately \$1 billion serving clients in 22 countries and providing a portfolio of IT outsourcing, system integration, business process management and consulting services

Mr. Harris graduated from the University of West Georgia with a BBA and MBA and is on the Board of Advisors to the Richardson School of Business. He has held board positions with a number of public and private telecommunications and technology services companies, and he currently sits on the boards of Premier Global Services, The Hackett Group and BancTec Corporation, DGFastchannel and Startek. He has been a long-term member of Young Presidents' Organization and World Presidents' Organization. Mr. Harris is married and resides in Dallas, Texas.

B. Legal/Disciplinary History

None of the foregoing officers or directors of the Company have 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 law, 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.

C. Disclosure of Family Relationships

None of the officers or directors of the Company nor owners of 5% or more of any class of the Company's securities are related.

D. Disclosure of Related Party Transactions

The following is a description of transactions, since January 1, 2011, in which the Company was or is to be a participant and the amount involved exceeds the lesser of \$120,000 or one percent of the average of the Company's total assets at year end for the last two completed fiscal years, and to which any related person had or will have a direct or indirect material interest:

On January 15, 2011, the Company issued 250,000 shares of Common stock to Dan Bedell as part of the acquisition of Capstone Solar. As part of the acquisition, Mr. Bedell has joined the Company Executive management. At the time of the transaction, the share price was \$0.66 per share and the total dollar value was \$165,000.

On January 15, 2011, the Company issued 250,000 shares of Common stock to Richard Borry as part of the acquisition of Capstone Solar. As part of the acquisition, Mr. Borry has joined the Company Executive management. At the time of the transaction, the share price was \$0.66 per share and the total dollar value was \$165,000.

On January 20, 2011, Richard Borry purchased 3,030 shares of PSI common stock in the Friends and Family round. Mr. Borry wrote a check for \$2,000 for the stock

On January 20, 2011, Dan Bedell purchased 3,030 shares of PSI common stock in the Friends and Family round. Mr. Bedell wrote a check for \$2,000 for the stock

On March 1, 2011, the Company issued 84,000 shares of Common stock to Margaret Keliher as compensation for joining the Board of Directors. At the time of the transaction, the share price was \$0.66 per share and the total dollar value was \$55,440.

On September 2, 2011, the Company issued 440,163 shares of Common stock to Talmage Solar Engineering as part of the acquisition of SunGen Facilities. As part of the acquisition, At the time of the transaction, the share price was \$2.15 per share and the total dollar value was \$946,350.

On November 1, 2011, the Company sold 17,731 shares of PSWW Series A Common Stock to Deborah Allen as part of the Series A PIPE offering. A check for \$25,000 was paid by Ms. Allen for the stock. Ms. Allen is the wife of COO Kenneth Allen.

On November 1, 2011, the Company sold 17,731 shares of PSWW Series A Common Stock to Victoria Martin as part of the Series A PIPE offering. A check for \$25,000 was paid by Ms. Martin for the stock. Ms. Allen is the wife of EVP Michael Martin.

On November 1, 2011, the Company sold 17,731 shares of PSWW Series A Common Stock to Elise Kang Allen as part of the Series A PIPE offering. A check for \$25,000 was paid by Ms. Kang for the stock. Ms. Kang is the wife of CFO Richard Kang.

On November 1, 2011, the Company sold 70,922 shares of PSWW Series A Common Stock to Shelley Gorton as part of the Series A PIPE offering. A check for \$100,000 was paid by Ms. Gorton for the stock. Ms. Gorton is the wife of CEO Michael Gorton.

On November 1, 2011, the Company sold 4,433 shares of PSWW Series A Common Stock to Kristen Bedell as part of the Series A PIPE offering. A check for \$6,250 was paid by Ms. Bedell for the stock. Ms. Bedell is the wife of VP Dan Bedell.

On November 1, 2011, the Company sold 13,000 shares of PSWW Series A Common Stock to PSI CTO Richard Borry as part of the Series A PIPE offering. A check for \$18,330 was paid by Mr. Borry for the stock.

E. Disclosure of Conflicts of Interest.

To the knowledge of the Company, there are no material conflicts of interests between the Company and the executive officers and directors of the Company.

Item 12. Financial information for the issuer's most recent fiscal period.

The financial statements for the Company have been prepared in accordance with GAAP by the Company CFO for the year ended December 31, 2011 and the quarter ended March 31, 2012 have been posted on the Company's website and under the "Financials" tab for the Company through the OTC Disclosure and News Service on www.otcm Markets.com and are incorporated herein by reference:

1. Balance Sheet as of March 31, 2012;
2. Statement of Income for the three months ending March 31, 2012;
3. Statement of Changes in Stockholders' Equity for three months ending March 31, 2012;
4. Statement of Cash Flows for three months ending March 31, 2012;

Notes to Financial Statements:

* The financial statements were prepared internally by the Company's Chief Financial Officer.

Item 13. Similar Financial information for such part of the two preceding fiscal year as the issuer or its predecessor has been in existence.

The following financial statements for the Company for the years ending December 31, 2010 and 2011 have been posted under the "Financials" tab for the Company through the OTC Disclosure and News Service on www.otcm Markets.com and are incorporated herein by reference:

1. Balance Sheets for the years ending December 31, 2010 and 2011;
2. Statement of Income for the years ending 2010 and 2011;
3. Statement of Changes in Stockholders' Equity for the years ending 2010 and 2011;
4. Statement of Cash Flows for the years ending 2010 and 2011;
5. Notes to Financial Statements.

*The financial statements were prepared internally by the Company's Chief Financial Officer. Financial archive for earlier years is available on the Company's website.

Item 14. Beneficial Owners

The Company currently has 14,387,652 shares issued. Persons owning more than 571,922 are considered owners of four percent (4%) of the Company's Capital Shares.

Shareholders Owning More Than Four Percent

Name	Street	City	ST	Zip	Shares	Percent
Michael Gorton	2332 Lady Cornwall	Lewisville	TX	75056	2,025,266	14.08%
Ken Allen	102 North J Dr	Boerne	TX	78006	1,468,365	10.21%
Michael Martin	6666 Lakewood Blvd Dallas, TX 75214	Dallas	TX	75214	824,346	5.73%
Richard Kang	4353 Mill Creek Rd.	Dallas	TX	75244	724,346	5.03%
Steuben Investment Company II, L.P.	1900 N. Akard	Dallas	TX	75201	709,220	4.93%
Peter Dauterman	7024 Briar meadow Dallas, TX 75230	Dallas	TX	75230	686,412	4.77%
Pegasus Funds, LLC	12720 Hillcrest Rd. Suite 750	Dallas	TX	75230	660,617	4.59%
Jorge Aizcorbe	3019 Red Arrow Drive	Las Vegas	NV	89315	620,000	4.31%

Item 15. The name, address, telephone number, and email address of each of the following outside providers that advise the issuer on matters relating to operations, business development and disclosure:

1. Investment Banker - Not applicable as of the date hereof.
2. Promoters - Not applicable as of the date hereof.
3. Counsel –
 - a. SEC Charles Barkley, Attorney
6201 Fairview Road, Suite 200
Charlotte, NC 28210
[\(704\) 944-4290](tel:7049444290) (Office)
 - b. General Corporate - D. Grant Seabolt, Jr.
2101 Cedar Springs Rd
Rosewood Court, Suite 1050
Dallas, TX 75201
Ph: 214-871-5079
4. Accountant and Auditor - Not applicable as of the date hereof.
5. Public Relations Consultants –
CPR Strategic Marketing Communications
475 Market Street
Elmwood Park, New Jersey 07407
201-641-1911
6. Investor Relations Consultants - Not applicable as of the date hereof.
7. Other Advisers - Not applicable as of the date hereof.

Item 15. Management’s Discussion and Analysis or Plan of Operation.

This report contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions, or future events. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "predict," "potential," "continue," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," or the negative of these terms or other comparable technology. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. Actual future results and trends may differ materially from those made in or suggested by any forward-looking statements due to a variety of factors, including, for example, our ability to compete with other payment systems, the risk of loss due to fraud and disputes between senders and recipients; and the fact that our status under state, federal and international financial services regulation is unclear. Consequently, you should not place undue reliance on these forward-looking statements. The forward-looking statements speak only as of the date on which they are made and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent

to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Overview

Company management believes solar will be able to compete with traditional generation within three years. The Primary objective of Principal Solar is to become the nation's largest and best known solar energy company in that period. The Company is employing business expertise, its high profile Board and employees, and its publicly traded stock to accelerate growth in an industry that is ripe for acquisition and much in need of standards and thought leadership.

Management will couple fifty years of electric utility expertise, entrepreneurial innovation and solar engineering to create a new era in electricity generation. Over the next three years, PSI hopes to become the recognized leader in solar energy delivery, utilize a roll-up strategy to gain significant momentum and build large scale projects with an ultimate goal of generating gigawatts (GW) of cheaper and cleaner electricity, stabilizing electrical prices and preserving natural resources.

Three acquisitions have been completed under the Business Plan. The first, a small Texas based technology company named Capstone Solar was acquired because of its unique webinar technology, its access to industry vendors, and its marketing expertise. Capstone has been renamed to Definitive Solar and continues to run webinars, while maintaining the DefinitiveSolar.com website. The second and third acquisitions have been entities that own power purchase agreements in the northeast.

A. Plan of Operation

The Company has a four-pronged strategy which management hopes will propel PSI to one of the world's leading solar generation companies:

1. Use the public vehicle as a tool to roll up several established solar companies. This task will give the company resources, customers, revenue and contacts, along with significant recognition in the renewable energy sector. Acquisition growth coupled with opportunistic sales growth, if successful will significantly accelerate revenues. Currently, this is the primary business objective.
2. Continually author and co-author white papers and contemporaneous articles on solar energy while simultaneously developing and promoting webinars which educate the energy sector and general public on the solar industry. The white papers focus on technical issues and are being published on the web as well as through traditional engineering and technical publications. Management plans to use these papers and webinars to bring PSI to the forefront as a recognized expert in the sector. The first five papers are complete and hosted on DefinitiveSolar.com. Webinars are regularly promoted and archived on the Definitive Solar site.
3. Acquired companies will provide access to qualified project opportunities. This will provide an opportunity to opportunistically, build small and medium sized facilities (1 – 10mW). The primary goal of those type projects is to build a base of experience and revenue.
4. Once grid parity is reached, the Company will utilize significant resources to build large-scale projects around the world. Management believes it has strong enough contacts in some of the world's largest companies and in the decision making segments of utilities and governments that give us the opportunities to build gigawatt projects in key global locations.

Roll-Up Strategy. The fundamental goal of PSI today is to usher in an era of profitable solar power that can compete and beat traditional generation sources. This can only happen with significant efficiency enhancements. The Company is currently studying and engaging companies in the Build/Own/Operate space to identify those that would make good acquisitions. The initial targets have been smaller companies, but mounting success management anticipates the ability to acquire larger companies. **After the appropriate resources have been acquired, and with the organic growth and White papers, the company should begin to establish itself as a leader in the industry and on Wall Street.** At that point, the strategy will evolve into one of acquisition of technology, engineering and construction companies with a goal of streamlining efficiency and cost. Ultimately, the ability to compete with and beat fossil fuel generation could define the success of the industry. One of the potential results of this plan is that PSI could become the world's largest solar company. While this is not a specific goal, it certainly serves as a target and an incentive for the management team.

Principal Solar plans to utilize its stock as to complete acquisitions, provided that there can be no assurance such acquisitions will be successful. The goal of this strategy is to undertake the acquisitions without the need for significant capital. Management is currently evaluating companies that meet the initial criteria for acquisition and plans to continue discussions with such companies in the fourth quarter of 2011 and on into 2012.

The timeline for the rollup strategy revolves around a goal of having 500 MW under management by 1Q 2015. This timeline is shown in the table below:

Acquisition Rollup Timeline			
Stage	Timeline	Project size	Cumulative MW
1	2Q 2011 - 3Q 2011	100 KW	200 KW
2	4Q 2011 - 3Q 2012	250 KW - 500 KW	2 MW
3	3Q 2012 - 1Q 2013	500 KW - 5MW	25 MW
4	1Q 2013 - 3Q 2013	10 MW - 100 MW	75 MW
5	4Q 2013 - 4Q 2014	100 MW +	400 MW

As of November 2011, the Company has completed acquisition of two PPAs amounting to 200KW. Going forward, management is negotiating with entities that manage and own projects in the 250KW range up to 1,000 KW. Stage 2 (table above) has already begun and will take the company to 2MW. In stages 1 – 3, the projects are relatively new and have been financed by individuals and entities interested in the incentives and tax depreciation benefits. Because of accelerated depreciations, the Company is in a unique position of negotiating for the purchase of million dollar plus installations for a fraction of that number. As an example, one of our current prospects installed a facility less than two years ago for just over \$1M, and because of depreciation, we are negotiating a purchase price under \$200,000. We believe we will continue to find projects like this through Stage 3. As we enter Stage 4, we believe the stock and Company momentum will be strong enough to acquire larger entities without significant impact on valuation.

In bullet form, the acquisition strategy is planned to work as follows:

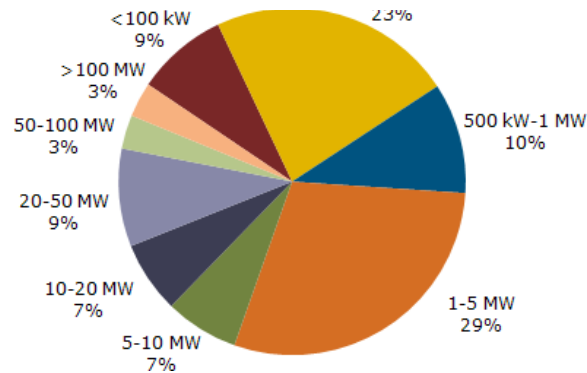
1. Acquisition of Builder/Owner/Operators that own several megawatts of solar. Assuming a few of these smaller operators can be acquired, PSI will focus on larger acquisitions, funding permitting. The timeframe for this strategy begins in the third quarter of 2011, and continues for four to five years.
2. Acquisition of early stage technology companies with intellectual property (IP) that adds efficiency to the solar generation process. The timeframe for this component of the strategy

begins in late 2012 and continues as long as the company has a rollup component in the business plan.

3. Possible acquisition of manufacturers may begin at such time as the Company's stock has sufficient value to make the process economically viable, if ever. The ultimate goal is to acquire resources that allow the Company to improve efficiency and drive down costs in large-scale projects. Manufacturing entities may include a PV line as well as component manufacturing. The goal is to begin analysis of this phase in 18 - 24 months.

The **strategic acquisition plan** revolves around an understanding of how the solar market has developed in the last 10 years. In the earlier years, installations were built almost exclusively by members of the green movement that believed in the dream of renewable power. The economics of these installations were almost always in the red. This was somewhat helped by state and federal incentives, but for the most part, no installations made sense from a capitalist perspective. In the last 10 years, the manufacturing costs have dramatically fallen, while efficiencies have increased. Simultaneous with the trends in solar, the cost of electricity has steadily climbed. The question of "grid parity" (solar able to compete with traditional generation) has become a viable debate in recent years. The historic installations prior to 2009 represent nearly 1,500 nonresidential projects with sizes ranging from tens of kilowatts to a few megawatts. According to the April 2011 edition of United States Deal Tracker, nearly eight hundred nonresidential projects have been installed since January 2010 with another 375 in the pipeline.

Non-Residential Projects by System Size* (2010-2015)



Source: Solarbuzz April 2011. US Deal Tracker

The conclusion we make from this data is that there are a significant number of solar projects ripe for acquisition, and an increasing number in the queue to be built. The criteria for these acquisitions, in bullet form are as follows:

- **Deal structure.** In the near term, we plan for acquisitions to be stock only. In later years, assuming success of the business plan, we will likely mix cash and stock or in some cases, we may do transactions all cash, funding permitting.
- **Criteria that meets PSI acquisition rollup timeline** is shown in the table above.
- **Fully Depreciated Assets.** Many investors in the construction phase of a solar development fund the project because of the MACRS. The PSI strategic model assumes the project is fully depreciated. This gives us the opportunity to negotiate a purchase based on the depreciated value which generally creates a win-win for both parties.
- **Cash flow positive company and assets.** As a rule, all acquisitions will be of assets that have positive cash flow. This is possible in part because of government incentives, but also because of an economy of scale that will result from downsizing in the acquisition strategy.

- **Evaluation of loan guarantee on facilities.** Many times, builder owner operators utilize loans to fund construction of facilities, which are guaranteed by the owner and (sometimes) their financial partners. PSI needs to be able to acquire the facilities without changing these terms.
- **Panels from a recognized and stable Manufacturer.** While many manufacturers are producing panels, we will only undertake acquisitions with builder owner operators that have built utilizing panels from the larger more financially stable ones like Trina, Canadian Solar, Tianwe, Sunpower or Suntech.
- **Manufacturer’s warranty for 20 years minimum.** Along with doing business with the largest manufacturers, it is important to evaluate the quality of the warranty provided.
- **Extended contracts for inverters.** Inverters are a critical component in the solar installation; they also tend to be the weak link because they fail in 10 to 15 years while the panels, with no moving parts tend to last 30 to 40 years. For this reason, it is preferable to have extended service contracts which cover failure during the term of the Power Purchase Agreement (“PPA”).
- **Power Purchase Agreement with stable buyer, appropriate escalations and term.** The PPA is the source of revenue in the acquisition. It is important to evaluate not only the legal quality of the document, but the stability of the buyer of electricity that is party to that PPA.
- **States where non-residential projects are prevalent.** SolarBuzz lists the 10 states where non-residential projects are most prevalent as:

▪ California	▪ Texas
▪ New Jersey	▪ Colorado
▪ Massachusetts	▪ North Carolina
▪ Pennsylvania	▪ Nevada
▪ Arizona	▪ Florida
- **SREC contracts in place.** Solar Renewable Energy Certificates (SREC) vary from state to state and are constantly changing. They represent fees paid for generation of electricity from a renewable source. While we do not believe they will be around much longer, the ones that have been created tend to be for multi-year contracts, and they represent a significant cash flow.
- **Insurance in place covering maintenance problems and weather issues.** Panel manufacturers typically include warranties covering hail damage, but not wind and flooding, nor do they cover injuries from electric shock. The acquisition criterion includes an evaluation of the current insurance policy in place.
- **Owner should have 100% ownership in the facility and or PPA.**
- **Periodic cleaning and maintenance.** Our engineering team is tasked with inspection projects and evaluation of existing maintenance contracts.
- **Analysis of Risk Factors we consider prior to acquisition**
 - Past electric production, we want >1 year operating history.
 - SRECs – contract length & price, counter-party risk (e.g. utility = no-risk, 3rd party = more risk).
 - PPA – contract length & price, counter-party risk (e.g. school, government agency = low-risk, industrial tenant = more risk).
 - Environment: roof age/access, local risks (hail, hurricane, etc.), and regulatory.

White Papers, Standards and thought leadership. Over the past two years, Principal Solar has become one of the most prolific authors in the solar industry. The company has produced seven definitive White Papers and dozens of articles on solar and solar-related topics. Over the past six months, the company has developed a set of industry standards and has begun building a standards committee consisting of some of the best known luminaries in the sector. The Standards will begin to be released to the general public in May 2012. The first paper, which was released August 2010, covered the topic Solar Fundamentals. The long term goal is to publish a definitive library of papers, which will represent a single source and resource for understanding the solar industry.

The list of papers currently in planning stages include:

- Solar 101 (Complete and posted on www.DefinitiveSolar.com)
- Solar generation in developing countries (Complete: posted on www.DefinitiveSolar.com)
- Navigating regulatory and environmental issues (Complete: posted on www.DefinitiveSolar.com)
- Interfacing with the Electrical Grid (Complete: posted on www.DefinitiveSolar.com)
- Electric and Natural Gas Powered Vehicles (Complete: posted on www.DefinitiveSolar.com)
- Next Generation Vehicles (Complete: posted on www.DefinitiveSolar.com)
- DOD Takes Aggressive Lead / Early Adopter (Complete: posted on www.DefinitiveSolar.com)
- Why Distributed Solar Makes Sense Today for Large Electricity Buyers.
- Electricity Transmission using microwave and Laser Technology.
- How Will Solar Reach Grid Parity?
- Best Locations for Building Solar
- Regulatory environment for Solar
- Solar and natural gas – the perfect complimentary pair
- Solar in the Future – Geosynchronous Based Generation
- Evaluation of Future U.S. Electricity Needs
- Solar as a tool for Metropolitan Water Districts
- Storage of Electricity
- Building an International Network of Solar Generation Plants
- Advantages of Solar Over: Coal / Nuclear / Natural Gas
- Advantages of PV over Thin Film and Solar Thermal.
- Solar for Land Reclamation Areas
- Desalination of the World's Water Supplies
- Off-Grid Solar
- PV Efficiency Projections
- DC Transmission Lines and Other technologies for the National Grid
- Solar power and recharged vehicles.

PSI regularly evaluates and seeks out potential luminaries and think tanks for collaboration as co-authors for white papers. In the model, the public relations arm of PSI will interview the expert and author the initial draft. That draft will be delivered to the expert for preliminary review for content. Final editing and publishing will be done by Principal Solar through our Definitive Solar website (www.DefinitiveSolar.com). The authoring process takes approximately six weeks.

Along with the White Papers, PSI plans to become an industry focal point for solar vendors and buyers. In January 2011, PSI acquired Capstone Solar, an entity focused on bringing together vendors and buyers in an online webinar environment. **Capstone Solar Professionals** is a community created for solar development and installation professionals who make system component design recommendations and purchasing decisions in the residential and commercial markets (less than 1 MW peak output). Members must have installed, selected, or sourced more than \$100,000 in solar systems within the past 12 months. In the Capstone model, members have access to weekly 30 minute webinars that focus on three topics:

1. **Straight Talk** - a vendor presents their product, what is new, and where they are the best. This is not the typical sales pitch, as presenters must be technical experts who can support all claims with data and be able to explain the source of the data in detail to an audience of skeptical experts.
2. **Around the Corner** - these webinars discuss topics that will affect commercial projects within a year, for example, government regulations, utility and permitting issues, finance and legal changes, and market studies.

3. **Future Peek** - a view into trends and technologies that may greatly impact the solar industry, but where reality is more than a year away.

All of Capstone's operations and assets have been rebranded as Principal Solar and operate under Principal's Definitive Solar marketing function.

Construction of Small and Medium Scale Facilities. Contemporaneous with the middle stages of the acquisition phase of the Company's growth plan, and funding permitting, the Company hopes to selectively and opportunistically build, own and operate solar photovoltaic production facilities based on the relationships and pipeline of the acquired companies as well as via management's contacts.

According to OECD, the annual nationwide electricity market is currently estimated to be \$250 Billion. The Company plans to target commercial customers that spend at least \$1,000,000 per year on electricity and/or consume 10 million kWh per year ("high-end business market"). The high-end business market addressable for the Company in the southwest is estimated to be approximately \$25 billion/year, representing energy spending from over 30,000 businesses in our geographical region of interest. In the next two years, the Company plans for the bulk of its future direct sales to occur in states in the south and western portions of the United States where insolation is high, desert land values are low and electric rates are high and climbing. The Company plans to work with businesses through an opportunistic sales approach across multiple industries.

Gigawatt Projects. Solar energy does not become a serious contender in the industry until power plants can be built which compete with traditional generation. In order to compete, electricity produced must be priced so that larger plants makes sense, AND, just as important, there must be demonstrable evidence from an engineering perspective, that larger plants which can withstand the forces of mother nature for extended periods. Construction on a gigawatt scale must be an engineering project with the ultimate goal of saving critical natural resources and more importantly: dollars. The Company will promote solar energy's inherent, long-term strategic advantage to generate electricity in a more reliable and redundant distributed mode that will fundamentally mitigate electricity disruptions (brown outs, black outs) that often plague a highly centralized mode of generation (such as we have today in the US).

The company has built its management team and Board around the belief that grid parity will happen within three years. We believe that the desert southwest will become a major resource for the supply of affordable energy to the United States. Company engineering and management has already begun working with its luminary Board, Advisors and legal team to design the first gigawatt solar generation facility in the desert southwest. If the downward trend in solar costs continues, construction could begin in early 2014.

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

The Company had nominal operating revenue during the previous two fiscal years.

C. Off-Balance Sheet Arrangements.

We currently have 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 and through the date of disclosure statement.

Detailed below are all events in chronological order that resulted in total shares of common stock for the Company as of the current period.

Date	Round	Shares issued	Total Shares
1-Jul-10	Founders	9,196,566	9,196,566
1-Aug-10	Investment Banker	2,138,617	11,335,183
20-Jan-11	Friends & Family	1,398,823	12,734,006
1-Mar-11	Reverse Merger	157,322	12,891,328
2-Sep-11	Acquisitions	440,163	13,331,491
28-Feb-12	Series A	1,056,161	14,387,652

PART F: Exhibits

Item 18. Material Contracts

The Company has no material contracts applicable to this section.

Item 19. Articles of Incorporation and Bylaws

The Company's articles of incorporation and bylaws, as amended from time to time are attached to this filing are hereby incorporated herein by reference

Item 20 Purchases of equity securities by the issuer and affiliated purchasers.

We have not made any purchases of our own securities, directly or indirectly, through an affiliate or otherwise in the previous two years.

Item 21 Issuer's certifications.

I, Michael Gorton, certify that:

1. I have reviewed this Initial Disclosure Statement of Principal Solar, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statements 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 statement 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.

May 8, 2012

Michael Gorton, CEO & Chairman

PRINCIPAL SOLAR, INC.
Consolidated Balance Sheets
(Unaudited)

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 712,954	\$ 163,215
Accounts receivable-employees	-	1,000
Accounts receivable-trade	1,709	-
Total Current Assets	<u>714,663</u>	<u>164,215</u>
<u>Fixed Assets</u>		
Property and equipment, net of accumulated depreciation of \$27,898 and \$0, respectively	385,183	-
Intangible asset, net of accumulated amortization of \$110,004 and \$0, respectively	219,996	-
Total Fixed Assets	<u>605,179</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,319,842</u></u>	<u><u>\$ 164,215</u></u>
 LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
<u>Current Liabilities</u>		
Accounts payable-trade	\$ 73,999	\$ 56,000
Accrued liabilities	1,661,619	2,206,331
Notes payable	-	125,000
Total Current Liabilities	<u>1,735,618</u>	<u>2,387,331</u>
<u>Stockholders' Deficit</u>		
Common stock, \$0.01 par value, 300,000,000 shares authorized. 14,352,900 and 9,718,661 issued and outstanding, respectively	143,529	97,187
Additional paid-in capital	672,497	(1,719,925)
Stock subscriptions receivable	(68,358)	(167,140)
Accumulated deficit	(1,163,444)	(433,238)
Total Stockholders' Deficit	<u>(415,776)</u>	<u>(2,223,116)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	<u><u>\$ 1,319,842</u></u>	<u><u>\$ 164,215</u></u>

PRINCIPAL SOLAR, INC.
Consolidated Balance Sheet
(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 284,216	\$ 712,954
Accounts receivable-trade	1,938	1,709
Prepaid expenses	35,000	-
Total Current Assets	321,154	714,663
<u>Fixed Assets</u>		
Property and equipment, net of accumulated depreciation of \$48,552 and \$27,898, respectively	364,529	385,183
Intangible asset, net of accumulated amortization of \$137,504 and \$110,004, respectively	192,496	219,996
Total Fixed Assets	557,025	605,179
TOTAL ASSETS	\$ 878,179	\$ 1,319,842
 LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
<u>Current Liabilities</u>		
Accounts payable-trade	\$ 26,374	\$ 73,999
Accrued liabilities	1,687,418	1,661,619
Total Current Liabilities	1,713,792	1,735,618
<u>Stockholders' Deficit</u>		
Common stock, \$0.01 par value, 300,000,000 shares authorized. 14,387,652 and 14,352,900 issued and outstanding, respectively	143,877	143,529
Additional paid-in capital	725,910	672,497
Stock subscriptions receivable	(26,257)	(68,358)
Accumulated deficit	(1,679,143)	(1,163,444)
Total Stockholders' Deficit	(835,613)	(415,776)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 878,179	\$ 1,319,842

PRINCIPAL SOLAR, INC.								
Consolidated Statements of Stockholders' Equity								
Years Ended December 31, 2011 and 2010								
(Unaudited)								
	Common Stock		Treasury Stock		Additional	Subscriptions	Accumulated	Total
	Number of Shares	Amount	Number of Shares	Amount	Paid-in Capital			
Balance December 31, 2009	-	\$ -	-	\$ -	\$ -	\$ -	\$ -	-
Founders' stock	9,156,566	91,566	-	-	(90,292)	(340)	-	934
Stock for services	40,000	400	-	-	-	(400)	-	-
Private placement	522,095	5,221	-	-	339,359	(166,400)	-	178,180
Stockholder contribution acquisition of subsidiary recognized as reverse merger	-	-	-	-	(1,968,992)	-	-	(1,968,992)
Net Loss	-	-	-	-	-	-	(433,238)	(433,238)
Balance December 31, 2010	9,718,661	97,187	-	-	(1,719,925)	(167,140)	(433,238)	(2,223,116)
DSI acquisition	500,000	330,000	-	-	-	-	-	330,000
Conversion of note payable	196,728	129,839	-	-	-	-	-	129,839
Stock for services	180,000	118,800	-	-	-	-	-	118,800
Conversion of Kupper Parker, Inc. Preferred stock	2,138,617	2,139	-	-	-	-	-	2,139
Kupper Parker, Inc. Legacy Shares	157,322	157	-	-	(157)	-	-	-
Reverse merger common par value reclassification	-	(549,209)	-	-	549,209	-	-	-
Talmadge Solar companies acquisition	440,163	4,402	-	-	413,404	-	-	417,806
A-Round PIPE raise	1,021,409	10,214	-	-	1,429,966	(4,230)	-	1,435,950
Receipt of stock subscriptions	-	-	-	-	-	103,012	-	103,012
Net Loss	-	-	-	-	-	-	(730,206)	(730,206)
Balance December 31, 2011	14,352,900	\$ 143,529	-	\$ -	\$ 672,497	\$ (68,358)	\$ (1,163,444)	\$ (415,776)

PRINCIPAL SOLAR, INC.
Consolidated Statements of Operations
(Unaudited)

	<u>December 31,</u>		Cumulative Total July 8, 2010 (Inception) through December 31, 2011
	2011	2010	
Revenues			
Revenues, net	\$ 12,259	\$ -	\$ 12,259
Total revenues	12,259	-	12,259
Operating expenses			
General and administrative	1,232,659	428,399	1,661,058
Depreciation and amortization	137,902	-	137,902
Interest expense	713	4,839	5,552
Total Expenses	1,371,274	433,238	1,804,512
Other income from settlement of assumed debt	(628,809)	-	(628,809)
Loss from Operations Before Income Taxes	(730,206)	(433,238)	(1,163,444)
Income Tax Benefit	-	-	-
Net Loss	\$ (730,206)	\$ (433,238)	\$ (1,163,444)
Loss per share--basic and diluted	\$ (0.057)	\$ (0.055)	
Weighted average number of shares-basic and diluted	12,762,839	7,884,131	

PRINCIPAL SOLAR, INC.
Consolidated Statements of Operations
(Unaudited)

	<u>Three Months Ended March 31,</u>		Cumulative Total July 8,
	2012	2011	2010 (Inception) through March 31, 2012
Revenues and costs of revenue			
Revenues, net	\$ 5,564	\$ -	\$ 17,823
Costs of revenue	<u>(4,050)</u>	<u>-</u>	<u>(4,050)</u>
Gross profit	1,514	-	13,773
Operating expenses			
General and administrative	469,059	338,031	2,130,117
Depreciation and amortization	48,154	27,500	186,056
Interest expense	<u>-</u>	<u>-</u>	<u>5,552</u>
Total Expenses	517,213	365,531	2,321,725
Other income from settlement of assumed debt	-	-	(628,809)
Loss from Operations Before Income Taxes	<u>(515,699)</u>	<u>(365,531)</u>	<u>(1,679,143)</u>
Income Tax Benefit	<u>-</u>	<u>-</u>	<u>-</u>
Net Loss	<u>\$ (515,699)</u>	<u>\$ (365,531)</u>	<u>\$ (1,679,143)</u>
Loss per share--basic and diluted	<u>\$ (0.036)</u>	<u>\$ (0.035)</u>	
Weighted average number of shares-basic and diluted	<u>14,370,276</u>	<u>10,440,831</u>	

PRINCIPAL SOLAR, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	<u>December 31,</u>		Cumulative Total July 8, 2010 (Inception) through December 31, 2011
	2011	2010	
OPERATING ACTIVITIES			
Net Loss	\$ (730,206)	\$ (433,238)	\$ (1,163,444)
Adjustments to reconcile net loss to cash used by operating activities:			
Depreciation and amortization	137,902	-	137,902
Assumed debt and settlement	(622,146)	-	(622,146)
Common stock issued for services	118,400	400	118,800
Net assets of acquired subsidiaries	4,725	-	4,725
Accrued interest on note payable conversion		4,839	4,839
Change in other asset and liabilities:			-
Accounts receivable-trade	(1,709)	-	(1,709)
Accounts receivable-employee	1,000	(1,000)	-
Accounts payable	17,999	56,000	73,999
Accrued liabilities	82,273	232,500	314,773
Cash used in operating activities	<u>(991,762)</u>	<u>(140,499)</u>	<u>(1,132,261)</u>
FINANCING ACTIVITIES			
Proceeds from sales of common stock	1,440,180	346,254	1,786,434
Proceeds from sales of converted preferred stock of subsidiary	2,139	-	2,139
Notes payable		125,000	125,000
Stock subscriptions receivable	98,782	(167,140)	(68,358)
Cash from financing activities	<u>1,541,101</u>	<u>304,114</u>	<u>1,845,215</u>
(Decrease) Increase in cash	549,339	163,615	712,954
Cash at beginning of year	163,615	-	-
Cash at end of year	<u>\$ 712,954</u>	<u>\$ 163,615</u>	<u>\$ 712,954</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for:			
Interest	\$ -	\$ -	\$ -
Income Taxes	\$ -	\$ -	\$ -
Non Cash Investing and Financing Activities			
Accrued liabilities from reverse merger	\$ -	\$ 1,968,992	\$ 1,968,992
Paid-in-capital from reverse merger	(157)	(1,968,992)	(1,969,149)
Common stock	157	-	157
Notes payable and accrued interest conversion	(129,839)	-	(129,839)
Common stock	1,967	-	1,967
Additional paid-capital	127,872		127,872
Purchase of website domain	(330,000)		(330,000)
Common stock	5,000		5,000
Additional paid-capital	325,000		325,000
Investment in subsidiary	(413,081)		(413,081)
Common stock	4,402		4,402
Additional paid-capital	408,679	-	408,679
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PRINCIPAL SOLAR, INC.
Consolidated Statements of Cash Flows
(Unaudited)

	<u>Three Months Ended March 31,</u>		Cumulative Total
	2012	2011	July 8, 2010 (Inception) through March 31, 2012
OPERATING ACTIVITIES			
Net Loss	\$ (515,699)	\$ (365,531)	\$ (1,679,143)
Adjustments to reconcile net loss to cash used by operating activities:			
Depreciation and amortization	48,154	27,500	186,056
Assumed debt and settlement	-	-	(622,146)
Common stock issued for services	-	118,800	118,800
Net assets of acquired subsidiaries	4,762	-	9,487
Accrued interest on note payable conversion			4,839
Change in other asset and liabilities:			-
Accounts receivable-trade	(229)	-	(1,938)
Accounts receivable-employee	-	36	-
Prepaid expenses	(35,000)	-	(35,000)
Accounts payable	(47,625)	(26,627)	26,374
Accrued liabilities	25,799	(33,750)	340,572
Cash used in operating activities	<u>(519,838)</u>	<u>(279,572)</u>	<u>(1,652,099)</u>
FINANCING ACTIVITIES			
Proceeds from sales of common stock	49,000	-	1,835,434
Proceeds from sales of converted preferred stock of subsidiary	-	2,139	2,139
Notes payable	-	-	125,000
Stock subscriptions receivable	42,100	166,203	(26,258)
Cash from financing activities	<u>91,100</u>	<u>168,342</u>	<u>1,936,315</u>
(Decrease) Increase in cash	(428,738)	(111,230)	284,216
Cash at beginning of year	712,954	163,215	-
Cash at end of year	<u>\$ 284,216</u>	<u>\$ 51,985</u>	<u>\$ 284,216</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid during the period for:			
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Income Taxes	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Non Cash Investing and Financing Activities			
Accrued liabilities from reverse merger	\$ -	\$ -	\$ 1,968,992
Paid-in-capital from reverse merger	-	(157)	(1,969,149)
Common stock	-	157	157
Notes payable and accrued interest conversion	-	(129,839)	(129,839)
Common stock	-	1,967	1,967
Additional paid-capital	-	127,872	127,872
Purchase of website domain	-	(330,000)	(330,000)
Common stock	-	5,000	5,000
Additional paid-capital	-	325,000	325,000
Investment in subsidiary	-	-	(413,081)
Common stock	-	-	4,402
Additional paid-capital	<u>-</u>	<u>-</u>	<u>408,679</u>

STATE OF NEW YORK

DEPARTMENT OF STATE

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the
Department of State, at the City of Albany, on
January 23, 2009.

A handwritten signature in black ink that reads "Paul LaPointe".

Paul LaPointe
Special Deputy Secretary of State

Rev. 06/07

Complete Articles of Incorporation filed on Principal Solar website.

By-Laws of
Principal Solar, Inc.

* * * * *

ARTICLE I
OFFICES

1. **Principal Offices.** The board of directors shall fix the location of the principal executive office of the corporation at any place within or outside the State of Texas. If the principal executive office is located outside the State of Texas and the corporation has one or more business offices in the State of Texas, the board of directors shall fix and designate a principal business office in the State of Texas.

2. **Other Offices.** The board of directors may at any time establish branch or subordinate offices at any place or places where the corporation is qualified to do business.

ARTICLE II
MEETINGS OF SHAREHOLDERS

1. **Place of Meetings.** Meetings of shareholders shall be held at any place within or outside the State of Texas designated by the board of directors. In the absence of any such designation, meetings of shareholders shall be held at the principal executive office of the corporation.

2. **Annual Meeting.** The annual meeting of shareholders shall be held during the month of February each year. At each annual meeting, directors shall be elected and any other proper business may be transacted.

3. **Special Meeting.** A special meeting of the shareholders may be called at any time by the board of directors or by the chairman of the board or by the president/CEO or by one or more shareholders holding shares in the aggregate entitled to cast not less than 10% of the votes at such meeting.

If a special meeting is called by any person or persons other than the board of directors, the request shall be in writing, specifying the time of such meeting and 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/CEO, any vice president, or the secretary of the corporation. The officer receiving the request shall promptly cause notice to be given to the shareholders entitled to vote, in accordance with the provisions of Sections 4 and 5 of this Article II, that a meeting will be held at the time requested by the person or persons calling the meeting, not less than 35 nor more than 60 days after the receipt of the request. If such notice is not given within 20 days after receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 3 shall be construed as limiting, fixing or

affecting the time when a meeting of shareholders called by action of the board of directors may be held.

4. **Notice of Meetings of Shareholders.** All notices of meetings of shareholders shall be sent or otherwise given in accordance with Section 5 of this Article II not less than 10 nor more than 60 days before the date of the meeting. Such 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 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 shareholders. 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, management intends to present for election.

5. **Manner of Giving Notice; Affidavit of Notice.** Notice of any meeting of shareholders shall be given either personally or by first-class mail, electronic mail (email) or telegraphic or other written communication, charges prepaid, addressed to each shareholder at the address of such shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice. If no such address appears on the books of the corporation or is given, notice shall be deemed to have been given if sent to a shareholder by first-class mail, email 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 such 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 shareholder at the address of such shareholder 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 such notice to such shareholder at such address, each future notice and report shall be deemed to have been duly given without further mailing if it shall be available to the shareholder on written demand by the shareholder at the principal executive office of the corporation for a period of one year from the date of the giving of such notice or report.

An affidavit of the mailing or other means of giving any notice of any meeting of shareholders shall be executed by the secretary, assistant secretary or any transfer agent of the corporation giving the notice and shall be filed and maintained in the minute book of the corporation.

6. **Quorum.** The presence in person or by proxy of the holders of a majority of the shares entitled to vote at a meeting of shareholders shall constitute a quorum for the transaction of business at such meeting. The shareholders present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum.

7. **Adjourned Meeting; Notice.** Any meeting of shareholders, 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 such meeting, either in person or by proxy, but in the absence of a quorum, no other business may be transacted at such meeting, except as provided in Section 6 of this Article II.

When any meeting of shareholders, annual or special, is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place are announced at a meeting at which the adjournment is taken, unless a new record date for the adjourned meeting is fixed or unless the adjournment is for more than 45 days from the date set for the original meeting, in which case the board of directors shall set a new record date. Notice of any such adjourned meeting shall be given to each shareholder of record entitled to vote at the adjourned meeting in accordance with the provision of Sections 4 and 5 of this Article II. At any adjourned meeting the corporation may transact any business which might have been transacted at the original meeting.

8. **Voting.** The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of Texas Statute. The shareholders' vote may be by voice vote or by ballot; provided, however, that any election of directors must be by ballot if demanded by any shareholder before the voting has begun. On any matter other than the election of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if a shareholder fails to specify the number of shares which such shareholder is voting affirmatively, it will be presumed conclusively that such shareholder's approving vote is with respect to all shares that such shareholder is entitled to vote. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on any matter (other than the election of directors) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by Texas Statute or by the Articles of Incorporation.

At a meeting of shareholders at which directors are to be elected, no shareholder shall be entitled to cumulate votes (i.e., cast for any one or more candidates a number of votes greater than the number of such shareholder's shares) unless the candidates' names have been placed in nomination prior to commencement of the voting and a shareholder has given notice prior to commencement of the voting of such shareholder's intention to cumulate votes. If any shareholder has given such a notice, every shareholder entitled to vote may cumulate votes for candidates in the number of directors to be elected multiplied by the number of votes to which such shareholder's shares are entitled or distribute such shareholder's votes on the same principle among any or all of the candidates as the shareholder thinks fit. The candidates receiving the highest number of votes, up to the number of directors to be elected, shall be elected.

9. **Waiver of Notice or Consent by Absent Shareholders.** The transactions of any meeting of shareholders, annual or special, however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after such meeting, each person entitled to vote, who was not present in person or by proxy, signs a written waiver of notice or a consent to a holding of such meeting or an approval of the minutes thereof. Such waiver of notice or consent need not specify either the business to be transacted or the purpose of any annual or special meeting of shareholders, except that if any action is taken or proposed to be taken for approval of any of those matters specified in the second paragraph of Section 4 of this Article II, the waiver of notice or consent shall state the general nature of the proposal. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Attendance by a person at a meeting shall also constitute a waiver of notice of such meeting, except that when the person objects at the beginning of the meeting to the transaction of any business thereat because such meeting is not lawfully called or convened, and except

that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of such meeting if an objection is expressly made at such meeting.

10. Shareholder Action by Written Consent without a Meeting. Any action which may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding shares 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 on such election were present and voted. In the case of the election of directors, such a consent shall be effective only if signed by the holders of all outstanding shares entitled to vote for the election of directors; provided, however, that by the written consent of the holders of a majority of the outstanding shares entitled to vote for the election of directors, a director may be elected at any time to fill a vacancy on the board of directors that has not been filled by the directors. All such consents shall be filed with the secretary of the corporation and shall be maintained in the corporate records. Any shareholder giving a written consent or the shareholder's proxy holders or a transferee of the shares or a personal representative of the shareholder or their respective proxy holders may revoke the consent by a writing received by the secretary of the corporation before written consents of the number of shares required to authorize the proposed action have been filed with the secretary.

If the consents of all shareholders entitled to vote have not been solicited in writing, and if the unanimous written consent of all shareholders has not been received, the secretary shall give prompt notice of the corporate action approved by the shareholders without a meeting. Such notice shall be given in the manner specified in Section 5 of this Article II. In the case of approval of (i) contracts or transactions in which a director has a direct or indirect financial interest, (ii) indemnification of agents of the corporation, (ii) a reorganization of the corporation, or (iv) a distribution in dissolution other than in accordance with the rights of outstanding preferred shares, such notice shall be given at least 10 days before the consummation of any action authorized by such approval.

11. Record Date for Shareholder Notice, Voting and Giving Consents. For purposes of determining the shareholders entitled to receive notice of any meeting or to give consent to corporate action without a meeting, the board of directors may fix in advance a record date, which shall not be more than 60 days nor less than 10 days before the date of any such meeting nor more than 60 days before any such action without a meeting, and in this event only shareholders of record on the date so fixed are entitled to receive notice and to vote or to give consents, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date, except as otherwise provided in Texas Statute.

If the board of directors does not so fix a record date:

(a) The record date for determining shareholders entitled to receive notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of the business day next preceding the date on which the meeting is held.

(b) The record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, (i) when no prior action by the board has been taken, shall be the day on which the first written consent is given, or (ii) when prior action of the board has been taken, shall be at the close of business on the day on which the board adopts

the resolution relating to that action or at the close of business on the sixtieth day before the date of such action, whichever is later.

12. **Proxies.** Every person entitled to vote for directors or on any other matter shall have the right to do so either in person or by one or more agents authorized by a written proxy signed by the person and filed with the secretary of the corporation. A proxy shall be deemed signed if the shareholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the shareholder or the shareholder's attorney-in-fact. A validly executed proxy which does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to such proxy, by a writing delivered to the corporation stating that such proxy is revoked, or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing such proxy or (ii) written notice of the death or incapacity of the maker of such proxy is received by the corporation before the vote pursuant to such proxy is counted; provided, however, that no proxy shall be valid after the expiration of 11 months from the date of the proxy, unless otherwise provided in the proxy. The revocability of a proxy that states on its face that it is irrevocable shall be governed by Texas Statute.

13. **Inspectors of Election.** Before any meeting of shareholders, the board of directors may appoint any persons other than nominees for office to act as inspectors of election at the meeting or its adjournment. If no inspectors of election are so appointed, the chairman of the meeting may, and on the request of any shareholder or a shareholder's proxy shall, appoint inspectors of election at the meeting. The number of such inspectors shall be either one or three. If such inspectors are appointed at a meeting on the request of one or more shareholders or proxies, the holders of a majority of shares or their proxies present at the meeting shall determine whether one or three inspectors are to be appointed. If any person appointed as inspector fails to appear or fails or refuses to act, the chairman of the meeting may, and upon the request of any shareholder or a shareholder'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 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 shareholders.

ARTICLE III DIRECTORS

1. **Powers.** Subject to the provisions of Texas Statute and any limitations in the Articles of Incorporation and these By-Laws relating to action required to be approved by the shareholders 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.

2. **Number and Qualification of Directors.** The authorized number of directors shall be no more than nine until changed by a duly adopted amendment to the Articles of Incorporation or by an amendment to these By-Laws adopted by the vote or written consent of the board of directors or holders of a majority of the outstanding shares entitled to vote.

3. **Election and Term of Office of Directors.** Directors shall be elected at each annual meeting of the shareholders to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified.

4. **Vacancies.** Vacancies on the board of directors may be filled by a majority of the remaining directors, though less than a quorum, or by a sole remaining director, except that a vacancy created by the removal of a director by the vote or written consent of the shareholders or by court order may be filled only by the vote of a majority of the shares entitled to vote represented at a duly held meeting at which a quorum is present, or by the written consent of holders of a majority of the outstanding shares entitled to vote. Each director so elected shall hold office until the next annual meeting of the shareholders and until a successor has been elected and qualified.

A vacancy or vacancies on the board of directors shall be deemed to exist in the event of the death, resignation or removal of any director, or if the board of directors by resolution declares vacant the office of a director who has been declared of unsound mind by an order of court or who has been convicted of a felony, or if the authorized number of directors is increased or if the shareholders fail, at any meeting of shareholders at which any director or directors are elected, to elect the number of directors to be elected at such meeting.

The shareholders may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors but any such election by written consent shall require the consent of a majority of the outstanding shares entitled to vote.

Any director may resign effective on giving written notice to the chairman of the board, the president/CEO, the secretary or the board of directors, unless the notice specifies a later time for that resignation to become effective. If the resignation of a director is effective at a later time, the board of directors may elect a successor to take office when the resignation becomes effective.

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

5. **Place of Meetings and Meetings by Telephone.** Regular meetings of the board of directors may be held at any place within or outside the State of Texas that has been

designated from time to time by resolution of the board. In the absence of such a designation, regular meetings shall be held at the principal executive office of the corporation. Special meetings of the board shall be held at any place within or outside the State of Texas that has been designated in the notice of the meeting or, if not stated in the notice or there is no notice, at the principal executive office of the corporation. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at the meeting.

6. **Regular Meetings.** Regular meetings of the board of directors shall be held without call at such time as shall from time to time be fixed by the board of directors. Such regular meetings may be held without notice, so long as the time and place is generally known and published in a regular schedule of meetings.

7. **Annual Meeting.** Immediately following each annual meeting of shareholders, the board of directors shall hold a regular meeting for the purpose of organization, any desired election of officers and the transaction of other business. Notice of this meeting shall not be required.

8. **Special Meetings.** Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board or the president, CEO or any vice president or the secretary or any two directors.

Notice of the time and place of such 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 such director's address as it is shown on the records of the corporation. In case such notice is mailed, it shall be deposited in the United States mail at least four days before the time of the holding of such meeting. In case such notice is delivered personally, or by telephone or telegram, it shall be delivered personally or by telephone or to the telegraph company at least 48 hours before the time of the holding of such 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 whom the person giving such notice has reason to believe will promptly communicate it such director. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal executive office of the corporation.

9. **Quorum.** A majority of the authorized number of directors shall constitute a quorum for the transaction of business, except to adjourn as provided in Section 11 of this Article III. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the board of directors. A meeting at which a quorum initially is present may continue to transact business notwithstanding the withdrawal of directors, provided any action taken is approved by at least a majority of the required quorum for such meeting.

10. **Waiver of Notice.** The transactions of any meeting of the board of directors, however called and noticed, and whenever held, shall be as valid as though had at a meeting duly held after regular call and notice if a quorum is present and if, either before or after such meeting, each of the directors not present signs a written waiver of notice, a consent to hold such meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of such meeting. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of such meeting. Notice of a meeting shall also

be deemed given to any director who attends the meeting without protesting, before or at its commencement, the lack of notice to such director.

11. **Adjournment.** A majority of the directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

12. **Notice of Adjournment.** Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which case notice of the time and place shall be given before the time of the adjourned meeting in the manner specified in Section 7 of this Article III to the directors who were not present at the time of the adjournment.

13. **Action Without Meeting.** Any action required or permitted to be taken by the board of directors may be taken without a meeting if all members of the board shall individually or collectively consent in writing to such action. Such action by written consent shall have the same force and effect as a unanimous vote of the board of directors. Such written consent or consents shall be filed with the minutes of the proceedings of the board.

14. **Fees and Compensation of Directors.** Directors and members of committees may receive such compensation, if any, for their services and such reimbursement of expense as may be fixed or determined by resolution of the board of directors. This Section 14 shall not be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee or otherwise and receiving compensation for such service.

ARTICLE IV COMMITTEES

1. **Committees of Directors.** The board of directors may, by resolution adopted by a majority of the authorized number of directors, designate one or more committees, each consisting of two or more directors, to serve at the pleasure of the board. The board may designate one or more directors as alternate members of any such committee, who may replace any absent member at any meeting of such committee. Any committee, to the extent provided in such a resolution of the board, shall have all the authority of the board, except with respect to:

- (a) the approval of any action which, under Texas Statute, also requires shareholders' approval or approval of the outstanding shares;
- (b) the filling of vacancies on the board of directors or in any committee;
- (c) the fixing of compensation of the directors for serving on the board or on any committee;
- (d) the amendment or repeal of By-Laws or the adoption of new By- Laws;
- (e) the amendment or repeal of any resolution of the board of directors which by its express terms is not so amendable or repealable;
- (f) a distribution to the shareholders of the corporation, except at a rate or in a periodic amount or within a price range determined by the board of directors; and

(g) the appointment of any other committees of the board of directors or the members of such committees.

2. **Meetings and Action of Committees.** Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these By-Laws, Sections 5 (place of meetings), 6 (regular meetings), 8 (special meetings and notice), 9 (quorum), 10 (waiver of notice), 11 (adjournment), 12 (notice of adjournment), and 13 (action without meeting), with such changes in the context of such By-Laws as are necessary to substitute the committee and its members for the board of directors and its members, except that the time of regular meetings of committees may be determined either by resolution of the board of directors or by resolution of the committee; special meetings of committees may also be called by resolution of the board of directors; and 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 By-Laws.

ARTICLE V OFFICERS

1. **Officers.** The officers of the corporation shall be a chief executive officer (CEO), a chief operating officer (COO), an Executive vice president (EVP), a secretary, and a treasurer and chief financial officer (CFO). The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more vice presidents, one or more assistant secretaries, one or more assistant treasurers and such other officers as may be appointed in accordance with the provisions of Section 3 of this Article V. Any number of offices may be held by the same person.

2. **Election of the Chief Executive.** The CEO of the corporation, shall be appointed by a majority vote of the board of directors and each shall serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment.

3. **Other Corporate Officers.** With approval of the Board of Directors, the CEO may select the COO, EVP and CFO. The CEO may appoint, and may empower the COO or EVP to appoint, such other officers 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 the By-Laws or as the board of directors may from time to time determine.

4. **Removal and Resignation of Officers.** The board of directors of the corporation shall have the right to remove the CEO and appoint a replacement upon removal, death or resignation. Any removal of the chief executive shall be done in a scheduled meeting at which the CEO is present, and has a right to participate in the decision making process.

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 the CEO of the corporation, or by any officer appointed by the CEO to remove such officer.

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 such notice or at any later time specified in such notice; and, unless otherwise specified in such notice, the acceptance of such

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 resigning officer is a party.

5. **Vacancies in Offices.** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these By-Laws for regular appointments to such office.

6. **Chairman of the Board.** The chairman of the board, if such an officer be chosen, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as from time to time may be assigned to him by the board of directors or prescribed by these By-Laws. If there is no president, the chairman of the board shall in addition be the chief executive officer of the corporation and shall have the powers and duties prescribed in Section 7 of this Article V.

7. **Chief Executive Officer.** 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 CEO shall be the chief executive officer and or president 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 shareholders and, in the absence of the chairman of the board or if there is none, 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 and/or CEO of a corporation and shall have such other powers and duties as may be prescribed by the board of directors or these By-Laws. The CEO, acting alone, has the specific power and authorization to negotiate loans for the corporation and by his signature alone, execute such documents as may be necessary to effect such loans, including, but not limited to the execution of promissory notes and other evidence of indebtedness.

8. **Vice Presidents.** In the absence or disability of the president/CEO, the Executive vice president, if any, in order of their rank as fixed by the board of directors or, if not ranked, an Executive vice president designated by the CEO and/or 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 CEO. The Executive vice president shall have such other powers and perform such other duties as from time to time may be prescribed for them by the board of directors, the chairman of the board, the CEO or these By-Laws.

9. **Secretary.** The secretary shall keep or cause to be kept, at the principal executive office 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 shareholders, with the time and place of holding, whether regular or special and, if special, how authorized, the notice given, the names of those present at board meetings or committee meetings, the number of shares present or represented at meetings of shareholders and the proceedings.

The secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolutions of the board of directors, a share register or a duplicate share register showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for the same 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 shareholders and of the board of directors required by these By-Laws or by law to be given and he shall keep

in safe custody the seal of the corporation, if one be adopted, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these By-Laws.

10. **Treasurer and Chief Financial Officer.** The treasurer and chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of account 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 and chief financial officer shall deposit all money and other valuables in the name, and to the credit, of the corporation with such depositories 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 chief financial officer 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 By-Laws.

ARTICLE VI INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND OTHER AGENTS

1. **Agent, Proceedings and Expenses.** For the purposes of this Article, "agent" means any person who is or was a director, officer, employee or other 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; or was a director, officer, employee or agent of a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "expenses" includes, without limitation, attorney fees and any expenses of establishing a right to indemnification under Section 4 or Section 5(c) of this Article VI.

2. **Actions Other than by the Corporation.** The corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that such person did not act in good faith and in a manner which such person reasonably believed to be in the best interests of the corporation or that such person had reasonable cause to believe that such conduct was unlawful.

3. **Actions by the Corporation.** The corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was an agent of the corporation, against expenses actually and reasonably incurred by such person in

connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation and its shareholders. No indemnification shall be made under this Section 3 for any of the following:

(a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation and its shareholders, unless and only to the extent that the court in which the proceeding was brought shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for expenses and then only to the extent that the court shall determine.

(b) Of amounts paid in settling or otherwise disposing of a proceeding without court approval.

(c) Of expenses incurred in defending a proceeding which is settled or otherwise disposed of without court approval.

4. **Successful Defense by Agent.** To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in Section 2 or 3 of this Article VI, or in defense of any claim, issue or matter therein, such agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

5. **Required Approval.** Except as provided in Section 4 of this Article VI, any indemnification under this Article VI shall be made by the corporation only if authorized in the specific case on a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article VI, by any of the following:

(a) A majority vote of a quorum consisting of directors who are not parties to such proceeding.

(b) If such a quorum of directors is not obtainable, by independent legal counsel in a written opinion.

(c) Approval by the affirmative vote of a majority of the shares of the corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding shares entitled to vote. For this purpose, the shares owned by the person to be indemnified shall not be considered outstanding or entitled to vote thereon.

(d) By order of the court in which the proceeding is or was pending, on application made by the corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by such agent, attorney or other person is opposed by the corporation.

6. **Advance of Expenses.** Expenses incurred in defending any proceeding may be advanced by the corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount if it shall be determined ultimately that the agent is not entitled to be indemnified as authorized in this Article VI.

7. **Rights to Indemnity.** The indemnification provided by this Article VI shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in an official capacity and as to action in another capacity while holding such office, to the extent such additional rights to indemnification are authorized in the articles of the corporation. The rights to indemnity hereunder shall continue as to a person who has ceased to be an agent and shall inure to the benefit of the heirs, executors and administrators of the person. Nothing contained in this section shall affect any right to indemnification to which persons other than such agents may be entitled by contract or otherwise.

8. **Other Contractual Rights.** Nothing contained in this Article VI shall affect any right to indemnification to which persons other than agents of the corporation may be entitled by contract or otherwise.

9. **Limitations.** No indemnification or advance shall be made under this Article VI, except as provided in Section 4 or Section 5(c), in any circumstance where it appears:

(a) that it would be inconsistent with a provision of the articles, these By-Laws, a resolution of the shareholders or an agreement in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

10. **Insurance.** Upon and in the event of a determination by the board of directors of the corporation to purchase such insurance, the corporation shall purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by such agent in such capacity or arising out of such agent's status as such whether or not the corporation would have the power to indemnify such agent against such liability under the provisions of this Article VI.

11. **Fiduciaries of Corporate Employee Benefit Plan.** This Article VI does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation as defined in Section 1 of this Article VI. Nothing contained in this Article VI shall limit any right to indemnification to which such a trustee, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

ARTICLE VII

BOOKS AND REPORTS

1. **Maintenance and Inspection of Share Register.** The corporation shall keep at its principal executive offices or at the office of its transfer agent or registrar, if either be designated and as determined by resolution of the board of directors, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each shareholder.

A shareholder or shareholders of the corporation holding at least 5% in the aggregate of the outstanding voting shares of the corporation may (i) inspect and copy the record of shareholders' names and addresses and share holdings during usual business hours, on five days prior written demand on the corporation, and (ii) obtain from the transfer agent of the corporation, on written demand and on the tender of such transfer agent's usual charges for such list, a list of the names and addresses of the shareholders who are entitled to vote for the election of directors, and their share holdings, as of the most recent record date for which such list has been compiled or as of a date specified by such shareholder or shareholders after the date of demand. Such list shall be made available to any such shareholder by the transfer agent on or before the later of five days after the demand is received or the date specified in the demand as the date as of which such list is to be compiled. The record of shareholders shall also be open to inspection on the written demand of any shareholder or holder of a voting trust certificate, at any time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate. Any inspection and copying under this Section 1 may be made in person or by an agent or attorney of the shareholder or a holder of a voting trust certificate making the demand.

2. **Maintenance and Inspection of By-Laws.** The corporation shall keep at its principal executive office or, if its principal executive office is not in the State of Texas, at its principal business office in the State of Texas, the original or a copy of these By-Laws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of Texas and the corporation has no principal business office in the State of Texas, the secretary shall, upon the written request of any shareholder, furnish to such shareholder a copy of these By-Laws as amended to date.

3. **Maintenance and Inspection of Other Corporate Records.** The accounting books and records and minutes of proceedings of the shareholders and the board of directors shall be kept at such place or places as may be designated by the board of directors or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written form and the accounting books and records shall be kept either in written form or in any other form capable of being converted into written form. The minutes and accounting books and records shall be open to inspection upon the written demand of any shareholder or holder of a voting trust certificate, at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as a holder of a voting trust certificate. The inspection may be made in person or by an agent or attorney and shall include the right to copy and make extracts. The rights of inspection set forth in this Section 3 shall extend to the equivalent records of each subsidiary corporation of the corporation.

4. **Inspection by Directors.** Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. Such inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of all documents.

5. **Annual Report to Shareholders.** The annual report to shareholders is expressly dispensed with, but nothing herein shall be interpreted as prohibiting the board of directors from issuing annual or other periodic reports to the shareholders of the corporation as they consider appropriate.

6. **Financial Statements.** A copy of any annual financial statement and any income statement of the corporation for each quarterly period of each fiscal year, and any accompanying balance sheet of the corporation as of the end of each such period, that has been prepared by the corporation shall be kept on file in the principal executive office of the corporation for 12 months and each such statement shall be exhibited at all reasonable times to any shareholder demanding an examination of any such statement or a copy shall be mailed to any such shareholder.

If a shareholder or shareholders holding at least 5% of the outstanding shares of any class of stock of the corporation makes a written request to the corporation for an income statement of the corporation for the three-month, six-month or nine-month period of the then current fiscal year ending more than 30 days before the date of the request and a balance sheet of the corporation as of the end of such period, the chief financial officer shall cause such statement to be prepared, if not already prepared, and shall deliver personally or mail such statement to the person making such request within 30 days after the receipt of such request. If the corporation has not sent to the shareholders its annual report for the last fiscal year, this report shall likewise be delivered or mailed to the shareholder or shareholders within 30 days after such request.

The corporation shall also, on the written request of any shareholder, mail to the shareholder a copy of the last annual, semi-annual or quarterly income statement which it has prepared and a balance sheet as of the end of that period.

The quarterly income statements and balance sheets referred to in this Section 6 shall be accompanied by the report, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

7. **Initial List and Resident Agent.** The corporation shall file with the Secretary of State of Texas, as and when required and on the prescribed form, the Initial List and Resident Agent Form in compliance with Texas Statute.

ARTICLE VIII GENERAL CORPORATE MATTERS

1. **Record Date for Purposes Other Than Notice and Voting.** For purposes of determining the shareholders entitled to receive any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action (other than action by shareholders by written consent without a meeting), the board of directors may fix, in advance, a record date, which shall not be more than 60 days before any such action, and in such case only shareholders of record on the date so fixed are entitled to receive such dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any shares on the books of the corporation after the record date so fixed, except as otherwise provided in Texas Statute.

If the board of directors does not so fix a record date, the record date for determining shareholders for any such purpose shall be at the close of business on the day on which the board adopts the applicable resolution or the sixtieth day before the date of such action, whichever is later.

2. **Checks, Drafts, Evidences of Indebtedness.** All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the board of directors. Notwithstanding the foregoing, the CEO, Executive vice president, and CFO of the corporation are specifically authorized and empowered to execute and endorse all checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the corporation.

3. **Corporate Contracts and Instruments; How Executed.** The board of directors, except as otherwise provided in these By-Laws, may authorize any officers, agent or agents to enter into any contract or execute any instrument in the name of and for the corporation, and such authority may be general or confined to specific instances; and, unless so authorized or ratified by the board of directors or within the agency power of any 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 in any amount. Notwithstanding the foregoing, the CEO, Executive vice president, and CFO of the corporation, acting alone with no countersignature required, are specifically authorized to enter into any contract or execute any instrument in the name of and for the corporation, and has the specific power and authority to bind the corporation by any contract and engagement and to pledge its credit and render the corporation liable for any purpose or in any amount.

4. **Certificates for Shares.** A certificate or certificates for shares of the capital stock of the corporation shall be issued to each shareholder when any of such shares are fully paid; the board of directors may authorize the issuance of certificates or shares as partly paid provided that such certificates shall state the amounts of the consideration paid and owing. All certificates shall be signed in the name of the corporation by the chairman of the board or vice chairman of the board or the President / CEO or Executive vice president or by the chief financial officer or an assistant treasurer or the secretary or any assistant secretary, certifying the number of shares and the class or series of shares owned by the shareholder. Any or all of the signatures on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed on, a certificate shall have 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 such person were an officer, transfer agent or registrar at the date of issue.

5. **Lost Certificates.** Except as provided in this Section 5, no new certificate for shares shall be issued to replace an old certificate unless the latter is surrendered to the corporation and cancelled at the same time. The board of directors may, in case any share certificate or certificate for any other security is lost, stolen or destroyed, authorized the issuance of a replacement certificate on such terms and conditions as the board may require, including a provision for indemnification of the corporation secured by a bond or other adequate security sufficient to protect the corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of the certificate or the issuance of the replacement certificate.

6. **Representation of Shares of Other Corporations.** The chairman of the board, the President / CEO, any vice president or any person either authorized by the board of directors or by any of the foregoing designated officers is authorized to vote on behalf of the corporation any and all shares of any other corporation or corporations standing in the name of the corporation. The authority granted to such officers to vote or represent on behalf of the

corporation any and all shares held by the corporation in any other corporation or corporations may be exercised by any of such officers in person or by any person authorized to do so by a proxy duly executed by such officers.

7. **Construction and Definitions.** Unless the context requires otherwise, the general provisions, rules of construction and definitions in Texas Statute shall govern the construction of these By-Laws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, any indication of gender includes both genders and the term "person" includes a corporation, a natural person, an association and a partnership.

ARTICLE IX AMENDMENTS

1. **Amendment by Shareholders.** New By-Laws may be adopted or these By-Laws may be amended or repealed by the vote or written consent of holders of a majority of the outstanding shares entitled to vote; provided, however, that if the Articles of Incorporation set forth the number of authorized directors of the corporation, the authorized number of directors may be changed only by an amendment of such Articles of Incorporation.

2. **Amendment by Directors.** Subject to the rights of the shareholders as provided in Section 1 of this Article IX, By-Laws, other than a by-law or an amendment of a by-law changing the authorized number of directors, if such number is fixed, or the maximum and minimum limits thereof, if an indefinite number, may be adopted, amended or repealed by the board of directors.