

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2015

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

For the transition period from _____ to _____

Commission file number 0-53259

POWERDYNE INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Delaware

20-5572576

(State or other jurisdiction of
incorporation or organization)

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

Jefferson Place
100 Jefferson Blvd, Suite 200
Warwick, Rhode Island 02888

Registrant's telephone number, including area code: (401) 739-3300

Securities registered pursuant to Section 12(b) of the Act: None
Name of each exchange on which registered: None

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

Common Stock, \$.0001 par value per share
(Title of class)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes No

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

| | | | |
|-------------------------|--------------------------|---------------------------|-------------------------------------|
| Large Accelerated filer | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input checked="" type="checkbox"/> |

(do not
check if smaller reporting company)

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates as of June 30, 2015, the last day of the registrant's recently completed second quarter, was approximately \$740,109.00, based upon the average bid and asked price of such common equity on that date.

\$0 based on \$0 which was the closing price at which the registrant's common stock was last sold on that date

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date.

| <u>Class</u> | <u>Outstanding at December 31, 2015</u> |
|----------------------------------|---|
| Common Stock, par value \$0.0001 | 1,379,430,584 shares |

Documents incorporated by reference: None

POWERDYNE INTERNATIONAL, INC.
FORM 10-K

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PART I

Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K (this “Annual Report”) contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that involve substantial risks and uncertainties. The forward-looking statements are contained principally in Part I, Item 1. “Business,” and Part II, Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” but are also contained elsewhere in this Annual Report. In some cases you can identify forward-looking statements by terminology such as “may,” “should,” “potential,” “continue,” “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” and similar expressions. These statements are based on our current beliefs, expectations, and assumptions and are subject to a number of risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. Such risks and uncertainties include the risks noted under there are factors that may cause our actual results to differ materially from those expressed or implied by our forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this Annual Report will prove to be accurate. Furthermore, if our forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by us or any other person that we will achieve our objectives and plans in any specified time frame, or at all. We do not undertake any obligation to update any forward-looking statements.

Unless the context requires otherwise, references to “we,” “us,” “our,” and “Powerdyne,” refer to Powerdyne International, Inc.

ITEM 1. BUSINESS

Overview

We are a company which provides independent, cost-effective, green electrical power through the leasing of electrical generation equipment under the trade name “PDI Power Solutions”. To date, we have entered into one agreement for the leasing of our equipment that has generated \$752 in revenue. Our PDI Power Solution is a customized green power solution which allows a client to operate either independent of the grid (forming his own micro-grid) with the option for cogeneration (CHPC) or to operate while allowing the grid to act as a UPS System (uninterruptable power supply) if he chooses. Each PDI Power Solution is customized to meet our individual client’s unique power requirements. This is accomplished by using a modular design approach for the integration of all the components which make up each system. A typical PDI Power Solution is made up of a generator (gaseous), system controller (which allows for remote diagnostics, monitoring and control of a parallel generator system), a modified cooling system, an optional heat exchanger or chiller all packaged in either a weather proof/sound attenuated enclosure. Cogeneration capability CHPC (combination heat/power/cooling) is achieved by adding a closed loop cooling system to the generators—with the addition of a heat exchanger and/or chiller. The heat exchanger produces hot water which can be used for heating and/or for preheating water. The chillers provide cooling to support air conditioning or refrigeration needs. PDI Power Solutions are intended to be either stationary or portable power systems ready for rapid global deployment taking only a few hours for installation. These systems can be packaged into modules which will provide as much as 50 megawatts of power.

We intend to acquire all the components needed to make a PDI Power Solution and either have them installed at the generator manufacturer's facility to our specifications or integrated at the client's site. We have developed strategic alliances with both our generator manufacturer and installation contractor to allow assembly of the system's component parts either at the manufacturer's or client's facility.

Our potential customers include a variety of small to medium size manufacturing companies, hotels and commercial enterprises worldwide. In addition our power solutions are ideal for such large end users such as seaports, commercial laundries, airports and the like. However, we initially intend to focus our marketing and sales efforts in the Caribbean and California markets, where we believe there is a great need for independent cost effective reliable power. The equipment lease that we recently entered into is for the leasing of a PDI Power Solutions in Puerto Rico. Once established in the Caribbean and California, we intend to expand our marketing throughout North America and as we move into other regions in North America we plan to increase the power ratings of the PDI Power Solutions to include multi-megawatt power generating systems.

On March 11, 2015, we entered into our first equipment lease with Farmacia Brisas del Mar, a Puerto Rican corporation (the "Lessee"); the agreement is for a term of five years. The custom designed system will also be able to provide cogeneration capabilities with the addition of chillers to support the customer's air conditioning needs. The agreement provides for a payment to us of a monthly fee equal to the greater of a set monthly base rate or a monthly base rate plus an additional amount based on kilowatt wattage. The agreement provides for termination only in the event of nonperformance by us unless Lessee pays all payments due for the remainder of the term. The agreement contains representation and warranties, default provisions and indemnification provisions typical for agreements of this type.

We have a brief history in our current line of business and have experienced losses since our inception. As shown in the financial statements, we have incurred an accumulated deficit of \$3,189,717 from inception to December 31, 2015 and our independent registered public accounting firm has issued language in their audit report raising substantial doubt about our ability to continue as a going concern.

Products

Our product (PDI Power Solution) is a self-contained generator powered by a gaseous fueled engine which drives an electrical generator. The unit runs on natural gas, propane or other gaseous fuels; it is compact, lightweight and clean burning. As a result, the units produce low emissions and are energy-efficient.

The basis of our overall business is founded on the ability to produce electrical power using state-of-the-art technology to produce electricity at a lower cost than the existing means of producing or providing primary electric power (Spark Price: the difference between the cost of electricity provided by the utility company and the cost of electricity produced by a PDI Power Solution), in its target markets. We expect that the difference between our cost to produce electrical power and the current billing rate of existing local utility providers will present savings for our customers and a continual revenue stream for us.

The basic PDI Power Solution consists of three active components; a generator, system controller, and paralleling switch gear all mounted onto a common skid. The controller, switch gear and skid are all commercially available from multiple manufacturers built to our specifications. They are custom built to meet both our specifications as well as the customer's specific power requirements. The PDI Power Solution can also have the option of having cogeneration capabilities of producing a combined heat power and cooling by adding custom integrated chillers and heat exchangers. These components once assembled onto the skid, can be put inside a weather and sound attenuated enclosure for stationary application or slid into a container and then mounted on a set of wheels for mobile and rapid deployment. The modular design approach allows for interchangeable components which allows for any component to be switched out as newer more cost effective technology becomes available. We believe this gives us the competitive advantage of upgrading a PDI Power Solution with new technology at the customer's facility without replacing the entire system.

Business Model

We plan to develop our business, producing and distributing primary electrical power and cogeneration CHCP capabilities through the PDI Power Solution product offerings, under long term master lease agreements, similar to the one we signed with Farmacia Brisas del Mar, at fixed base rates plus a fixed rate for the use of incremental power above the fixed rate. Installation, service and maintenance of the PDI Power Solution are initially being provided through independent contractors, at no cost to the customer.

We intend to provide a viable alternative for local utilities to reduce the demand on the primary grid by using our equipment and power, thereby increasing the limits and capabilities of the primary grid. By using our equipment, we expect that the customer will be able to solve several problems at once. First, expensive and polluting diesel units are replaced with cost-efficient, greener gensets. Second, the customer's cost to produce the electrical power is reduced. Third, savings go directly to the bottom line on a monthly basis, no need to apply for energy credit annually. Fourth, maintenance is provided exclusively by us, thereby allowing the customer to reduce its workforce. Fifth, any tank farms and all other diesel support equipment or infrastructure can be dismantled and removed from the customer's site.

Our History

Our company was incorporated in the State of Delaware in September 2006 and was formerly known as Greenmark Acquisition Corporation ("Greenmark"). On February 7, 2011, Greenmark Acquisition Corporation and Powerdyne, Inc., a Nevada corporation ("Powerdyne Nevada"), merged with Greenmark as the surviving company. Powerdyne Nevada was formed in February 2010 in the State of Nevada and had limited operations until the time of its combination described above. As part of the merger, Greenmark Acquisition Corporation, the surviving entity, changed its name to Powerdyne International, Inc. Prior to the merger, Greenmark did not have any ongoing business or operations and was established for the purpose of completing mergers and acquisitions with a target company, such as Powerdyne Nevada.

The Market

Our market is global and our primary focus is on placing PDI Power Solutions in manufacturing and commercial operations, as well as any other existing independent power generation application that requires high quality, steady electrical power generation. We intend to lease our units based on usage to allow customers to generate electricity on a 24/7 basis. The PDI Power Solution is ideal for any medium to large commercial user wherein electricity can be delivered to the user's location on a cost effective, reliable basis.

Entry into the Market

We plan to enter selected Target markets (i.e. the Caribbean and California) based upon the Sparks Spread. These markets were selected because we believe they have the greatest potential for immediate acceptability of the PDI Power Solution Due to cost and reliability as well as offering the greatest profit potential. Once established, we plan to expand further into the Caribbean and North American markets using the same criteria: Spark Spread and profitability.

Pricing

Our intent is to provide electrical power at a lower price than the current utility companies. The PDI Power Solution pricing is based on the Spark Spread (the difference between the cost of electricity provided by the utility company and the cost of electricity produced by a PDI Power Solution.) Based on this model the PDI Power Solutions can typically offer a Spark Price of 15%. If we use the Caribbean as an example with an average electric rate of \$0.30/kWh, and a Spark Price of \$0.05/kWh, then a client using 150,000 kWh per month would expect to save \$90,000 a year using a PDI Power Solution which, in turn, would yield \$450,000 in revenue per year for the five year life of the contract.

Employees

We have a total of three (3) executive officers, only one of whom, Ms. Madison, is employed on a full time basis and receives a salary. The remaining officers will not receive any compensation until, and if, we raise or procure adequate capital (through operations, financings or otherwise) to pay such compensation.

We expect that we will hire additional personnel as we expand our operations.

Our History

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Available Information

Additional information about us is contained at our website, www.powerdyneinternational.com. Information on our website is not incorporated by reference into and does not form any part of, this Annual Report on Form 10-K. We have included our website our address as a factual reference and do not intend it to be an active link to our website.. We make available on our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through the investor relations page of our internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC as soon as reasonably practicable after those reports are filed with the SEC.

Our phone number is (401) 739-3300 and our facsimile number is (401) 734-9889

ITEM 2. PROPERTIES

Our corporate headquarters are located in a full service office suite located in a building in Warwick, Rhode Island, consisting of approximately 1,000 square feet of office space on a month-to-month lease agreement with a monthly rent of \$500. We believe that our existing facilities are suitable and adequate and that we have sufficient capacity to meet our anticipated needs.

Additional locations may be needed in the future, primarily administrative in nature; however some may also need to be both administrative as well as support field service offices and a warehouse facility for service inventory. The decision to open addition locations will be market driven. Based on the strategic relationships that have developed with our generator suppliers and contractors, we do not see the need for manufacturing space for the foreseeable future.

ITEM 3. LEGAL PROCEEDINGS

Litigation

The Company is not involved in any legal proceedings and is not aware of any threatened or imminent legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

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

Since our common stock began trading in May of 2013 our common stock has been quoted on the OTC Bulletin Board under the symbol PWDY.

The following table sets forth the range of the high and low sales prices of our common stock for each of the calendar quarters during the years ended December 31, 2015 and December 31, 2014.

| OTC Bulletin Board | High | Low |
|---|-------------|------------|
| 1 st Quarter | \$ 0.02 | \$ 0.01 |
| 2nd Quarter | \$ 0.014 | \$ 0.0016 |
| 3rd Quarter | \$ 0.015 | \$ 0.0016 |
| 4th Quarter | \$ 0.0009 | \$ 0.0012 |
| <i>Year Ended December 31, 2014</i> | | |
| 1 st Quarter | \$ 0.0039 | \$ 0.0005 |
| 2nd Quarter | \$ 0.0013 | \$ 0.0003 |
| 3rd Quarter | \$ 0.0010 | \$ 0.0003 |
| <i>Year Ending December 31, 2015</i> | | |

The last price of our common stock as quoted on the OTC Bulletin Board was \$0.0003. As of December 31, 2015 we had approximately 33 stockholders of record.

Dividend Policy

We have never paid nor declared any cash dividends on our common stock to date, and do not anticipate paying such cash dividends in the foreseeable future. Whether we declare and pay dividends is determined by our Board of Directors at their discretion, subject to certain limitations imposed under Delaware corporate law. The timing, amount and form of dividends, if any, will depend on, among other things, our results of operations, financial condition, cash requirements and other factors deemed relevant by our Board of Directors

Equity Compensation Plan Information

Our board of directors adopted the 2014 Stock Option Plan (the "Plan") in 2014 to promote our long-term growth and profitability by (i) providing our key directors, officers and employees with incentives to improve stockholder value and contribute to our growth and financial success and (ii) enable us to attract, retain and reward the best available persons for positions of substantial responsibility. A total of 100,000,000 shares of our common stock have been reserved for issuance upon exercise of options granted pursuant to the Plan. The Plan allows us to grant options to our employees, officers and directors and those of our subsidiaries; provided that only our employees and those of our subsidiaries may receive incentive stock options under the Plan. We have granted a total of 0 shares of stock as of December 31, 2015 under the Plan.

Set forth below is detail with respect to issuances under the Plan.

| Plan category | Number of securities issued under equity compensation plan | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans |
|--|---|---|---|
| Equity compensation plans approved by security holders | | | |
| Equity compensation plans not approved by security holders | | | |
| Total | -0- | -0- | 100,000,000 |

Sale of Unregistered Securities

We did not sell any equity securities during the fiscal year ended December 31, 2015 in transactions that were not registered under the Securities Act of 1933, as amended, other than as previously disclosed in our filings with the Securities and Exchange Commission.

Issuer Purchases of Equity Securities

There were no issuer purchases of equity securities during the fiscal year ended December 31, 2015.

ITEM 6. SELECTED FINANCIAL DATA

There is no selected financial data required to be filed for a smaller reporting company.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL INFORMATION AND RESULTS OF OPERATIONS

We are an operational company which has experienced losses since our inception. Our independent auditors have issued a report raising a substantial doubt about our ability to continue as a going concern. We have only entered into one agreement for the leasing of our equipment to date and have not yet derived any revenue from such agreement. Our sources of cash to date have been capital invested by shareholders and venture capital investors/lenders. Our only revenue, \$752, has come from our one outstanding equipment lease agreement.

The basis of our overall business is founded on our ability to produce electrical power using state-of-the-art technology to power electrical generation equipment to produce electricity at a lower cost than the existing means of producing or providing primary electric power in its target markets. We expect that the difference between our cost to produce electrical power and the current billing rate of existing local utility providers will present savings for our customers and revenue opportunity for us.

Our business is to install and maintain, own and operate electrical power generation equipment ("gensets") at client locations. We will own and maintain the equipment to be installed with the customer who will use it to produce its own electrical power. Our products are intended to be portable, easy-to-use units that can be conveniently deployed in various locations around the world. The units can also be assembled and combined to produce power centers providing up to 50 megawatts of power.

The following discussion contains forward-looking statements, as discussed above. Please see the sections entitled "Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these forward-looking statements.

The following discussion and analysis of our financial condition and results of operations are based on the audited condensed financial statements as of December 31, 2015 and 2014, which were prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015 found in this report.

Operations

Our strategy is to pursue selected opportunities in markets where inexpensive and environmentally friendly power sources are needed and/or required.

Results of Operations - The year ended December 31, 2015 compared to the year ended December 31, 2014:

Revenues

We did not generate any revenue during the year ending December 31, 2014 and generated revenues of \$752 during the year ending December 31, 2015, respectively.

Operating expenses

During the year ended December 31, 2015 total operating expenses increased 8.60% to \$407,101 from \$374,840 for the year ended December 31, 2014. The increase is related mainly due to \$120,254 in salaries and wages because of a reversal of accrued payroll in 2014, \$17,709 in outside sales consultant expense, \$9,307 in filing fees, \$12,875 in materials and supplies, and \$128,500 in non-employee stock compensation. This increase was offset by decreases of \$15,381 in interest expense, \$20,419 in legal and accounting, \$103,725 in PR and promotion, \$97,703 in employee stock compensation, and \$38,484 in loss impairment of equipment.

Net loss

During the years ended December 31, 2015 and 2014, the net loss was \$539,060 and \$1,068,733, respectively. Other expenses included amortization of debt expense and derivative expense from the notes issued to investors and change in fair value of derivatives related to the note issuances.

Liquidity and Capital Resources

As of December 31, 2015 and 2014, Powerdyne International, Inc. had working capital deficits of (\$373,708) and (\$628,477), respectively. The increase in working capital in 2015 of \$254,769 resulted primarily from increased operating expenses of \$247,888, increased investing activities of \$39,956, and increase in financing activities of \$287,101. For the year from December 31, 2014 to December 31, 2015, Powerdyne International, Inc. had \$343 of net cash decrease. The cash used by operations of \$247,888 was primarily due to net loss from operations of \$539,060 less non-cash adjustments to net operating cash flows of \$10,925 of depreciation, \$139,800 in stock compensation, \$62,979 of derivative and interest expense, \$138,260 of amortization of debt discounts, a negative change of \$50,345 in change in fair value of derivatives, a decrease in due to related party of \$8,425, a decrease of accrued but unpaid expenses of \$1,166, and a decrease of taxes payable of \$456. The total cash used by investing activities of \$39,956 was due to purchases of equipment. The total cash provided by financing activities of \$287,101 was due to \$26,500 of proceeds of notes payable to third parties, \$263,000 of proceeds from notes payable to related parties, less repayment of principal on notes payable to related parties of \$2,399.

We currently owe principal in the amount of \$371,605 (exclusive of interest) under notes due to related parties, of which \$16,100 is due February 2016, \$8,000 is due March 2016, \$22,147 is due May 2016, \$5,973 is due July 2016, \$6,000 is due August 2016, \$6,000 is due September 2016, \$13,000 is due December 2016, \$25,000 is due January 2017, \$35,000 is due February 2017, \$40,000 is due April 2017, \$30,000 is due May 2017, \$45,000 is due June 2017, \$25,000 is due July 2017, \$15,000 is due August 2017, \$13,000 is due September 2017, \$28,102 is due October 2017, \$16,049 is due November 2017, and \$22,234 is due December 2017. To date, we have generated revenue of \$752, however there can be no assurance that we will have the requisite funding to repay these loans when due.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts during the reporting periods. Actual results could differ from those estimates. Significant estimates and assumptions included in our financial statements relate to estimate of loss contingencies and accrued other liabilities.

Fair Value of Financial Instruments

ASC 820-10 (formerly SFAS No. 157, *Fair Value Measurements*) requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. ASC 820-10 defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of December 31, 2015 and 2014, the carrying value of certain financial instruments such as accounts receivable, accounts payable, notes payable-related parties, accrued expenses, and amounts due to/from related party approximates fair value due to the short-term nature of such instruments.

Impairment of Long-Lived Assets

In accordance with ASC 350-30 (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), we evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that their then carrying values may not be recoverable. When such factors and circumstances exist, we compare the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. Our management currently believes there is no impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for our products under development will continue. Either of these could result in future impairment of long-lived assets.

Recently Issued Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-10 since the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15, which is effective for annual reporting periods ending after December 15, 2016, extends the responsibility for performing the going-concern assessment to management and contains guidance on how to perform a going-concern assessment and when going-concern disclosures would be required under U.S. GAAP. The Company elected to adopt ASU 2014-15 effective with this financial statement. Management's evaluations regarding the events and conditions that raise substantial doubt regarding the Company's ability to continue as a going concern have been disclosed in this Note 5.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements and Report of Independent Registered Accounting Firm for the years ended December 31, 2015 and 2014 are attached to this report.

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

The Company had no disagreements on any matter of accounting principle or practice, financial statement disclosure or audit scope or procedure with its accountant.

ITEM 9A. CONTROLS AND PROCEDURES

We have adopted and maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the reports filed under the Exchange Act, such as this Annual Report on Form 10-K, is collected, recorded, processed, summarized and reported within the time periods specified in the rules of the SEC. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to management to allow timely decisions regarding required disclosure. As required under Exchange Act Rule 13a-15, our management, including the Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report on Form 10-K, have concluded that, based on such evaluation, that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Management's Report of Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15. Our internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act as a process designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements. Management conducted an assessment of our internal control over financial reporting as of December 31, 2015 based on the framework and criteria established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Based on the assessment, management concluded that, as of December 31, 2015, our internal control over financial reporting was effective based on those criteria.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures and our internal control processes will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that the breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

Anton & Chia, the independent registered public accounting firm, is not required to and has not issued an attestation report on the effectiveness of the internal control over financial reporting.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during our fiscal quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

There is no information required to be disclosed on Form 8-K during the fourth quarter covered by this Form 10-K not otherwise reported.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

Our Directors and Officers are as follows:

| <u>Name</u> | <u>Age</u> | <u>Position</u> | <u>Year Commenced As An Officer Or Director</u> |
|--------------------------|------------|--|---|
| James F. O'Rourke | 61 | Chief Executive Officer and Director | 2014 |
| Arthur M. Read, II, Esq. | 69 | Executive Vice President, General Counsel and Director | 2010 |
| John M. Faulhaber | 82 | Director | 2014 |
| Robert C. Hemsen | 67 | Director | 2014 |
| Linda H. Madison | 68 | Secretary / Treasurer | 2011 |

James F. O'Rourke

James F. O'Rourke serves as Chief Executive Officer and Director of the Company. He attended Lowell Technological Institute. With over thirty-five years' experience in manufacturing from design conception to production as well as in acquisitions, mergers and managing the operational side of startup businesses, Mr. O'Rourke (the Vice Present and General Manager of SatCon Technology Corporation, the Manager of Drive Systems for its Applied Technology business unit and the Manager of its Magmotor business unit) was responsible for SatCon's day-to-day operation and subsequently was instrumental in the formation of SatCon's successor: SatCon Power Systems. Mr. O'Rourke then founded CM Technology (which designs and manufactures custom motors for the automotive, industrial and robotic markets as well as high power rotary uninterruptable power supplies (RUPS) for the distributed generation, industrial, telecommunication, cloud data center and power quality markets). Mr. O'Rourke, who is still actively involved in CM, joined Powerdyne as a consultant in 2013 and was elected its CEO and a Director in 2014. Due to Mr. O'Rourke's knowledge of our industry and his manufacturing experience we selected him to serve as a director.

Arthur M. Read, II, Esq.

Arthur M. Read, II, Esq., serves as Executive Vice-President, General Counsel and as a Director of the Company. Mr. Read received his Bachelor of Arts degree from Bethany College in 1968, his Masters of Arts degree from the University of Rhode Island in 1971 and his Juris Doctor degree from Boston University School of Law in 1972. From 1972-2001, Mr. Read was an Associate, then Stockholder and Vice-President of Gorham & Gorham, Inc. an established Rhode Island law firm, with whom he was engaged in the general practice of law with an emphasis on litigation, commercial and business matters—and had an extensive appellate practice. In 1974, Mr. Read was appointed a Special Assistant Attorney General by the Rhode Island Attorney General. In 2001, Mr. Read formed his own law practice. Admitted to practice before the Rhode Island Supreme Court; United States District Court, District of Rhode Island; United States Supreme Court; United States Tax Court; and United States Court of Appeals. Martindale-Hubble (the nationally renowned attorney rating service) has awarded Mr. Read both the highest Peer Review rating: "AV® Preeminent™" and Client Review rating: "Preeminent". Mr. Read is a member of the Rhode Island Bar Association, the Rhode Island and American Associations for Justice. Mr. Read's extensive legal, commercial and business experience qualifies him to serve as a director.

Robert C. Hensen

Robert C. Hensen, serves as a director and the Vice-Chairman of the Board of Directors. Mr. Hensen graduated from Adelphi University with both a BBA and MBA. An Honorable Discharged Air Force veteran, Mr. Hensen worked in various business positions of increasing responsibility, including fifteen years in executive positions, in the merged or acquired business units of Honeywell International. These would include assignments in FRAM/Autolite, Bendix Corporation, Allied and AlliedSignal Corporations. Hensen joined IBM in 1994 after nearly twenty-five years with Honeywell International. His industrial experience involved business units in Aerospace & Defense, Automotive OEM & Aftermarket Products, Chemicals & Specialty Materials and Information Technology & Services. He retired from IBM as its Director of Human of Resources, Corporate Development, Mergers and Acquisitions. Due to Mr. Hensen's commercial and business experience we selected him to serve as a director

John M. Faulhaber

John M. Faulhaber serves as a Director and Chairman of the Board of Directors. A graduate of The Choate School (now Choate Rosemary Hall) and Middlebury College, Mr. Faulhaber served in and was honorably discharged from the United States Army as a Captain. He thereafter worked as a broker in New York City for an international stock brokerage firm for twelve years before becoming a Trust Officer and Vice President at the Private Bank of Rhode Island Hospital Trust National Bank, where he served until his retirement. He was subsequently elected the Grand Secretary of the Grand Lodge of Freemasons for the State of Rhode Island for thirteen years until his subsequent, semi-final, retirement. Mr. Faulhaber has been a lecturer at Providence College in Military Science, has devoted a substantial amount of his volunteer time as a Boy Scout leader and is active in his church where he also took on leadership roles. Mr. Faulhaber's extensive experience with investments, money management and corporate governance qualify him to serve the corporation as a Director in a leadership role.

Linda H. Madison

Linda H. Madison serves as Secretary, Principal Financial and Accounting Officer of the Company. Ms. Madison has forty years of operational and managerial experience. For the period of eighteen years prior to joining the Company, she has served in the capacity of Administrative and Legal Assistant responsible for human resources, information technology, office coordination, creating various publications and designing and maintaining complex data bases. She previously worked as the Executive Secretary and Treasurer for a large investment advisory firm in Rhode Island.

Director Independence

Although our common stock is not listed on any national securities exchange, for purposes of independence we use the definition of independence applied by the NASDAQ Stock Market. The Board has determined that due to each director's relationship with us, that none of our directors is independent.

Audit Committee and Audit Committee Financial Expert

Our board of directors acts as our audit committee. Ivan Persiyanov is an "audit committee financial expert," as that term is defined in Item 407(d) of Regulation S-K promulgated under the Securities Act.

Upon evaluating our internal controls, our board of directors determined that our internal controls are adequate to ensure that financial information is recorded, processed, summarized and reported in a timely and accurate manner in accordance with applicable rules and regulations of the SEC.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act 1934 requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and our other equity securities. Officers, directors and greater than 10% shareholders are required by the SEC regulations to furnish us with copies of all Section 16(a) forms they file. These filings are publicly available on the SEC's website at www.sec.gov. Based solely on our review of the copies of such forms received by us and our review of the SEC's website, we believe that during fiscal year ended December 31, 2015, all filing requirements applicable to our officers, directors and greater than 10% percent beneficial owners were complied with other than an inadvertent late filing for Mr. O'Rourke of his Form 3 upon his appointment as an officer and director and a Form 4 for one stock acquisition, Mr. Read of a Form 4 for one stock acquisition, Mr. Barton for his Form 3 upon his appointment as an officer and a Form 4 for one stock acquisition, Mr. Caromile for his Form 3 upon his appointment as an officer and a Form 4 for one stock acquisition, Mr. Hensen for his Form 3 upon his appointment as a director and a Form 4 for three stock acquisitions, Mr. Euga for a Form 4 for one stock acquisition, Ms. Madison for her Form 3 upon her appointment as an officer in and a Form 4 for two stock acquisitions and Mr. Faulhaber for his Form 3 upon his appointment as a director and a Form 4 for one stock acquisition.

Code of Ethics

We have established and maintain a Code of Ethics which is applicable to all employees, officers, and directors. Our policy is designed to deter wrongdoing and to promote honest and ethical conduct and compliance with all applicable laws and regulations. It also communicates our expectations of our employees and helps enable us to provide accurate and timely disclosure in our filings with the SEC and other public communications. In addition, the policy incorporates guidelines pertaining to topics such as environmental compliance, health and safety compliance; diversity and non-discrimination; vendor relations, employee privacy; and business continuity.

We will provide any person without charge, upon written or oral request to our corporate headquarters, a copy of our Code of Ethics.

ITEM 11. EXECUTIVE COMPENSATION

| <u>Name/Position</u> | <u>Year</u> | <u>Annual Payments Salary</u> | <u>Annual Payments Made</u> | <u>Stock And Options</u> | <u>Compensation Plans</u> | <u>All Other Compensation</u> | <u>Annual Compensation Total</u> |
|---------------------------------|-------------|---------------------------------------|-------------------------------------|----------------------------------|-------------------------------|---------------------------------------|--|
| James F. O'Rourke | 2015 | \$ 0 | \$ 0 | 0 | 0 | 0 | 0 |
| Chief Executive Officer | 2014 | \$ 0 | \$ 0 | 0 | 0 | 0 | 0 |
| Arthur M. Read II, Esq. | 2015 | \$ 0 | \$ 0 | 0 | 0 | 0 | 0 |
| Vice President | 2014 | \$ 0 | \$ 0 | 0 | 0 | 0 | 0 |
| Linda H. Madison | | | | | | | |
| Principal Financial Officer and | 2015 | \$ 28,410.20 | \$ 0 | 0 | 0 | 0 | \$ 28,410.20 |
| Principal Accounting Officer | 2014 | \$ 18,004.86 | \$ 0 | 0 | 0 | 0 | \$ 18,004.86 |

No executive officer has received total compensation in excess of \$100,000 in our fiscal years ended as of December 31, 2014 and December 31, 2015, respectively. Upon successful completion future funding, however, certain management personnel are entitled to receive the compensation as is discussed below in “Anticipated Officer and Director Remuneration”.

Each of the officers has received certain shares of our common stock.

Other than with respect to Ms. Madison, there are no current plans to pay or distribute cash or non-cash bonus compensation to our officers, until such time as we are profitable or experience positive cash flow. However, the Board of Directors may allocate salaries and benefits to the officers in its sole discretion. No officer is subject to a compensation plan or arrangement that results from his or her resignation, retirement, or any other termination of employment with us or from a change in control of our company or a change in his or her responsibilities following a change in control. The members of the board of directors may receive, if the board of directors so decides, a fixed fee and reimbursement of expenses, for attendance at each regular or special meeting of the board of directors, although no such program has been adopted to date. We do not currently have any retirement, pension, or profit-sharing plan covering our officers and directors; however, we plan to implement such benefits after sufficient funds are realized or raised by us (see “Anticipated Officer and Director Remuneration” below.)

Officer and Director Remuneration

During the year ended December 31, 2015, we did not pay any compensation to our directors. We intend to pay annual salaries to all our officers and to pay an annual stipend to our directors when and if sufficient funds are realized. At such time, we anticipate offering cash and non-cash compensation to officers and directors.

Although not presently offered, we anticipate that our officers and directors will be provided with a group health, vision and dental insurance program at subsidizes rates, or at our sole expense , as may be determined on a case-by-case basis by us in ours sole discretion. In addition, we plan to offer 401(k) matching funds as a retirement benefit, paid vacation days and paid holidays.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information relating to equity awards outstanding at the end of December 31, 2015 for each Named Executive Officer.

| Name | Grant Date | Number of Securities Underlying Unexercised Stock Awards | Number of Securities Underlying Unexercised Stock Awards Exercisable | Number of Securities Underlying Unexercised Stock Awards Unexercisable | Grant Date fair value of Restricted Stock Awards (\$/share) |
|--------------------|------------|--|--|--|---|
| Arthur M. Read, II | 01/25/2016 | 30,000,000 | 30,000,000 | - | \$ 0.0002 |

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

The following table sets forth information as of the date of this report regarding the beneficial ownership of the Company's common stock by each of its executive officers and directors, individually and as a group and by each person who beneficially owns in excess of five percent of the common stock.

| Name | Position | Number of Shares of Common Stock | Percent of Class ⁽¹⁾ |
|--|--|---|------------------------------------|
| James F. O'Rourke | Chief Executive Officer | 90,825,000 | * |
| Arthur M. Read, II, Esq. | Executive Vice President, General Counsel and Director | 90,000,000 | * |
| John M. Faulhaber | Chairman of the Board | 1,000,000 | * |
| Robert C. Hemsen | Vice Chairman of the Board | 6,010,000 | * |
| Linda H. Madison | Secretary | 90,000,000 | * |
| Total owned by officers and directors (5) | | 277,835,000 | 20.14% |
| Tiber Creek ⁽²⁾ | | 500,000 | * |
| James Cassidy ⁽³⁾ | | 2,500,000 | * |
| James McKillop ⁽⁴⁾ | | 2,500,000 | * |

* Less than 1%

(1) Based upon 1,379,430,584 shares outstanding.

(2) Shares ownership information is based on information contained in a Schedule 13 G filed with the SEC on September 22, 2015

(3) Shares ownership information is based on information contained in a Schedule 13G/A filed with the SEC on September 22, 2015

(4) Shares ownership information is based on information contained in a Schedule 13G/A filed with the SEC on September 22, 2015

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

During the year ended December 31, 2015 the total amount of related party loan proceeds was \$263,000 and the total principal repaid on related party loans was \$2,399. The total interest accrued on related party loans at December 31, 2015 and December 31, 2014 was \$29,467 and \$11,124, respectively.

From time to time, the Company advances amounts to stockholders, as well as receives payments from stockholders in the form of cash and/or out-of-pocket expenditures for the benefit of the Company, which are business in nature. The balance of advances to stockholder as of December 31, 2015 and December 31, 2014 was \$11,321 and \$11,321, respectively. Amounts accrued, but not yet paid as due to related party at December 31, 2015 and December 31, 2014 was \$25,000 and \$33,425, respectively.

The Company obtained short-term cash flow from a related party in the form of three demand Notes Payable in the aggregate amount of \$10,000 which have been outstanding since the year ended December 31, 2012. Two notes were amended and extended during 2014, and then again during the quarter ended December 31, 2015, changing the maturity date to two years from what was on amended notes. The other note was extended during the quarter ended September 30, 2015, changing the maturity date to one year later than what was on original note. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|-----------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 6,000 | 7% | \$ 1,395 | \$ 975 | 9/4/2016 |
| Promissory note 2 | \$ 2,000 | 7% | \$ 454 | \$ 314 | 10/1/2017 |
| Promissory note 3 | \$ 2,000 | 7% | \$ 430 | \$ 290 | 12/3/2017 |

Total

\$ 10,000

\$ 2,279

\$ 1,579

The Company obtained short-term cash flow from a related party in the form of nine demand Notes Payable in the aggregate amount of \$70,953 during the period from 2012 through December 31, 2014. During the quarters ended December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015 the Company borrowed \$53,000, \$115,000 and \$60,000 and \$35,000, respectively, in the form of twelve demand notes. The Company repaid the principle amount of \$2,399 and \$453 during the years ended December 31, 2015 and December 31, 2014, respectively. Notes 1 through 6 were amended and extended during 2014, changing the maturity date to one year later than what was on original notes. Notes 1 and 6 were amended again during the quarter ended September 30, 2015, changing the maturity date to one year later than what was on original notes. Notes 2, 3, 4, and 5 were amended during the quarter ended December 31, 2015, changing the maturity date to two years later than what was on original notes. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|--------------------|------------|------|------------------|----------|------------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 5,000 | 7% | \$ 1,171 | \$ 821 | 7/25/2016 |
| Promissory note 2 | \$ 11,000 | 7% | \$ 2,456 | \$ 1,686 | 10/22/2017 |
| Promissory note 3 | \$ 15,000 | 7% | \$ 3,254 | \$ 2,203 | 11/24/2017 |
| Promissory note 4 | \$ 102 | 7% | \$ 23 | \$ 16 | 10/22/2017 |
| Promissory note 5 | \$ 879 | 7% | \$ 191 | \$ 129 | 11/24/2017 |
| Promissory note 6 | \$ 973 | 7% | \$ 228 | \$ 160 | 7/25/2016 |
| Promissory note 7 | \$ 22,147 | 7% | \$ 2,750 | \$ 1,148 | 5/4/2016 |
| Promissory note 8 | \$ 7,000 | 7% | \$ 518 | \$ 28 | 12/11/2016 |
| Promissory note 9 | \$ 6,000 | 7% | \$ 432 | \$ 12 | 12/22/2016 |
| Promissory note 10 | \$ 25,000 | 7% | \$ 1,716 | \$ - | 1/8/2017 |
| Promissory note 11 | \$ 35,000 | 7% | \$ 2,215 | \$ - | 2/5/2017 |
| Promissory note 12 | \$ 40,000 | 7% | \$ 2,056 | \$ - | 4/8/2017 |
| Promissory note 13 | \$ 30,000 | 7% | \$ 1,387 | \$ - | 5/5/2017 |
| Promissory note 14 | \$ 45,000 | 7% | \$ 1,648 | \$ - | 6/24/2017 |
| Promissory note 15 | \$ 25,000 | 7% | \$ 753 | \$ - | 7/28/2017 |
| Promissory note 16 | \$ 15,000 | 7% | \$ 385 | \$ - | 8/20/2017 |
| Promissory note 17 | \$ 13,000 | 7% | \$ 254 | \$ - | 9/21/2017 |
| Promissory note 18 | \$ 5,000 | 7% | \$ 88 | \$ - | 10/13/2017 |
| Promissory note 19 | \$ 10,000 | 7% | \$ 121 | \$ - | 10/30/2017 |
| Promissory note 20 | \$ 3,000 | 7% | \$ 10 | \$ - | 12/15/2017 |
| Promissory note 21 | \$ 17,000 | 7% | \$ 55 | \$ - | 12/15/2017 |
| Total | \$ 331,101 | | \$ 21,710 | \$ 6,203 | |

The Company obtained short-term cash flow from a related party in the form of four demand Notes Payable in the aggregate amount of \$6,504 during the period from 2012 through March 31, 2013. Notes 1 and 2 were amended and extended during 2014, and then again during the quarter ended December 31, 2015 changing the maturity date to two years from the amended maturity date. Notes 3 and 4 were amended and extended during the quarter ended March 31, 2015, changing the maturity date to one year later than what was on original notes. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|------------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 234 | 7% | \$ 50 | \$ 34 | 12/5/2017 |
| Promissory note 2 | \$ 170 | 7% | \$ 37 | \$ 25 | 11/18/2017 |
| Promissory note 3 | \$ 4,100 | 7% | \$ 833 | \$ 546 | 2/5/2016 |
| Promissory note 4 | \$ 2,000 | 7% | \$ 405 | \$ 265 | 2/7/2016 |
| Total | \$ 6,504 | | \$ 1,325 | \$ 870 | |

The Company obtained short-term cash flow from a related party in the form of two demand Notes Payable in the aggregate amount of \$18,000 during the year of 2013. Both notes were amended and extended during the quarter ended March 31, 2015, changing the maturity date to one year later than what was on original note. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|-----------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 10,000 | 7% | \$ 2,000 | \$ 1,300 | 2/21/2016 |
| Promissory note 2 | \$ 8,000 | 7% | \$ 1,562 | \$ 1,002 | 3/18/2016 |
| Total | \$ 18,000 | | \$ 3,562 | \$ 2,302 | |

During the year ended December 31, 2015 the total amount of related party loan proceeds was \$263,000. The total interest accrued on related party loans at December 31, 2015 and December 31, 2014 was \$29,467 and \$11,124, respectively.

From time to time, the Company advances amounts to stockholders, as well as receives payments from stockholders in the form of cash and/or out-of-pocket expenditures for the benefit of the Company, which are business in nature. The balance of advances to stockholder as of December 31, 2015 and December 31, 2014 was \$11,321 and \$11,321, respectively. Amounts accrued, but not yet paid as due to related party at December 31, 2015 and December 31, 2014 was \$25,000 and \$33,425, respectively.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES.

Audit Fees

The aggregate fees incurred for each of the last two years for professional services rendered by the independent registered public accounting firm for the audits of the Company's annual financial statements and **review of financial statements included in the Company's Form 10-K and Form 10-Q reports and services normally** provided in connection with statutory and regulatory filings or engagements were as follows:

| December 31, 2014 | December 31, 2015 |
|-------------------|-------------------|
| \$ 18,350 | \$ 22,560 |

Tax Fees

The Company incurred \$0 for tax related services.

All Other Fees

The Company incurred \$0 for other fees by the principal accountant for the years ended December 31, 2015 and 2014.

The Company does not currently have an audit committee serving and as a result its board of directors performs the duties of an audit committee. The board of directors will evaluate and approve in advance, the scope and cost of the engagement of an auditor before the auditor renders audit and non-audit services. The Company does not rely on preapproval policies and procedures.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

- 2.1 Agreement and Plan of Merger (Incorporated by reference to Exhibit 2.1 of Form S-1 (File No.: 333-172509) filed with the SEC on February 28, 2011)
- 3.1 Certificate of Incorporation (Incorporated by reference to Exhibit 3.1 of Form S-1 (File No.: 333-172509) filed with the SEC on February 28, 2011)
- 3.2 Amended By-laws dated June 24, 2011(1)
- 3.3 Certificate of Merger (Incorporated by reference to Exhibit 3.3 of Form S-1 (File No.: 333-172509) filed with the SEC on February 28, 2011)
- 3.4 Certificate of Amendment to the Certificate of Incorporation (Incorporated by reference to Exhibit 3.4 of Form S-1 (File No.: 333-172509) filed with the SEC on February 28, 2011)
- 3.5 Certificate of Amendment to the Certificate of Incorporation (Incorporated by reference to Exhibit 3.5 of Form S-1 (File No.: 333-172509) filed with the SEC on February 28, 2011)
- 3.6 Certificate of Amendment to the Certificate of Incorporation (Incorporated by reference to Exhibit 10.1 of Form 8-K (File No.: 000-53259) filed with the SEC on December 13, 2013)
- 4.1 Stock Option Plan (Incorporated by referenced to Exhibit B to DEF Schedule 14-C (File No. 000-53259) filed with the SEC on January 22, 2015)
- 10.1 Agreement with Merchant Banking Advisors (Incorporated by reference to Exhibit 10.1 of Form S-1 (File No.: 333-172509) filed with the SEC on June 15, 2011)
- 10.2 Form of subscription agreement for private placement (Incorporated by reference to Exhibit 10.1 of Form S-1 (File No.: 333-172509) filed with the SEC on June 15, 2011)
- 10.3 Employment agreement and amendment of Linda Madison (Incorporated by reference to Exhibit 10.1 of Form S-1 (File No.: 333-172509) filed with the SEC on June 15, 2011)+
- 10.5 Agreement with Tiber Creek Corporation (Incorporated by reference to Exhibit 10.1 of Form S-1 (File No.: 333-172509) filed with the SEC on December 9, 2011)
- 10.6 Lease agreement (Incorporated by reference to Exhibit 10.1 of Form S-1 (File No.: 333-172509) filed with the SEC on December 9, 2011)
- 10.7 Farmacia Birsas Del Mar Equipment Leasing Agreement(1)**
- 10.8 Investment Agreement (Incorporated by reference to Exhibit 10.1 of Form 8-K (File No.: 000-53259) filed with the SEC on December 13, 2013)
- 10.9 Registration Rights Agreement (Incorporated by reference to Exhibit 10.1 of Form 8-K (File No.: 000-53259) filed with the SEC on December 13, 2013)
- 14 Code of Ethics⁽¹⁾
- 31.1 Certification of James F. O'Rourke, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a)(1)
- 31.2 Certification of Linda H. Madison, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a)(1)
- 32.1 Certification of James F. O'Rourke, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a)(1)
- 32.2 Certification of Linda H. Madison, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a)(1)
- 101 Interactive Data File
- 101.INS XBRL Instance Document⁽¹⁾
- 101.SCH XBRL Taxonomy Extension Schema Document⁽¹⁾
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document⁽¹⁾
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document⁽¹⁾
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document⁽¹⁾
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document⁽¹⁾

(1) Filed Herewith

+ Management Compensatory Plan

** Confidential treatment has been requested as to certain portions of this exhibit pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, as amended.

SIGNATURES

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

POWERDYNE INTERNATIONAL, INC.

Dated: April 14, 2016

By: /s/ James F. O'Rourke
Chief Executive Officer

Dated: April 14, 2016

By: /s/ Linda H. Madison
Principal Financial Officer and
Principal Accounting Officer

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

| <u>NAME</u> | <u>OFFICE</u> | <u>DATE</u> |
|---|--|----------------|
| <u>/s/ James F. O'Rourke</u> James F. O'Rourke | Chief Executive Officer and Director | April 14, 2016 |
| <u>/s/ Arthur M. Read, II</u> Arthur M. Read, II | Executive Vice-President, General Counsel and Director | April 14, 2016 |
| <u>/s/ John M. Faulhaber</u> John M. Faulhaber | Director and Chairman of the Board | April 14, 2016 |
| <u>/s/ Robert C. Hemsén</u> Robert C. Hemsén | Director and Vice-Chairman of the Board | April 14, 2016 |

POWERDYNE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

December 31, 2015 and 2014

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CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Powerdyne International, Inc.

We have audited the accompanying balance sheets of Powerdyne International, Inc. (the "Company") as of December 31, 2015 and 2014, and the related statements of operations, changes in stockholders' deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 5 to the financial statements, the Company has generated \$752 in revenue since inception and incurred an accumulated deficit of \$ 3,189,717 since inception. These conditions, among others, raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 5, which includes the raising of additional equity financing or merger with another entity. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Anton & Chia, LLP

Newport Beach, California
April 14, 2016

**POWERDYNE INTERNATIONAL, INC.
BALANCE SHEETS**

| | <u>December 31, 2015</u> | <u>December 31, 2014</u> |
|--|------------------------------|------------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 1,922 | \$ 2,265 |
| Advances to stockholder | 11,321 | 11,321 |
| Total current assets | <u>13,243</u> | <u>13,586</u> |
| Property and Equipment | | |
| Property and equipment, net | <u>79,031</u> | <u>50,000</u> |
| Total Assets | <u>\$ 92,274</u> | <u>\$ 63,586</u> |
| LIABILITIES AND STOCKHOLDERS' DEFICIT | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 68,877 | \$ 72,703 |
| Convertible notes payable, net of unamortized debt discounts of \$-0- and \$85,260, respectively | -- | 66,240 |
| Due to related parties | 25,000 | 33,425 |
| Notes payable-related parties | 371,605 | 111,004 |
| Tax payable | 500 | 956 |
| Derivative liability | -- | 407,735 |
| Total Liabilities | <u>465,982</u> | <u>692,063</u> |
| Stockholders' Deficit: | | |
| Common stock; \$0.0001 par value; 2,000,000,000 shares authorized, 1,379,430,584 shares issued and outstanding as of December 31, 2015 and 369,135,575 shares issued and outstanding as of December 31, 2014 | 137,943 | 36,913 |
| Additional paid-in capital | 2,678,066 | 1,985,268 |
| Accumulated deficit | (3,189,717) | (2,650,658) |
| Total Stockholders' Deficit | <u>(373,708)</u> | <u>(628,477)</u> |
| Total Liabilities and Stockholders' Deficit | <u>\$ 92,274</u> | <u>\$ 63,586</u> |

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

**POWERDYNE INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS**

| | For the year ended December 31, 2015 | For the year ended December 31, 2014 |
|---|---|---|
| Revenues | <u>\$ 752</u> | <u>\$ -</u> |
| Cost of revenues | <u>-</u> | <u>-</u> |
| Gross profit (loss) | 752 | - |
| Operating expenses | <u>407,101</u> | <u>374,840</u> |
| Loss from operations | <u>(406,349)</u> | <u>(374,840)</u> |
| Other (Income) Expense | | |
| Derivative expense | 43,877 | 668,584 |
| Change in fair value of derivative | (50,345) | (159,406) |
| Amortization of debt discount | 138,260 | 183,759 |
| Total Other (Income) Expense | <u>131,792</u> | <u>692,937</u> |
| Income (loss) before income tax expense | (538,141) | (1,067,777) |
| Income tax (income) expense | <u>919</u> | <u>956</u> |
| Net income (loss) | <u>\$ (539,060)</u> | <u>\$ (1,068,733)</u> |
| Basic and diluted loss per common share | <u>(0)</u> | <u>(0)</u> |
| Basic and diluted weighted average common shares outstanding | <u>963,014,524</u> | <u>246,371,285</u> |

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

**POWERDYNE INTERNATIONAL, INC.
STATEMENT OF STOCKHOLDERS' DEFICIT**

| | Common Stock | | Common Stock Subscribed | Additional Paid-In Capital | Common Stock Subscriptions Receivable | Accumulated Deficit | Total Stockholders' Equity (Deficit) |
|--|---------------|-----------|-------------------------------|----------------------------------|--|------------------------|---|
| | Shares | Amount | | | | | |
| Balance, February 2, 2010 (Inception) | \$ 1,000,000 | \$ 100 | \$ - | \$ 900 | \$ - | \$ - | \$ 1,000 |
| Common stock subscribed | - | - | 191,900 | - | (61,915) | - | 129,985 |
| Stock issued for change in control | 188,000,000 | 18,800 | - | (18,800) | - | - | - |
| Stock issued for services | 16,000,000 | 1,600 | - | 158,400 | - | - | 160,000 |
| Net loss for the period | - | - | - | - | - | (306,270) | (306,270) |
| Balance, December 31, 2010 | 205,000,000 | \$ 20,500 | \$ 191,900 | \$ 140,500 | \$ (61,915) | \$ (306,270) | \$ (15,285) |
| Recapitalization shares contributed from reverse merger agreement | (84,526,666) | (8,453) | - | 8,453 | - | - | - |
| Issuance pursuant to merger agreement for services - fair valued | 32,500,000 | 3,250 | - | 321,750 | - | - | 325,000 |
| Issuance per cash considerations in relation to the stockholder subscription | 36,026,666 | 3,603 | (191,900) | 523,997 | (102,200) | - | 233,500 |
| Common stock issued | 2,750,000 | 275 | - | 62,225 | 164,115 | - | 226,615 |
| Net loss for the year | - | - | - | - | - | (745,789) | (745,789) |
| Balance, December 31, 2011 | 191,750,000 | 19,175 | - | 1,056,925 | - | (1,052,059) | 24,041 |
| Issuance per cash considerations in relation to the stockholder subscription | 966,667 | 97 | - | 28,903 | - | - | 29,000 |
| Stock issued for services | 500,000 | 50 | - | 4,950 | - | - | 5,000 |
| Net loss for the year | - | - | - | - | - | (127,971) | (127,971) |
| Balance, December 31, 2012 | 193,216,667 | 19,322 | - | 1,090,778 | - | (1,180,030) | (69,930) |
| Common stock issued for services | 2,265,884 | 226 | - | 155,774 | - | - | 156,000 |
| Common stock issued in exchange for debt | 1,190,476 | 119 | - | 14,881 | - | - | 15,000 |
| Settlement of derivative liability through conversion of notes payable | - | - | - | 24,754 | - | - | 24,754 |
| Net loss for the year | - | - | - | - | - | (401,894) | (401,894) |
| Balance, December 31, 2013 | 196,673,027 | 19,667 | - | 1,286,187 | - | (1,581,925) | (276,071) |
| Settlement of derivative liability through conversion of notes payable | - | - | - | 411,876 | - | - | 411,876 |
| Stock issued for services | 46,078,214 | 4,608 | - | 138,095 | - | - | 142,703 |
| Common stock issued in exchange for debt | 126,384,334 | 12,638 | - | 149,110 | - | - | 161,748 |
| Net loss for the period | - | - | - | - | - | (1,068,733) | (1,068,733) |
| Balance, December 31, 2014 | 369,135,575 | 36,913 | - | 1,985,268 | - | (2,650,658) | (628,477) |
| Settlement of derivative liability through conversion of notes payable | - | - | - | 454,267 | - | - | 454,267 |
| Stock issued for services | 279,600,000 | 27,960 | - | 111,840 | - | - | 139,800 |
| Common stock issued in exchange for debt | 730,695,009 | 73,070 | - | 126,691 | - | - | 199,761 |
| Net loss for the period | - | - | - | - | - | (539,060) | (539,060) |
| Balance, December 31, 2015 | 1,379,430,584 | 137,943 | - | 2,678,066 | - | (3,189,717) | (373,708) |

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

POWERDYNE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS

| | <u>For the year ended December 31, 2015</u> | <u>For the year ended December 31, 2014</u> |
|--|---|---|
| Operating Activities: | | |
| Net loss | \$ (539,060) | \$ (1,068,733) |
| Adjustments to reconcile net loss to net cash used by operating activities: | | |
| Depreciation and amortization | 10,925 | 13,240 |
| Loss from impairment and disposal loss | - | 39,373 |
| Common stock issued for service and stock compensation | 139,800 | 142,703 |
| Derivative and interest expense | 62,979 | 692,249 |
| Change in FV of derivatives | (50,345) | (159,406) |
| Amortization of debt discounts | 138,260 | 183,759 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | - | - |
| Other receivable | - | - |
| Prepaid expenses | - | 495 |
| Accrued expenses | (1,166) | (107,806) |
| Due to related party | (8,425) | 19,175 |
| Taxes payable | (456) | - |
| Net cash used in operating activities | <u>(247,488)</u> | <u>(244,951)</u> |
| Investing Activities: | | |
| Purchase of property and equipment | (39,956) | - |
| Net cash used by investing activities | <u>(39,956)</u> | <u>-</u> |
| Financing Activities: | | |
| Principal paid on Notes payable related parties | (2,399) | (453) |
| Proceeds from Notes payable | 26,500 | 185,500 |
| Proceeds from Notes payable related parties | 263,000 | 44,000 |
| Net cash provided in financing activities | <u>287,101</u> | <u>229,047</u> |
| Net change in cash | (343) | (15,904) |
| Cash, beginning of year | <u>2,265</u> | <u>18,169</u> |
| Cash, end of year | \$ 1,922 | \$ 2,265 |
| Non-cash investing and financing activities: | | |
| Common stock issued in settlement for debt | <u>\$ 199,761</u> | <u>\$ 161,748</u> |
| Settlement of derivative liability through conversion of notes payable. | <u>\$ 454,267</u> | <u>\$ 411,876</u> |
| Supplemental disclosure if cash flow information | | |
| Cash paid for interest | <u>\$ -</u> | <u>\$ -</u> |
| Cash paid for taxes | <u>\$ 1,375</u> | <u>\$ 956</u> |

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

POWERDYNE INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

1. ORGANIZATION

Powerdyne, Inc., was incorporated on February 2, 2010 in Nevada, and is registered to do business in Rhode Island and Massachusetts. On February 7, 2011, Powerdyne, Inc. merged with Powerdyne International, Inc., formerly Greenmark Acquisition Corporation, a publicly held Delaware corporation.

On December 13, 2010, Powerdyne International, Inc., formerly Greenmark Acquisition Corporation, filed an Amended and Restated Articles of Incorporation in order to, among other things, increase the authorized capital stock to 300,000,000 common shares, par value \$0.0001 per share. Unless the context specifies otherwise, as discussed in Note 2, references to the “Company” refers to Powerdyne International, Inc. and Powerdyne, Inc. after the merger.

At the closing of the merger, each share of Powerdyne, Inc.’s common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 7,520 shares of common stock of Powerdyne International, Inc. Accordingly, an aggregate of 188,000,000 shares of common stock of Powerdyne International, Inc. were issued to the holders of Powerdyne, Inc.’s common stock.

On July 25, 2014, Powerdyne International, Inc. filed Form 14C in order to increase the authorized capital stock to 550,000,000 common shares, par value \$0.0001 per share.

On January 26, 2015, Powerdyne International, Inc. filed a Certificate of Amendment to its Certificate of Incorporation with the Secretary of State of the State of Delaware increasing the authorized capital stock to 2,020,000,000 shares consisting of 2,000,000,000 common shares, par value \$0.0001 per share and 20,000,000 shares which may be designated as common or preferred stock, par value \$0.0001 per share.

The Company has begun production and distribution of completely packaged independent electrical generator units that run on environmentally-friendly fuel sources, such as natural gas and propane.

2. REVERSE MERGER ACCOUNTING

On February 7, 2011, Greenmark Acquisition Corporation, which was a publicly held Delaware corporation, merged with Powerdyne, Inc. Upon closing of the transaction, Greenmark Acquisition Corporation, the surviving corporation in the merger, changed its name to Powerdyne International, Inc.

The merger was accounted for as a reverse-merger, and recapitalization in accordance with generally accepted accounting principles in the United States (“GAAP”). Powerdyne, Inc. was the acquirer for financial reporting purposes and the Company was the acquired company. Consequently, the assets and liabilities and the operations that are reflected in the historical financial statements prior to the merger are those of Powerdyne, Inc. and have been recorded at the historical cost basis of Powerdyne, Inc., and the financial statements after completion of the merger include the assets and liabilities of the Company and Powerdyne, Inc., historical operations of Powerdyne, Inc. and operations of the Company from the closing date of the merger. Common stock and the corresponding capital amounts of the Company pre-merger were retroactively restated as capital stock shares reflecting the exchange ratio in the merger. In conjunction with the merger, the Company received no cash and assumed no liabilities from Greenmark Acquisition Corporation.

3. BASIS OF PRESENTATION

The accompanying audited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include all the notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation of the financial statements have been included.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies presented below is designed to assist in understanding the Company’s financial statements. Such financial statements and accompanying notes are the representations of the Company’s management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (“GAAP”) in all material respects, and have been consistently applied in preparing the accompanying financial statements.

Going Concern

Since its inception, the Company has devoted substantially all of its efforts to business planning, research and development, recruiting management and technical staff, acquiring operating assets and raising capital. The Company has not generated significant revenues from its principal operations, and there is no assurance of future revenues. As of December 31, 2015, the Company had an accumulated deficit of \$3,189,717. The Company’s continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations and/or obtaining additional financing from its members or other sources, as may be required.

The Company’s activities will necessitate significant uses of working capital beyond December 31, 2015. Additionally, the Company’s capital requirements will depend on many factors, including the success of the Company’s sales and the status of competitive products. The Company plans to continue financing its operations with cash received from financing activities and revenue from operations.

While the Company strongly believes that its capital resources will be sufficient in the near term, there is no assurance that the Company’s activities will generate sufficient revenues to sustain its operations without additional capital or, if additional capital is needed, those such funds, if available, will be obtainable on terms satisfactory to the Company.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern; however, the above condition raises substantial doubt about the Company’s ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

Use of Estimates

In preparing these audited financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Company follows guidance for accounting for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. Additionally, the Company adopted guidance for fair value measurement related to nonfinancial items that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis. The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The Company monitors the market conditions and evaluates the fair value hierarchy levels at least quarterly. For any transfers in and out of the levels of the fair value hierarchy, the Company elects to disclose the fair value measurement at the beginning of the reporting period during which the transfer occurred.

The Company's financial instruments consisted of cash, accounts payable and accrued liabilities, advances to stockholders, notes payable and convertible debt. The estimated fair value of cash, accounts payable and accrued liabilities, advances to stockholders, and notes payable approximates its carrying amount due to the short maturity of these instruments. The recognition of the derivative values of convertible debt are based on the weighted-average Black-Scholes option pricing model.

Cash

The Company considers all highly-liquid investments with maturities of three months or less when purchased to be cash equivalents. The Company did not have any cash equivalents as of December 31, 2015 and December 31, 2014, respectively.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. The Company places its cash with high quality banking institutions. From time to time, the Company may maintain cash balances at certain institutions in excess of the Federal Deposit Insurance Corporation limit. The Company has not incurred any loss from this risk.

Property and Equipment

Property and equipment is stated at cost. Capital expenditures for improvements and upgrades to existing equipment are also capitalized. Maintenance and repairs are expensed as incurred. The equipment is depreciated over 10 years on a straight-line basis. Vehicles are depreciated over 5 years using the straight-line basis. Depreciation expense for the periods ended December 31, 2015 and 2014 was \$10,925 and \$13,240, respectively.

Derivatives and Hedging

In April 2008, the FASB issued a pronouncement that provides guidance on determining what types of instruments or embedded features in an instrument held by a reporting entity can be considered indexed to its own stock for the purpose of evaluating the first criteria of the scope exception in the pronouncement on accounting for derivatives. This pronouncement was effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of these requirements can affect the accounting for many convertible instruments with provisions that protect holders from a decline in the stock price. Each reporting period, the Company evaluates whether convertible debt to acquire stock of the Company contain provisions that protect holders from declines in the stock price or otherwise could result in modification of the exercise price under the respective convertible debt agreements. The Company determined that the conversion features in the convertible notes issued during the year ended December 31, 2013 and 2014, as well as the first, second, and third quarters of 2015 contained such provisions and recorded such instruments as derivative liabilities. See Note 8, Convertible Debt.

Long-Lived Assets

In accordance with ASC 350-30 (formerly SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*), the Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that their then carrying values may not be recoverable. When such factors and circumstances exist, the Company compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. The Company's management currently believes there is impairment of its long-lived assets. There can be no assurance however, that market conditions will not change or demand for the Company's products under development will continue. Either of these could result in future impairment of long-lived assets.

Income Taxes

As a result of the implementation of certain provisions of ASC 740, *Income Taxes*, (formerly FIN 48, *Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109*), (“ASC 740”), which clarifies the accounting and disclosure for uncertainty in tax positions, as defined. ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes.

In 2010, the Company adopted Accounting for Uncertain Income Taxes under the provisions of ASC 740. ASC 740 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Company did not recognize any additional liability for unrecognized tax benefits as a result of the adoption of ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Valuation allowances are established when it is more likely than not that some or all of the deferred tax assets will not be realized.

We believe that our income tax filing positions and deductions will be sustained on audit and do not anticipate any adjustments that will result in a material change to our financial position. Therefore, no reserves for uncertain income tax positions have been recorded pursuant to ASC 740. In addition, we did not record a cumulative effect adjustment related to the adoption of ASC 740. Our policy for recording interest and penalties associated with income-based tax audits is to record such items as a component of income taxes.

Our tax provision determined using an estimate of our annual effective tax rate using enacted tax rates expected to apply to taxable income in the years in which they are earned, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Income taxes payable as of December 31, 2015 and December 31, 2014 were \$500 and \$956, respectively.

Loss per Common Share

Basic loss per common share excludes dilutive securities and is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted earnings per common share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity. Since the Company has only incurred losses, basic and diluted loss per share is the same. As of December 31, 2015 and 2014, there were no outstanding dilutive securities.

The following table represents the computation of basic and diluted losses per share:

| | <u>Year ended December 31, 2015</u> | <u>Year ended December 31, 2014</u> |
|--|---|---|
| Loss available for common shareholder | \$ (539,060) | \$ (1,068,733) |
| Basic and fully diluted loss per share | <u>\$ (0.00)</u> | <u>\$ (0.00)</u> |
| Weighted average common shares outstanding - basic and diluted | <u>963,014,524</u> | <u>223,942,983</u> |

Net loss per share is based upon the weighted average shares of common stock outstanding.

Recent Accounting Pronouncements

In June 2014, the FASB issued ASU 2014-10, Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements. ASU 2014-10 eliminates the distinction of a development stage entity and certain related disclosure requirements, including the elimination of inception-to-date information on the statements of operations, cash flows and stockholders' equity. The amendments in ASU 2014-10 will be effective prospectively for annual reporting periods beginning after December 15, 2014, and interim periods within those annual periods, however early adoption is permitted. The Company adopted ASU 2014-10 since the quarter ended June 30, 2014, thereby no longer presenting or disclosing any information required by Topic 915.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern" ("ASU 2014-15"). ASU 2014-15, which is effective for annual reporting periods ending after December 15, 2016, extends the responsibility for performing the going-concern assessment to management and contains guidance on how to perform a going-concern assessment and when going-concern disclosures would be required under U.S. GAAP. The Company elected to adopt ASU 2014-15 effective with this financial statement. Management's evaluations regarding the events and conditions that raise substantial doubt regarding the Company's ability to continue as a going concern have been disclosed in this Note 5.

5. GOING CONCERN

The Company has generated \$752 in revenue since inception to date and has sustained operating losses during the year ended December 31, 2015. The Company had a working capital deficit of \$373,708 and an accumulated deficit of \$3,189,717 as of December 31, 2015. The Company's continuation as a going concern is dependent on its ability to generate sufficient cash flows from operations to meet its obligations and/or obtaining additional financing from its members or other sources, as may be required.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern; however, the above condition raises substantial doubt about the Company's ability to do so. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

In order to maintain its current level of operations, the Company will require additional working capital from either cash flow from operations or from the sale of its equity. However, the Company currently has no commitments from any third parties for the purchase of its equity. If the Company is unable to acquire additional working capital, it will be required to significantly reduce its current level of operations.

6. PROPERTY AND EQUIPMENT - NET

Equipment consists of the following as of December 31, 2015 and December 31, 2014:

| | December 31, 2015 | December 31, 2014 |
|-------------------------------|------------------------------|------------------------------|
| Machinery and equipment | \$ 171,043 | \$ 131,087 |
| Less impairment of equipment | <u>(38,484)</u> | <u>(38,484)</u> |
| | 132,559 | 92,603 |
| Less accumulated depreciation | <u>(53,528)</u> | <u>(42,603)</u> |
| Total Property and Equipment | <u>\$ 79,031</u> | <u>\$ 50,000</u> |

Equipment is stated at cost and depreciated on a straight-line basis over the assets' estimated useful lives: machinery and equipment 10 years. Total depreciation expense for the periods ended December 31, 2015 and 2014 was \$10,925 and \$13,240, respectively.

During the year ended December 31, 2014, the Company determined that machinery and equipment was impaired due to changes in technology resulting in more cost effective production of the gensets. The residual value of this machinery and equipment is \$50,000; therefore \$38,484 was recorded as an impairment loss. As of December 31, 2015, there is no additional impairment loss recognized.

7. LEASE

On March 11, 2015 the Company finalized its negotiations with Farmacia Brisas del Mar, a corporation organized under the laws of Puerto Rico (the "Lessee"), and the Company and the Lessee have entered into a five-year contract to lease power generating equipment to Lessee based upon power consumption. In addition, the custom designed system will also provide cogeneration capabilities with the addition of chillers to support the air conditioning demands. The agreement provides for a payment to the Company of a monthly fee equal to the greater of a set monthly base rate or a monthly base rate plus an additional amount based on kilowatt wattage. The agreement provides for termination only in the event of nonperformance by the Company unless Lessee pays all payments due for the remainder of the term. The agreement contains representation and warranties, default provisions and indemnification provisions typical for agreements of this type.

8. COMMON STOCK

Stock issued for services

During the year ending December 31, 2014 the total number of shares of common stock issued for services was 46,078,214 and the Company valued the total of the stock issued for services to be \$142,703.

On May 1, 2015 the Company issued 600,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$300.

On July 29, 2015 the Company issued 1,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$500.

On July 29, 2015 the Company issued 1,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$500.

On July 29, 2015 the Company issued 90,000,000 shares to stockholder as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$45,000.

On July 29, 2015 the Company issued 78,000,000 shares to stockholder as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$39,000.

On July 29, 2015 the Company issued 89,000,000 shares to stockholder as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$44,500.

On July 29, 2015 the Company issued 6,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$3,000.

On July 29, 2015 the Company issued 3,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$1,500.

On July 29, 2015 the Company issued 3,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$1,500.

On July 29, 2015 the Company issued 2,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$1,000.

On July 29, 2015 the Company issued 3,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$1,500.

On July 29, 2015 the Company issued 2,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$1,000.

On July 29, 2015 the Company issued 1,000,000 shares to a consultant as compensation for services rendered. The Company valued the stock at \$0.0005, for a total of \$500.

During the year ended December 31, 2015 279,600,000 shares were issued to consultants and stockholders as compensation for services rendered. The Company valued the stock at \$0.0005 per share for a total of \$139,800.

Common stock issued in exchange for debt

On January 6, 2015 the Company issued 13,675,870 shares for the conversion and reduction of \$5,000 of debt and \$265 of accrued interest held by a venture capital lender. On February 18, 2015 the Company issued 7,727,012 shares for the conversion and reduction of \$2,800 of debt and \$175 of accrued interest held by a venture capital lender. On March 4, 2015 the Company issued 5,535,246 shares for the conversion and reduction of \$2,000 of debt and \$131 of accrued interest held by a venture capital lender. On March 10, 2015 the Company issued 18,427,386 shares for the conversion and reduction of \$7,600 of debt and \$508 of accrued interest held by a venture capital lender. On March 23, 2015 the Company issued 20,907,750 shares for the conversion and reduction of \$7,800 of debt held by a venture capital lender.

On March 4, 2015 the Company issued 15,900,000 shares for the conversion and reduction of \$6,678 of debt held by a venture capital lender. On March 25, 2015 the Company issued 15,902,000 shares for the conversion and reduction of \$6,679 of debt held by a venture capital lender.

On March 20, 2015 the Company issued 25,974,026 shares for the conversion and reduction of \$10,000 of debt held by a venture capital lender.

On April 6, 2015 the Company issued 24,600,000 shares for the conversion and reduction of \$10,332 of debt held by a venture capital lender. On April 27, 2015 the Company issued 27,300,000 shares for the conversion and reduction of \$8,190 of debt held by a venture capital lender. On May 7, 2015 the Company issued 31,600,000 shares for the conversion and reduction of \$9,480 of accrued interest held by a venture capital lender. On May 21, 2015 the Company issued 35,078,875 shares for the conversion and reduction of \$8,121 of debt and \$298 of accrued interest held by a venture capital lender. These conversions extinguished the Company's note payable with this venture capital lender.

On April 6, 2015 the Company issued 27,272,727 shares for the conversion and reduction of \$3,420 of debt and \$7,080 of accrued interest held by a venture capital lender. On April 27, 2015 the Company issued 35,454,545 shares for the conversion and reduction of \$9,750 of debt held by a venture capital lender. On May 6, 2015 the Company issued 36,850,000 shares for the conversion and reduction of \$10,134 of debt held by a venture capital lender. On May 14, 2015 the Company issued 36,780,000 shares for the conversion and reduction of \$8,092 of debt held by a venture capital lender. On May 22, 2015 the Company issued 49,269,100 shares for the conversion and reduction of \$10,839 of debt held by a venture capital lender. On June 4, 2015 the Company issued 30,752,045 shares for the conversion and reduction of \$6,765 of debt held by a venture capital lender. These conversions extinguished the Company's note payable with this venture capital lender.

On April 15, 2015 the Company issued 2,233,220 shares for the conversion and reduction of \$800 of debt and \$60 of accrued interest held by a venture capital lender. This conversion extinguished the Company's note payable with this venture capital lender.

On April 28, 2015 the Company issued 23,910,945 shares for the conversion and reduction of \$6,500 of debt and \$76 of accrued interest held by a venture capital lender. On May 11, 2015 the Company issued 29,511,745 for the conversion and reduction of \$8,000 of debt held plus \$116 of accrued interest by a venture capital lender. On May 21, 2015 the Company issued 33,734,545 shares for the conversion and reduction of \$7,300 of debt plus \$122 of accrued interest held by a venture capital lender. On May 28, 2015 the Company issued 21,752,272 shares for the conversion and reduction of \$4,700 of debt plus \$86 of accrued interest held by a venture capital lender. These conversions extinguished the Company's note payable with this venture capital lender.

On May 21, 2015 the Company issued 3,221,125 shares for the conversion and reduction of \$773 of accrued interest held by a venture capital lender. These conversions extinguished the Company's note payable with this venture capital lender.

On June 16, 2015 the Company issued 4,978,000 shares for the conversion and reduction of \$896 of accrued interest held by a venture capital lender. These conversions extinguished the Company's note payable with this venture capital lender.

On June 5, 2015 the Company issued 31,313,318 shares for the conversion and reduction of \$6,500 of debt and \$389 of accrued interest held by a venture capital lender. On June 19, 2015 the Company issued 48,474,848 shares for the conversion and reduction of \$7,525 of debt and \$473 of accrued interest held by a venture capital lender. On June 30, 2015 the Company issued 48,262,000 shares for the conversion and reduction of \$7,475 of debt and \$488 of accrued interest held by a venture capital lender.

On July 17 2015 the Company issued 24,296,409 shares for the conversion and reduction of \$5,000 of debt and \$345 of accrued interest held by a venture capital lender. This conversion extinguished the Company's note payable with this venture capital lender.

During the year ended December 31, 2015 the total number of shares of common stock issued in exchange for settlement of debt was 730,695,009 and the value of the total stock issued in exchange for settlement of debt was \$199,761.

9. CONVERTIBLE DEBT

JMJ Financial

On March 31, 2015, the Company revalued the derivative value of the JMJ Note 1 using the weighted-average Black-Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 361.17%; (iii) risk free rate of 0.26%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.00042. The Company determined the derivative value to be \$3,263 as of March 31, 2015, which represents a decrease in the change in fair value of the derivative liability in the amount of \$3,076 as compared to the derivative value on December 31, 2014. Accordingly, the Company recorded a non-cash decrease in the change in fair value of the derivative liability of \$3,076 while also decreasing the derivative liability by the same amount.

On June 16, 2015 the Investor/Lender exercised its right to convert the balance of \$896 of accrued and unpaid interest of the JMJ Note 1 into 4,978,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 330.75%; (iii) risk free rate of 0.11%, (iv) expected term of 1 year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.00018. This conversion produced an increase in additional paid in capital of \$2,193 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$493 while producing a decrease in the derivative liability by the same amount.

The JMJ Note 1 was fully converted into common stock as of June 16, 2015.

On March 4, 2015 the Investor/Lender exercised its right to convert \$6,678 of the JMJ Note 2 into 15,900,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 312.66%; (iii) risk free rate of 0.01%, (iv) expected term of 1 year, (v) market value share price of \$0.0013, and (vi) per share conversion price of \$0.00042. This conversion produced an increase in additional paid in capital of \$15,472 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$61,360 producing a decrease in the derivative liability by the same amount.

On March 25, 2015 the Investor/Lender exercised its right to convert \$6,679 of the JMJ Note 2 into 15,902,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 275.87%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0011, and (vi) per share conversion price of \$0.00042. This conversion produced an increase in additional paid in capital of \$11,608 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$24,950 producing a decrease in the derivative liability by the same amount.

On March 31, 2015, the Company revalued the derivative value of the \$26,643 JMJ Note 2 using the weighted-average Black-Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 286.81%; (iii) risk free rate of 0.05%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.00042. The Company determined the derivative value to be \$46,964 as of March 31, 2015, which represents a decrease in the change in fair value of the derivative in the amount of \$16,335 as compared to the derivative value on March 25, 2015. Accordingly, the Company recorded a non-cash decrease in fair value of the derivative liability of \$16,335 while also decreasing the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$4,925 and a reduction of debt discounts of the same amount.

On April 6, 2015 the Investor/Lender exercised its right to convert \$10,332 of the JMJ Note 2 into 24,600,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 272.33%; (iii) risk free rate of 0.03%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.00042. This conversion produced an increase in additional paid in capital of \$14,900 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$5,560 producing an increase in the derivative liability by the same amount.

On April 27, 2015 the Investor/Lender exercised its right to convert \$8,190 of the JMJ Note 2 into 27,300,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 346.63%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.001, and (vi) per share conversion price of \$0.0003. This conversion produced an increase in additional paid in capital of \$21,230 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$30,004 producing an increase in the derivative liability by the same amount.

On May 7, 2015 the Investor/Lender exercised its right to convert \$9,480 of accrued and unpaid interest of the JMJ Note 2 into 31,600,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 336.62%; (iii) risk free rate of 0.01%, (iv) expected term of 1 year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.0003. This conversion produced an increase in additional paid in capital of \$12,397 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$10,577 producing an increase in the derivative liability by the same amount.

On May 21, 2015 the Investor/Lender exercised its right to convert the balance of the loan amount of \$8,121 of the JMJ Note 2 plus \$298 of accrued and unpaid interest into 35,078,875 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 416.87%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0008, and (vi) per share conversion price of \$0.00024. This conversion produced an increase in additional paid in capital of \$21,586 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$10,577 producing an increase in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$27,798 and a reduction of debt discounts of the same amount.

LG Capital Funding, LLC

On January 6, 2015 the Investor/Lender exercised its right to convert \$5,000 plus \$265 of accrued and unpaid interest of the LG Note 1 into 13,675,870 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 396.56%; (iii) risk free rate of 0.03%, (iv) expected term of 1 year, (v) market value share price of \$0.0008, and (vi) per share conversion price of \$0.00039. This conversion produced an increase in additional paid in capital of \$9,085 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$24,743 producing a decrease in the derivative liability by the same amount.

On February 18, 2015 the Investor/Lender exercised its right to convert \$2,800 plus \$175 of accrued and unpaid interest of the LG Note 1 into 7,727,012 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 309.01%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.00039. This conversion produced an increase in additional paid in capital of \$4957 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$789 producing a decrease in the derivative liability by the same amount.

On March 4, 2015 the Investor/Lender exercised its right to convert \$2,000 plus \$131 of accrued and unpaid interest of the LG Note 1 into 5,535,246 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 312.66%; (iii) risk free rate of 0.01%, (iv) expected term of 1 year, (v) market value share price of \$0.0013, and (vi) per share conversion price of \$0.00039. This conversion produced an increase in additional paid in capital of \$5,501 and a decrease in the derivative liability by the same amount. There was also an increase in the change in fair value of the derivative liability of \$16,946 producing an increase in the derivative liability by the same amount.

On March 10, 2015 the Investor/Lender exercised its right to convert \$7,600 plus \$508 of accrued and unpaid interest of the LG Note 1 into 18,427,386 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 286.71%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0025, and (vi) per share conversion price of \$0.00044. This conversion produced an increase in additional paid in capital of \$38,530 and a decrease in the derivative liability by the same amount. There was also an increase in the change in fair value of the derivative liability of \$35,507 producing an increase in the derivative liability by the same amount.

On March 23, 2015 the Investor/Lender exercised its right to convert \$7,800 of the LG Note 1 into 17,727,273 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 281.34%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0011, and (vi) per share conversion price of \$0.00044. This conversion produced an increase in additional paid in capital of \$12,810 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$24,330 producing a decrease in the derivative liability by the same amount.

On March 31, 2015, the Company revalued the derivative value of the LG Note 1 using the weighted-average Black-Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 286.81%; (iii) risk free rate of 0.05%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.0005. The Company determined the derivative value to be \$802 as of March 31, 2015, which represents a change in the fair value of the derivative in the amount of \$512 as compared to the derivative value on March 23, 2015. Accordingly, the Company recorded a decrease in the change in fair value of the derivative liability of \$512 while also decreasing the derivative liability from \$12,810 to \$802 as of March 31, 2015. In addition, the Company recorded an amortization of debt discount of \$20,757 and a reduction of debt discounts of the same amount.

On April 15, 2015 the Investor/Lender exercised its right to convert the balance of the loan amount of \$800 of the LG Note 1 plus \$60 of accrued and unpaid interest of the Note into 2,233,220 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 266.43%; (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0011, and (vi) per share conversion price of \$0.00039. This conversion produced an increase in additional paid in capital of \$1,620 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$818 producing an increase in the derivative liability by the same amount.

The LG Note 1 was fully converted into common stock as of April 15, 2015.

On March 31, 2015, the Company revalued the derivative value of the LG Note 2 using the weighted-average Black-Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 286.82%; (iii) risk free rate of 0.03%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.0005. The Company determined the derivative value to be \$36,098 as of March 31, 2015, which represents a change in the fair value of the derivative in the amount of \$16,363 as compared to the derivative value on March 3, 2015. Accordingly, the Company recorded a decrease in the change in fair value of the derivative liability of \$16,363 while also decreasing the derivative liability from \$52,461 to \$36,098 as of March 31, 2015. In addition, the Company recorded an amortization of debt discount of \$4,011 and a reduction of debt discounts of the same amount.

On April 28, 2015 the Investor/Lender exercised its right to convert \$6,500 of the LG Note 2 plus \$76 of accrued and unpaid interest of the Note into 23,910,945 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 374.08%; (iii) risk free rate of 0.09%, (iv) expected term of 1 year, (v) market value share price of \$0.0008, and (vi) per share conversion price of \$0.00028. This conversion produced an increase in additional paid in capital of \$16,330 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$29,900 producing an increase in the derivative liability by the same amount.

On May 11, 2015 the Investor/Lender exercised its right to convert of \$8,000 of the LG Note 2 plus \$116 of accrued and unpaid interest of the Note into 29,511,745 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 374.08%; (iii) risk free rate of 0.09%, (iv) expected term of 1 year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.00028. This conversion produced an increase in additional paid in capital of \$14,338 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$16,368 producing an increase in the derivative liability by the same amount.

On May 21, 2015 the Investor/Lender exercised its right to convert \$7,300 plus \$122 of accrued and unpaid interest of the LG Note 2 into 33,734,545 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 416.87%; (iii) risk free rate of 0.02%, (iv) expected term of 1year, (v) market value share price of \$0.0008, and (vi) per share conversion price of \$0.00024. This conversion produced an increase in additional paid in capital of \$21,586 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$10,577 producing an increase in the derivative liability by the same amount.

On May 28, 2015 the Investor/Lender exercised its right to convert the balance of the loan amount of \$4,700 of the LG Note 2 plus \$86 of accrued and unpaid interest of the Note into 21,752,272 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 312.66%; (iii) risk free rate of 0.01%, (iv) expected term of 1year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$10,038 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$4,528 producing a decrease in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$13,035 and a reduction of debt discounts of the same amount.

The LG Note 2 was fully converted into common stock as of May 28, 2015.

On June 5, 2015 the Investor/Lender exercised its right to convert \$6,500 plus \$389 of accrued and unpaid interest of the LG Note 3 into 31,313,318 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 354.31%; (iii) risk free rate of 0.03%, (iv) expected term of 1year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$11,946 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$2,210 producing an increase in the derivative liability by the same amount.

On June 19, 2015 the Investor/Lender exercised its right to convert of \$7,525 plus \$473 of accrued and unpaid interest of the LG Note 3 into 48,474,848 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 362.43%; (iii) risk free rate of 0.01%, (iv) expected term of 1year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.000165. This conversion produced an increase in additional paid in capital of \$23,698 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$25,980 producing an increase in the derivative liability by the same amount.

On June 30, 2015 the Investor/Lender exercised its right to convert \$7,475 plus \$488 of accrued and unpaid interest of the LG Note 3 into 48,262,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 362.43%; (iii) risk free rate of 0.01%, (iv) expected term of 1year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.000165. This conversion produced an increase in additional paid in capital of \$22,983 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$4,251 producing a decrease in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$21,500 and a reduction of debt discounts of the same amount.

As of June 30, 2015 the outstanding balance is \$5,000 with \$5,000 of unamortized debt discount and derivative liabilities of \$10,179.

On July 17, 2015 the Investor/Lender exercised its right to convert the balance of the loan amount of \$5,000 of the LG Note 3 plus \$345 of accrued and unpaid interest of the Note into 24,296,409 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 271.66%; (iii) risk free rate of 0.03%, (iv) expected term of 1year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$7,661 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$2,518 producing a decrease in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$5,000 and a reduction of debt discounts of the same amount.

The LG Note 3 was fully converted into common stock as of July 17, 2015.

Tonaquint, Inc.

On March 20, 2015 the Investor/Lender exercised its right to convert \$10,000 of the Tonaquint Note into 25,974,026 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 361.79%; (iii) risk free rate of 0.11%, (iv) expected term of 1 year, (v) market value share price of \$0.0014, and (vi) per share conversion price of \$0.00039. This conversion produced an increase in additional paid in capital of \$32,828 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$38,582 producing an increase in the derivative liability by the same amount.

On March 31, 2015, the Company revalued the derivative value of the \$49,000 Tonaquint Note using the weighted-average Black-Scholes option pricing model with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 314.24%; (iii) risk free rate of 0.14%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.00048. The Company determined the derivative value to be \$73,476 as of March 31, 2015, which represents a change in the fair value of the derivative in the amount of \$87,381 as compared to the derivative value on March 20, 2015. Accordingly, the Company recorded a non-cash decrease in the change in fair value of the derivative of \$87,381 while also decreasing the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$12,329 and a reduction of debt discounts of the same amount.

On April 6, 2015 the Investor/Lender exercised its right to convert \$10,500 of the Tonaquint Note into 27,272,727 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 299.43%; (iii) risk free rate of 0.10%, (iv) expected term of 1 year, (v) market value share price of \$0.0009, and (vi) per share conversion price of \$0.000385. This conversion produced an increase in additional paid in capital of \$19,755 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$32,036 producing an increase in the derivative liability by the same amount.

On April 27, 2015 the Investor/Lender exercised its right to convert \$9,750 of the Tonaquint Note into 35,454,545 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 325.44%, (iii) risk free rate of 0.10%, (iv) expected term of 1 year, (v) market value share price of \$0.001, and (vi) per share conversion price of \$0.000275. This conversion produced an increase in additional paid in capital of \$30,347 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$56,110 producing an increase in the derivative liability by the same amount.

On May 6, 2015 the Investor/Lender exercised its right to convert \$10,134 of the Tonaquint Note into 36,850,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 331.74%, (iii) risk free rate of 0.08%, (iv) expected term of 1 year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.000275. This conversion produced an increase in additional paid in capital of \$17,630 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$49,186 producing a decrease in the derivative liability by the same amount.

On May 14, 2015 the Investor/Lender exercised its right to convert \$8,092 of the Tonaquint Note into 36,780,000 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 318.49%, (iii) risk free rate of 0.08%, (iv) expected term of 1 year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$14,370 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$932 producing an increase in the derivative liability by the same amount.

On May 22, 2015 the Investor/Lender exercised its right to convert \$10,839 of the Tonaquint Note into 49,269,100 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 328.57%, (iii) risk free rate of 0.08%, (iv) expected term of 1 year, (v) market value share price of \$0.0006, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$23,791 and a decrease in the derivative liability by the same amount. There was also a change in fair value of the derivative liability of \$7,374 producing an increase in the derivative liability by the same amount.

On June 4, 2015 the Investor/Lender exercised its right to convert the balance of the loan amount of \$6,765 of the Tonaquint Note into 30,752,045 common shares. The Company has determined that the conversion feature is considered an embedded conversion feature and thereby creates a derivative liability for the Company. On the date of conversion, the Company calculated the value of the derivative liability using the weighted-average Black-Scholes option pricing model, which approximates the Monte Carlo and other binomial valuation techniques, with the following assumptions: (i) dividend yield of 0%; (ii) expected volatility of 337.37%, (iii) risk free rate of 0.02%, (iv) expected term of 1 year, (v) market value share price of \$0.0005, and (vi) per share conversion price of \$0.00022. This conversion produced an increase in additional paid in capital of \$11,872 and a decrease in the derivative liability by the same amount. There was also a decrease in the change in fair value of the derivative liability of \$2,977 producing a decrease in the derivative liability by the same amount. In addition, the Company recorded an amortization of debt discount of \$19,452 and a reduction of debt discounts of the same amount.

The Tonaquint Note was fully converted into common stock as of June 4, 2015.

The total amount of derivative liabilities at December 31, 2015 and December 31, 2014 was \$-0- and \$407,735, respectively.

| Note: | 12/31/2014 | Initial | Change In Fair Value of Derivative Liabilities | | Initial | Change In Fair Value of Derivative Liabilities | | Initial | Change In Fair Value of Derivative Liabilities | | Initial | Change In Fair Value of Derivative Liabilities | |
|--------------|----------------|---------------|--|----------------|---------------|--|---------------|----------|--|----------|----------|--|----------|
| | | | 3/31/2015 | 6/30/2015 | | 9/30/2015 | 12/31/2015 | | | | | | |
| JMJ#1 | 6,339 | - | (3,076) | 3,263 | - | (3,263) | - | - | - | - | - | - | - |
| JMJ#2 | 176,689 | - | (129,725) | 46,964 | - | (46,964) | - | - | - | - | - | - | - |
| LGCapital#1 | 69,604 | - | (68,802) | 802 | - | (802) | - | - | - | - | - | - | - |
| LGCapital#2 | - | 52,461 | (16,363) | 36,098 | - | (36,098) | - | - | - | - | - | - | - |
| LGCapital#3 | - | - | - | - | 44,416 | (34,237) | 10,179 | - | (10,179) | - | - | - | - |
| Tonaquint | 155,103 | - | (81,627) | 73,476 | - | (73,476) | - | - | - | - | - | - | - |
| Total | 407,735 | 52,461 | (299,593) | 160,603 | 44,416 | (194,840) | 10,179 | - | (10,179) | - | - | - | - |

The total derivative liability balance at December 31, 2015 and 2014 was \$-0- and \$407,735, respectively. The total note payable balance at December 31, 2015 and 2014 was \$-0- and \$151,500, respectively and the unamortized debt discounts balance at December 31, 2015 and 2014 was \$-0- and \$85,260, respectively. During the year ended December 31, 2015 the total amount of proceeds from notes payable was \$26,500 and the total amount of notes payable converted to common stock in exchange for settlement of debt was \$454,267, and also \$13,601 of accrued interest was converted to common stock in exchange for settlement of debt. In addition, the derivative expense at December 31, 2015 and 2014 was \$43,877 and \$668,584, respectively, and the change in fair value of derivatives at December 31, 2015 and 2014 was income of \$50,345 and \$159,406, respectively. The total amortization of the debt discount at December 31, 2015 and 2014 was \$138,260 and \$183,759, respectively.

10. RELATED PARTY – PROMISSORY NOTE

The Company obtained short-term cash flow from a related party in the form of three demand Notes Payable in the aggregate amount of \$10,000 which have been outstanding since the year ended December 31, 2012. Two notes were amended and extended during 2014, and then again during the quarter ended December 31, 2015, changing the maturity date to two years from what was on amended notes. The other note was extended during the quarter ended September 30, 2015, changing the maturity date to one year later than what was on original note. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|------------------|------|------------------|-----------------|-----------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 6,000 | 7% | \$ 1,395 | \$ 975 | 9/4/2016 |
| Promissory note 2 | \$ 2,000 | 7% | \$ 454 | \$ 314 | 10/1/2017 |
| Promissory note 3 | \$ 2,000 | 7% | \$ 430 | \$ 290 | 12/3/2017 |
| Total | <u>\$ 10,000</u> | | <u>\$ 2,279</u> | <u>\$ 1,579</u> | |

The Company obtained short-term cash flow from a related party in the form of nine demand Notes Payable in the aggregate amount of \$70,953 during the period from 2012 through December 31, 2014. During the quarters ended December 31, 2015, September 30, 2015, June 30, 2015 and March 31, 2015 the Company borrowed \$53,000, \$115,000 and \$60,000 and \$35,000, respectively, in the form of twelve demand notes. The Company repaid the principle amount of \$2,399 and \$453 during the years ended December 31, 2015 and December 31, 2014, respectively. Notes 1 through 6 were amended and extended during 2014, changing the maturity date to one year later than what was on original notes. Notes 1 and 6 were amended again during the quarter ended September 30, 2015, changing the maturity date to one year later than what was on original notes. Notes 2, 3, 4, and 5 were amended during the quarter ended December 31, 2015, changing the maturity date to two years later than what was on original notes. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|--------------------|------------|------|------------------|----------|------------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 5,000 | 7% | \$ 1,171 | \$ 821 | 7/25/2016 |
| Promissory note 2 | \$ 11,000 | 7% | \$ 2,456 | \$ 1,686 | 10/22/2017 |
| Promissory note 3 | \$ 15,000 | 7% | \$ 3,254 | \$ 2,203 | 11/24/2017 |
| Promissory note 4 | \$ 102 | 7% | \$ 23 | \$ 16 | 10/22/2017 |
| Promissory note 5 | \$ 879 | 7% | \$ 191 | \$ 129 | 11/24/2017 |
| Promissory note 6 | \$ 973 | 7% | \$ 228 | \$ 160 | 7/25/2016 |
| Promissory note 7 | \$ 22,147 | 7% | \$ 2,750 | \$ 1,148 | 5/4/2016 |
| Promissory note 8 | \$ 7,000 | 7% | \$ 518 | \$ 28 | 12/11/2016 |
| Promissory note 9 | \$ 6,000 | 7% | \$ 432 | \$ 12 | 12/22/2016 |
| Promissory note 10 | \$ 25,000 | 7% | \$ 1,716 | \$ - | 1/8/2017 |
| Promissory note 11 | \$ 35,000 | 7% | \$ 2,215 | \$ - | 2/5/2017 |
| Promissory note 12 | \$ 40,000 | 7% | \$ 2,056 | \$ - | 4/8/2017 |
| Promissory note 13 | \$ 30,000 | 7% | \$ 1,387 | \$ - | 5/5/2017 |
| Promissory note 14 | \$ 45,000 | 7% | \$ 1,648 | \$ - | 6/24/2017 |
| Promissory note 15 | \$ 25,000 | 7% | \$ 753 | \$ - | 7/28/2017 |
| Promissory note 16 | \$ 15,000 | 7% | \$ 385 | \$ - | 8/20/2017 |
| Promissory note 17 | \$ 13,000 | 7% | \$ 254 | \$ - | 9/21/2017 |
| Promissory note 18 | \$ 5,000 | 7% | \$ 88 | \$ - | 10/13/2017 |
| Promissory note 19 | \$ 10,000 | 7% | \$ 121 | \$ - | 10/30/2017 |
| Promissory note 20 | \$ 3,000 | 7% | \$ 10 | \$ - | 12/15/2017 |
| Promissory note 21 | \$ 17,000 | 7% | \$ 55 | \$ - | 12/15/2017 |
| Total | \$ 331,101 | | \$ 21,710 | \$ 6,203 | |

The Company obtained short-term cash flow from a related party in the form of four demand Notes Payable in the aggregate amount of \$6,504 during the period from 2012 through March 31, 2013. Notes 1 and 2 were amended and extended during 2014, and then again during the quarter ended December 31, 2015 changing the maturity date to two years from the amended maturity date. Notes 3 and 4 were amended and extended during the quarter ended March 31, 2015, changing the maturity date to one year later than what was on original notes. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|------------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 234 | 7% | \$ 50 | \$ 34 | 12/5/2017 |
| Promissory note 2 | \$ 170 | 7% | \$ 37 | \$ 25 | 11/18/2017 |
| Promissory note 3 | \$ 4,100 | 7% | \$ 833 | \$ 546 | 2/5/2016 |
| Promissory note 4 | \$ 2,000 | 7% | \$ 405 | \$ 265 | 2/7/2016 |
| Total | \$ 6,504 | | \$ 1,325 | \$ 870 | |

The Company obtained short-term cash flow from a related party in the form of two demand Notes Payable in the aggregate amount of \$18,000 during the year of 2013. Both notes were amended and extended during the quarter ended March 31, 2015, changing the maturity date to one year later than what was on original note. The Notes bear an interest rate of 7% per annum and are unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|-----------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 10,000 | 7% | \$ 2,000 | \$ 1,300 | 2/21/2016 |
| Promissory note 2 | \$ 8,000 | 7% | \$ 1,562 | \$ 1,002 | 3/18/2016 |
| Total | \$ 18,000 | | \$ 3,562 | \$ 2,302 | |

The Company obtained short-term cash flow from a related party in the form of one demand Note Payable in the aggregate amount of \$6,000 during the year of 2014. The Note bears an interest rate of 7% per annum and is unsecured.

| Note | Principal | Rate | Accrued interest | | Maturity |
|-------------------|-----------|------|------------------|----------|----------|
| | | | 12/31/15 | 12/31/14 | |
| Promissory note 1 | \$ 6,000 | 7% | \$ 590 | \$ 170 | 8/6/2016 |
| Total | \$ 6,000 | | \$ 590 | \$ 170 | |

During the year ended December 31, 2015 the total amount of related party loan proceeds was \$263,000. The total interest accrued on related party loans at December 31, 2015 and December 31, 2014 was \$29,467 and \$11,124, respectively.

From time to time, the Company advances amounts to stockholders, as well as receives payments from stockholders in the form of cash and/or out-of-pocket expenditures for the benefit of the Company, which are business in nature. The balance of advances to stockholder as of December 31, 2015 and December 31, 2014 was \$11,321 and \$11,321, respectively. Amounts accrued, but not yet paid as due to related party at December 31, 2015 and December 31, 2014 was \$25,000 and \$33,425, respectively.

11. COMMITMENTS AND CONTINGENCIES

Litigation

There are no pending, threatened or actual legal proceedings in which the Company or any subsidiary is a party.

BY-LAWS OF
POWERDYNE INTERNATIONAL, INC.

(As Amended June 24, 2011)

BY-LAWS

POWERDYNE INTERNATIONAL, INC.

Article I

The Stockholders

Section 1.1. Annual Meeting. The annual meeting of the stockholders of Powerdyne International, Inc. (the "Corporation") shall be held on the third Thursday in May of each year at 10:30 a.m. local time, or at such other date or time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, for the election of directors and for the transaction of such other business as may come before the meeting.

Section 1.2. Special Meetings. A special meeting of the stockholders shall be called at any time by the written resolution or request of one-half or more of the members of the Board of Directors, of the president, or of any executive vice president and or upon the written request of the holders of two-thirds or more in amount, of each class or series of the capital stock of the Corporation entitled to vote at such meeting on the matters(s) that are the subject of the proposed meeting, such written request in each case to specify the purpose or purposes for which such meeting shall be called, and with respect to stockholder proposals, shall further comply with the requirements of this Article. Nothing contained in such notice shall prohibit any other matter from being brought before, discussed or considered at any such special meeting provided, however, that any such matter shall be held upon the table to be voted upon the next meeting of the stockholders and they shall receive notice of such matter.

Section 1.3. Notice of Meetings. Notice of each meeting of stockholders, whether annual or special, stating the date, hour and place where it is to be held, shall be served either personally, by mail, or by email, not less than fifteen nor more than sixty days before the meeting, upon each stockholder of record entitled to vote at such meeting, and to any other stockholder to whom the giving of notice may be required by law. Notice of a special meeting shall also state the purpose or purposes for which the meeting is called and shall indicate that it is being issued by, or at the direction of, the person or persons calling the meeting. If, at any meeting, action is proposed to be taken that would, if taken, entitle stockholders to receive

payment for their stock, the notice of such meeting shall include a statement of that purpose and to that effect. If mailed, notice shall be deemed to be delivered when deposited in the United States mail or with any private express mail service, postage or delivery fee prepaid, and shall be directed to each such stockholder at his address, as it appears on the records of the stockholders of the Corporation, unless he shall have previously filed with the secretary of the Corporation a written request that notices intended for him be mailed to some other address, in which case, it shall be mailed to the address designated in such request. If emailed, notice shall be deemed to be delivered when transmitted through the internet and shall be directed to each such stockholder at his email address, as it appears in the records of the stockholders of the Corporation. Any email notice which is returned to the Corporation as being undeliverable shall be deemed to be insufficient notice.

Waiver by a shareholder of notice of a meeting, in writing and signed by the shareholder, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Attendance by a shareholder, whether in person or by proxy, at a meeting shall constitute a waiver of notice of such meeting, except where a shareholder attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, and such shareholder makes such fact known, in writing, upon entering the meeting.

Section 1.4. Fixing Date of Record. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, then the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of, or to vote at, a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting (to the extent that such action by written consent is permitted by law, the Certificate of Incorporation or these By-Laws), the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in its state of incorporation, to its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by either certified or registered mail, return receipt requested, postage prepaid. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 1.5. Right to Vote. Each share of capital stock shall entitle the person registered as the holder thereof on the books of the Corporation to one vote. Stockholders may vote either in person or by written proxy signed by the stockholder.

Section 1.6. Inspectors. At each meeting of the stockholders, the polls shall be opened and closed and the proxies and ballots shall be received and be taken in charge. All questions touching on the qualification of voters and the validity of proxies and the acceptance or rejection of votes, shall be decided by one or more inspectors. Such inspectors shall be appointed by the Board of Directors before or at the meeting, or, if no such appointment shall have been made, then by the presiding officer at the meeting. If for any reason any of the inspectors previously appointed shall fail to attend, shall refuse or be unable to serve, inspectors in place of any so failing to attend or refusing or unable to serve shall be appointed in like manner.

Section 1.7. Quorum. At any meeting of the stockholders, the holders of a majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum of the stockholders for all purposes, unless the representation of a larger number shall be required by law, and, in that case, the representation of the number so required shall constitute a quorum.

If the holders of the amount of stock necessary to constitute a quorum shall fail to attend in person or by proxy at the time and place fixed in accordance with these By-Laws for an annual or special meeting, a majority in interest of the stockholders present in person or by proxy may adjourn, from time to time, without notice other than by announcement at the meeting, until holders of the amount of stock requisite to constitute a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 1.8. Business. The chairman of the Board, if any, or in his absence the vice chairman, if any, or in his absence the president, or in his absence the most senior executive vice president (in tenure), in the order named, shall call meetings of the stockholders to order, and shall act as chairman of such meeting; provided, however, that the Board of Directors or executive committee may appoint any stockholder to act as chairman of any meeting in the absence of the chairman of the Board. The secretary of the Corporation shall act as secretary at all meetings of the stockholders, but in the absence of the secretary at any meeting of the stockholders, the presiding officer may appoint any person to act as secretary of the meeting.

Section 1.9. Stockholder Proposals. No proposal by a stockholder shall be presented for vote at a special or annual meeting of stockholders unless such stockholder shall, not later than the close of business on the twenty-fifth day following the date on which notice of the meeting is first given to stockholders, provide the Board of Directors or the secretary of the Corporation with written notice of intention to present a proposal for action at the forthcoming meeting of stockholders, which notice shall include the name and address of such stockholder, the number of voting securities that he holds of record and that he holds beneficially, the text of the proposal to be presented to the meeting and a statement in support of the proposal.

Any stockholder who was a stockholder of record on the applicable record date may make any other proposal at an annual meeting or special meeting of stockholders and the same may be discussed and considered, but unless stated in writing and filed with the Board of Directors or the secretary prior to the date set forth herein above, such proposal shall be laid over for action at an adjourned, special, or annual meeting of the stockholders taking place sixty days or more thereafter. This provision shall not prevent the consideration and approval or disapproval at the annual meeting of reports of officers, directors, and committees, but in connection with such reports, no new business proposed by a stockholder, qua stockholder, shall be acted upon at such annual meeting unless stated and filed as herein provided.

Notwithstanding any other provision of these By-Laws, the Corporation shall be under no obligation to include any stockholder proposal in its proxy statement materials or otherwise present any such proposal to stockholders at a special or annual meeting of stockholders if the Board of Directors reasonably believes the proponents thereof have not complied with Sections 13 or 14 of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder. Neither shall the Corporation be required to include any stockholder proposal not required to be included in its proxy materials to stockholders in accordance with any such section, rule or regulation provided, however, that nothing contained herein shall prohibit any stockholder from including or disturbing such proxy materials at his own expense and without any assistance or cooperation from the Corporation.

Section 1.10. Proxies. At all meetings of stockholders, a stockholder entitled to vote may vote either in person or by proxy executed in writing by the stockholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution or for any other regular or special meeting of the stockholders, unless otherwise provided in the proxy and shall specify what meeting or meeting the proxy shall run.

Section 1.11. Voting by Ballot. The votes for directors, and upon the demand of any stockholder or when required by law, the votes upon any question before the meeting, shall be by ballot.

Section 1.12. Voting Lists. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares of stock registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present.

Section 1.13. Place of Meeting. The Board of Directors may designate any place, either within or without the state of incorporation, as the place of meeting for any annual meeting or any special meeting called by the Board of Directors. If no designation is made or if a special meeting is otherwise called, the place of meeting shall be the principal office of the Corporation.

Section 1.14. Voting of Stock of Certain Holders. Shares of capital stock of the Corporation standing in the name of another corporation, domestic or foreign, may be voted by such officer, agent, or proxy as the by-laws of such corporation may prescribe, or in the absence of such provision, as the board of directors of such corporation may determine.

Shares of capital stock of the Corporation standing in the name of a deceased person, a minor ward or an incompetent person may be voted by his administrator, executor, court - appointed guardian or conservator, either in person or by proxy, without a transfer of such stock into the name of such administrator, executor, court -appointed guardian or conservator. Shares of capital stock of the Corporation standing in the name of a trustee may be voted by him, either in person or by proxy.

Shares of capital stock of the Corporation standing in the name of a receiver may be voted, either in person or by proxy, by such receiver, and stock held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority to do so is contained in any appropriate order of the court by which such receiver was appointed.

A stockholder whose stock is pledged shall be entitled to vote such stock, either in person or by proxy, until the stock has been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote, either in person or by proxy, the stock so transferred.

Shares of its own capital stock belonging to this Corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding stock at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding stock at any given time.

Article II

Board of Directors

Section 2.1. General Powers. The business, affairs, and the property of the Corporation shall be managed and controlled by the Board of Directors (the "Board"), and, except as otherwise expressly provided by law, the Certificate of Incorporation or these By-Laws, all of the powers of the Corporation shall be vested in the Board.

Section 2.2. Number of Directors. The number of directors which shall constitute the whole Board shall be not fewer than two nor more than five. Within the limits above specified, the number of directors shall be determined by the Board of Directors pursuant to a resolution adopted by a majority of the directors then in office.

Section 2.3. Election, Term and Removal. Directors shall be elected at the annual meeting of stockholders to succeed those directors whose terms have expired. Each director shall hold office for the term for which elected and until his or her successor shall be elected and qualified. Directors need not be stockholders. A director may be removed from office at a meeting expressly called for that purpose by the vote of not less than a majority of the outstanding capital stock entitled to vote at an election of directors.

Section 2.4. Vacancies. Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors then in office, though less than a quorum; except that vacancies resulting from removal from office by a vote of the stockholders may be filled by the stockholders at the same meeting at which such removal occurs provided that the holders of not less than a majority of the outstanding capital stock of the Corporation (assessed upon the basis of votes and not on the basis of number of shares) entitled to vote for the election of directors, voting together as a single class, shall vote for each replacement director. All directors elected to fill vacancies shall hold office for a term expiring at the time of the next annual meeting of stockholders and upon election and qualification of his successor. No decrease in the number of directors constituting the Board of Directors shall shorten the term of an incumbent director.

Section 2.5. Resignations. Any director of the Corporation may resign at any time by giving written notice to the president or to the secretary of the Corporation. The resignation of any director shall take effect at the time specified therein and, if none be specified, then upon receipt and, unless otherwise specified therein, the acceptance of such resignation shall be unnecessary to make it effective.

Section 2.6. Place of Meetings, etc. The Board of Directors may hold its meetings, and may have an office and keep the books of the Corporation (except as otherwise may be provided for by law), in such place or places in or outside the state of incorporation as the Board from time to time may determine.

Section 2.7. Regular Meetings. Regular meetings of the Board of Directors shall be held as soon as practicable after adjournment of the annual meeting of stockholders at such time and place as the Board of Directors may fix. No notice shall be required for any such regular meeting of the Board.

Section 2.8. Special Meetings. Special meetings of the Board of Directors shall be held at places and times fixed by resolution of the Board of Directors, or upon call of the chairman of the Board, if any, or of the vice-chairman of the Board, if any, or of the president, or of an executive vice president or of two-thirds of the directors then in office.

The secretary or officer performing the secretary's duties shall give not less than twenty four hours notice by letter, email or telephone or in person of all special meetings of the Board of Directors, provided that notice need not given of the annual meeting or of regular meetings held at times and places fixed by resolution of the Board. Meetings may be held at any time without notice if all of the directors are present, or if those not present waive notice in writing either before or after the meeting. The notice of meetings of the Board need not state the purpose of the meeting.

Section 2.9. Participation by Conference Telephone. Members of the Board of Directors of the Corporation, or any committee thereof, may participate in a regular or special or any other meeting of the Board or committee by means of conference telephone or similar communication by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 2.10. Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if prior or subsequent to such action all the members of the Board or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of the proceedings of the Board or committee.

Section 2.11. Quorum. A majority of the total number of directors then in office (or, if there be two directors, then both directors) shall constitute a quorum for the transaction of business; but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section 2.12. Business. Business shall be transacted at meetings of the Board of Directors in such order as the Board may determine. At all meetings of the Board of Directors, the chairman of the Board, if any, the president, or in his absence the vice-chairman, if any, or an executive vice president, in the order named, shall preside.

Section 2.13. Interest of Directors in Contracts. (a) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of the Corporation's directors or officers, are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if:

- (1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or
- (2) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or
- (3) The contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee of the Board of Directors or the stockholders.

(b) Interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 2.14. Compensation of Directors. Each director of the Corporation who is not a salaried officer or employee of the Corporation, or of a subsidiary of the Corporation, shall receive such allowances for serving as a director and such fees for attendance at meetings of the Board of Directors or the executive committee or any other committee appointed by the Board as the Board may from time to time determine.

Section 2.15. Loans to Officers or Employees. The Board of Directors may lend money to, guarantee any obligation of, or otherwise assist, any officer or other employee of the Corporation or of any subsidiary, whether or not such officer or employee is also a director of the Corporation, whenever, in the judgment of the directors, such loan, guarantee, or assistance may reasonably be expected to benefit the Corporation; provided, however, that any such loan, guarantee, or other assistance given to an officer or employee who is also a director of the Corporation must be authorized by a majority of the entire Board of Directors. Any such loan, guarantee, or other assistance may be made with or without interest and may be unsecured or secured in such manner as the Board of Directors shall approve, including, but not limited to, a pledge of shares of the Corporation, and may be made upon such other terms and conditions as the Board of Directors may determine.

Section 2.16. Nomination. Subject to the rights of holders of any class or series of stock having a preference over the common stock as to dividends or upon liquidation, nominations for the election of directors may be made by the Board of Directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, the close of business on the last business day of the eighth month after the immediately preceding annual meeting of stockholders, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the fifth business day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination, the name and residence address and the qualifications of such nominee to be a Director, of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all financial, personal, business, and familial relations, at Tangements or understandings between the stockholder (any member of his immediate family or any person acting as the stockholder's agent) and each nominee and any other person or persons (any member of his immediate family or any person acting as the stockholder's agent), naming such person or persons, pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors, and; (e) the consent of each nominee to serve as a director of the Corporation if so elected. The presiding officer at the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

Article III

Committees

Section 3.1. Committees. The Board of Directors, by resolution adopted by a majority of the number of directors then fixed by these By-Laws or resolution thereto, may establish such standing or special committees of the Board as it may deem advisable, and the members, terms, and authority of such committees shall be set forth in the resolutions establishing such committee.

Section 3.2. Executive Committee Number and Term of Office. The Board of Directors may, at any meeting, by majority vote of the Board of Directors, elect from the directors an executive committee. The executive committee shall consist of such number of members as may be fixed from time to time by resolution of the Board of Directors. The Board of Directors may designate a chairman of the committee who shall preside at all meetings thereof, and the committee shall designate a member thereof to preside in the absence of the chairman.

Section 3.3. Executive Committee Powers. The executive committee may, while the Board of Directors is not in session, exercise all or any of the powers of the Board of Directors in all cases in which specific directions shall not have been given by the Board of Directors; except that the executive committee shall not have the power or authority of the Board of Directors to (i) amend the Certificate of Incorporation or the By-Laws of the Corporation, (ii) fill vacancies on the Board of Directors, (iii) adopt an agreement or certification of ownership, merger or consolidation, (iv) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, or a dissolution of the Corporation or a revocation of a dissolution, (v) declare a dividend, or (vi) authorize the issuance of stock.

Section 3.4. Executive Committee Meetings. Regular and special meetings of the executive committee may be called and held subject to the same requirements with respect to time, place and notice as are specified in these By-Laws for regular and special meetings of the Board of Directors. Special meetings of the executive committee may be called by any member thereof. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special or regular meeting of the executive meeting if a quorum is present. At any meeting at which every member of the executive committee shall be present, in person or by telephone, even though without any notice, any business may be transacted. All action by the executive committee shall be reported to the Board of Directors at its meeting next succeeding such action.

The executive committee shall fix its own rules of procedure, and shall meet where and as provided by such rules or by resolution of the Board of Directors, but in every case the presence of a majority of the total number of members of the executive committee shall be necessary to constitute a quorum. In every case, the affirmative vote of a quorum shall be necessary for the adoption of any resolution.

Section 3.5. Executive Committee Vacancies. The Board of Directors, by majority vote of the Board of Directors then in office, shall fill vacancies in the executive committee by election from the directors.

Article IV

The Officers

Section 4.1. Number and Term of Office. The officers of the Corporation shall consist of, as the Board of Directors may determine and appoint from time to time, a chief executive officer, a president, one or more executive vice-presidents, a secretary, a treasurer, a controller, and/or such other officers as may from time to time be elected or appointed by the Board of Directors, including such additional vice-presidents with such designations, if any, as may be determined by the Board of Directors and such assistant secretaries and assistant treasurers. In addition, the Board of Directors may elect a chairman of the Board and may also elect a vice chairman as officers of the Corporation. Any two or more offices may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except as may be required by law.

The officers of the Corporation shall be elected or appointed from time to time by the Board of Directors. Each officer shall hold office until his successor shall have been duly elected or appointed or until his death or until he shall resign or shall have been removed by the Board of Directors.

Each of the salaried officers of the Corporation shall devote his entire time, skill and energy to the business of the Corporation, unless the contrary is expressly consented to by the Board of Directors or its executive committee.

Section 4.2. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation would be served thereby.

Section 4.3. The Chairman of the Board. The chairman of the Board, if any, shall preside at all meetings of stockholders and of the Board of Directors and shall have such other authority and perform such other duties as are prescribed by law, by these By-Laws and by the Board of Directors. The Board of Directors may designate the chairman of the Board as chief executive officer, in which case he shall have such authority and perform such duties as are prescribed by these By-Laws and the Board of Directors for the chief executive officer.

Section 4.4. The Vice-Chairman. The vice-chairman, if any, shall have such authority and perform such other duties as are prescribed by these By-Laws and by the Board of Directors. In the absence or inability to act of the chairman of the Board and the president, he shall preside at the meetings of the stockholders and of the Board of Directors and shall have and exercise all of the powers and duties of the chairman of the Board. The Board of Directors may designate the vice-chairman as chief executive officer, in which case he shall have such authority and perform such duties as are prescribed by these By-Laws and the Board of Directors for the chief executive officer.

Section 4.5. The President. The president shall have such authority and perform such duties as are prescribed by law, by these By-Laws, by the Board of Directors and by the chief executive officer (if the president is not the chief executive officer). The president, if there is no chairman of the Board, or in the absence or the inability to act of the chairman of the Board, shall preside at all meetings of stockholders and of the Board of Directors. Unless the Board of Directors designates the chairman of the Board or the vice-chairman as chief executive officer, the president shall be the chief executive officer, in which case he shall have such authority and perform such duties as are prescribed by these By-Laws and the Board of Directors for the chief executive officer.

Section 4.6. The Chief Executive Officer. Unless the Board of Directors designates the chairman of the Board or the vice-chairman as chief executive officer, the president shall be the chief executive officer. The chief executive officer of the Corporation shall have, subject to the supervision and direction of the Board of Directors, general supervision of the business, property and affairs of the Corporation, including the power to appoint and discharge agents and employees, and the powers vested in him by the Board of Directors, by law or by these By-Laws or which usually attach or pertain to such office.

Section 4.7. The Executive Vice-Presidents. In the absence of the chairman of the Board, if any, the president and the vice-chairman, if any, or in the event of their inability or refusal to act, the executive vice-president (or in the event there is more than one executive vice president, the executive vice-presidents in the order designated, or in the absence of any designation, then the most senior, in the order of their election) shall perform the duties of the chairman of the Board, of the president and of the vice-chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman of the Board, the president and the vice-chairman. Any executive vice-president may sign, with the secretary or an authorized assistant secretary, certificates for stock of the Corporation and shall perform such other duties as from time to time may be assigned to him by the chairman of the Board, the president, the vice-chairman, the Board of Directors or these By-Laws.

Section 4.8. The Vice-Presidents. The vice-presidents, if any, shall perform such duties as may be assigned to them from time to time by the chairman of the Board, the president, the vice-chairman, the Board of Directors, or these By-Laws.

Section 4.9. The Treasurer. Subject to the direction of chief executive officer and the Board of Directors, the treasurer shall have charge and custody of all the funds and securities of the Corporation; when necessary or proper he shall endorse for collection, or cause to be endorsed, on behalf of the Corporation, checks, notes and other obligations, and shall cause the deposit of the same to the credit of the Corporation in such bank or banks or depository as the Board of Directors may designate or as the Board of Directors by resolution may authorize; he shall sign all receipts and vouchers for payments made to the Corporation other than routine receipts and vouchers, the signing of which he may delegate; he shall sign all checks made by the Corporation (provided, however, that the Board of Directors may authorize and prescribe by resolution the manner in which checks drawn on banks or depositories shall be signed, including the use of facsimile signatures, and the manner in which officers, agents or employees shall be authorized to sign); unless otherwise provided by resolution of the Board of Directors, he shall sign with an officer-director all bills of exchange and promissory notes of the Corporation; whenever required by the Board of Directors, he shall render a statement of his cash account; he shall enter regularly full and accurate account of the Corporation in books of the Corporation to be kept by him for that purpose; he shall, at all reasonable times, exhibit his books and accounts to any director of the Corporation upon application at his office during business hours; and he shall perform all acts incident to the position of treasurer. If required by the Board of Directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such sure ties as the Board of Directors may require.

Section 4.10. The Secretary. The secretary shall keep the minutes of all meetings of the Board of Directors, the minutes of all meetings of the stockholders and (unless otherwise directed by the Board of Directors) the minutes of all committees, in books provided for that purpose; he shall attend to the giving and serving of all notices of the Corporation; he may sign with an officer-director or any other duly authorized person, in the name of the Corporation, all contracts authorized by the Board of Directors or by the executive committee, and, when so ordered by the Board of Directors or the executive committee, he shall affix the seal of the Corporation thereto; he may sign with the president or an executive vice-president all certificates of shares of the capital stock; he shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors or the executive committee may direct, all of which shall, at all reasonable times, be open to the examination of any director, upon application at the secretary's office during business hours; and he shall in general perform all the duties incident to the office of the secretary, subject to the control of the chief executive officer and the Board of Directors.

Section 4.11. The Controller. The controller shall be the chief accounting officer of the Corporation. Subject to the supervision of the Board of Directors, the chief executive officer and the treasurer, the controller shall provide for and maintain adequate records of all assets, liabilities and transactions of the Corporation, shall see that accurate audits of the Corporation's affairs are currently and adequately made and shall perform such other duties as from time to time may be assigned to him.

Section 4.12. The Assistant Treasurers and Assistant Secretaries. The assistant treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors may determine. The assistant secretaries as thereunto authorized by the Board of Directors may sign with the chairman of the Board, the president, the vice-chairman or an executive vice-president, certificates for stock of the Corporation, the issue of which shall have been authorized by a resolution of the Board of Directors. The assistant treasurers and assistant secretaries, in general, shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or chief executive officer, the Board of Directors, or these By-Laws.

Section 4.13. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation.

Section 4.14. Voting upon stocks. Unless otherwise ordered by the Board of Directors or by the executive committee, any officer, director or any person or persons appointed in writing by any of them, shall have full power and authority in behalf of the Corporation to attend and to act and to vote at any meetings of stockholders of any corporation in which the Corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, the Corporation might have possessed and exercised if present. The Board of Directors may confer like powers upon any other person or persons.

Article V

Contracts and Loans

Section 5.1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 5.2. Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Article VI

Certificates for Stock and Their Transfer

Section 6.1. Certificates for Stock. Certificates representing stock of the Corporation shall be in such form as may be determined by the Board of Directors. Such certificates shall be signed by the chairman of the Board, the president, the vice-chairman or an executive vice president and/or by the secretary or an authorized assistant secretary and shall be sealed with the seal of the Corporation. The seal may be a facsimile. If a stock certificate is countersigned (i) by a transfer agent other than the Corporation or its employee, or (ii) by a registrar other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In the event that any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon 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 he were such officer, transfer agent or registrar at the date of issue. All certificates for stock shall be consecutively numbered or otherwise identified. The name of the person to whom the shares of stock represented thereby are issued, with the number of shares of stock and date of issue, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificates shall be issued until the former certificate for a like number of shares of stock shall have been surrendered and canceled, except that, in the event of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

Section 6.2. Transfers of Stock. Transfers of stock of the Corporation shall be made only on the books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the Corporation, and on surrender for cancellation of the certificate for such stock. The person in whose name stock stands on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

Article VII

Fiscal Year

Section 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December in each year.

Article VIII

Seal

Section 8.1. Seal. The seal of this corporation shall consist of a circular device having the words and figures "Powerdyne International, Inc., Incorporated 2006, Delaware" engraved thereon or such other form as the Board of Directors shall.

Article IX

Waiver of Notice

Section 9.1. Waiver of Notice. Whenever any notice is required to be given under the provisions of these By-Laws or under the provisions of the Certificate of Incorporation or under provisions of the corporation law of the state of incorporation, waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of any person at a meeting for which any notice is required to be given under the provisions of these By-Laws, the Certificate of Incorporation or the corporation law of the state of incorporation shall constitute a waiver of notice of such meeting except when the person attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

Article X

Amendments

Section 10.1. Amendments. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted at any meeting of the Board of Directors of the Corporation by the affirmative vote of a majority of the members of the Board, or by the affirmative vote of a majority of the outstanding capital stock of the Corporation (assessed upon the basis of votes and not on the basis of number of shares) entitled to vote generally in the election of directors, voting together as a single class.

Article XI

Indemnification

Section 11.1. Indemnification. The Corporation shall indemnify its officers, directors, employees and agents to the fullest extent permitted by the General Corporation Law of Delaware, as amended from time to time.

Article XII

Special Corporate Acts

Section 12.1. Execution of Promissory Notes. All promissory notes, acceptances and other obligations of the corporation for the payment of money, except checks drafts shall be signed by the President or the Treasurer unless in a particular case the Board of Directors shall otherwise specifically provide.

Section 12.2 Execution of Conveyances, Leases, etc. All deeds, mortgages, leases, transfers and other conveyances of real property and interest therein shall be signed by the President or Treasurer unless in a particular case the Board of Directors shall otherwise specifically provide.

Section 12.3 Checks and Drafts. All checks and drafts shall be signed by the Treasurer or by such other officers or employees of the corporation as the Board of Directors may from time to time designate.

ATTEST:

Secretary

Portions herein identified by **** have been omitted pursuant to a request for confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934, as amended. A complete copy of this document has been filed separately with the Securities and Exchange Commission.

**ORIGINAL THREE OF FIVE
EQUIPMENT LEASING AGREEMENT**

THIS AGREEMENT between **POWERDYNE INTERNATIONAL, INC.**, together with its successors and assigns, if any, (sometimes hereafter referred to as "**PDI**" or "**LESSOR**") a corporation organized and existing under the laws of the State of Delaware and having a principal place of business at Jefferson Place, 100 Jefferson Boulevard, Suite 200, Warwick, Rhode Island 02888, U.S.A. and **FARMACIA BRISAS DEL MAR, INC.** together with its successors and assigns, if any, (sometimes hereafter referred to as "**BRISAS**" or "**LESSEE**") a CORPORATION organized and existing under the laws of the Territory of Puerto Rico and having a principal office at 901 Calle 2, Luquillo, Puerto Rico 00773-2463. Both **PDI** and **BRISAS** may sometimes be individually referred to as "**Party**" or, collectively, as "**Parties**".

This Agreement contains the terms that apply to the lease of electrical power generation equipment by **PDI** for use by **BRISAS or LESSEE**. Additional terms that apply to the leasing of the said Equipment (term, billing rate, options, etc.) may be contained herein or on a separate schedule ("**Schedule**") which shall be attached hereto and incorporated herein by reference or which may be attached hereto hereafter. This Agreement is executed in quintuplicate numbered originals which shall be distributed as follows: two to **LESSEE** and three to **PDI**.

WITNESSETH WHEREAS, LESSEE wishes to lease PDI Power Solution Equipment (as described more fully on Schedule, attached);

WHEREAS, PDI is able to supply such equipment to **BRISAS or LESSEE; NOW, THEREFORE,** in consideration of the mutual promises and covenants contained herein and in any Ancillary Agreements ("Schedules" which are or may hereafter be attached hereto and incorporated by reference or which may be referenced only and incorporated herein by such but which shall constitute a part hereof), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound and to bind their respective successors and assigns, the Parties do hereby mutually agree as follows:

1. DEFINITIONS:

- (a) Equipment: the Powerdyne Power Solution (sometime "PDI Power Solution" (as is described in Schedule A, attached).
- (b) Rental term: The term as is provided in paragraph 2 hereof.
- (c) Rental: Rent for the use of the Equipment as is provided in paragraph 2 hereof.
- (d) Agreement refers to this Agreement during its term and any extensions thereto.

2. TERM, RATE, PAYMENT AND CREDITS:

- (a) The term of this Agreement shall be a period of Five (5) years beginning on the date that the Equipment is declared to have been commissioned by **PDI** unless otherwise specified in the Schedule. The word "term" shall include such initial and any renewal term hereof.
- (b) **LESSEE** shall pay to **PDI** at its address stated above (or such other address as it may direct in writing- including wiring instructions), monthly (beginning on the first business day of the month next succeeding the date of this Agreement and on the first business day of each successive month) the **GREATER** of
 - 1) ****
 - 2) ****

Payments shall be in the amount set forth and due as stated in the applicable Schedule. If any advance deposit (as stated in the Schedule) is payable, it shall be due when the **BRISAS or LESSEE** executes this Agreement.

- (c) Except as may be otherwise provided herein, the equipment rental payment shall begin on the date when the Powerdyne Power Solution is commissioned, as determined by **PDI** in its sole discretion.

3. LESSEE RESPONSIBILITIES:

- (a) **LESSEE** shall provide space for the PDI Power Solution Equipment to be located in a location mutually acceptable to the Parties. This location shall be referred to hereafter as "pad" or "the pad". This Pad shall be leased by **PDI** from the **LESSEE** for a rental fee of \$1.00 USD for the term of the lease.

(b) Access to the pad shall be unrestricted to **PDI** personnel regardless of the time of day or night and work or maintenance of the unit may take place regardless of any operations taking place by the LESSEE and persons in **PDI's** employ shall be unrestricted to enter upon the pad for any purpose, however, any entry or attempt to enter the PDI Power Solution's Equipment container by the **LESSEE** its agents, servants or employees (except in the event of emergency or public safety) shall immediately void all warranties express or implied from **PDI**. **PDI** may access the Equipment at any time without either notice or permission from **LESSEE**. **PDI** shall provide

LESSEE with reasonable notice of such access (which does not need to be in writing) during normal business hours after such access.

(c) Measuring devices (including electric usage meters) are part of the PDI Power Solution Equipment. The measuring devices shall be presumed to be accurate and shall be the sole measure of electricity used by **LESSEE**.

(d) The **LESSEE** will keep the Equipment completely accessible and unencumbered at the Equipment Location (specified in the applicable Schedule).

(e) The **LESSEE's** obligations and **PDI's** rights and privileges as contained in this paragraph shall survive the expiration or other termination of this Agreement.

4. USE AND OPERATION:

- (a) **LESSEE** agrees that the Equipment will be used for the benefit of the **LESSEE** solely in the conduct of its business and in compliance with all applicable laws, ordinances, regulations, tariffs and insurance policies and the **LESSEE** shall not discontinue use of the Equipment.
- (b) **LESSEE** will not move any Equipment from the location specified on the Schedule.
- (c) The **LESSEE** will keep the Equipment free and clear of all liens and encumbrances other than those which may result from **PDI's** acts.
- (e) The **LESSEE** shall lawfully enjoy the peaceful and enjoyable use and enjoyment of the Equipment (subject to the provisions of this Agreement) during the term of this Agreement without interference by **PDI**, so long as the **LESSEE** is in full compliance with the terms of the Agreement.

5. OPERATIONS AND MAINTENANCE:

- (a) If any alterations or modifications to the Equipment are required to comply with any applicable law, rule or regulation during the term of this Agreement, then such alterations shall be performed by **PDI** or its agents, servants, contractors or employees and shall not be made by **LESSEE**. Any plates, tags or other identifying labels placed on the Equipment, showing ownership thereof by **PDI**, shall not be removed by **LESSEE**, or by any other person and, if removed, may be reaffixed by **PDI**, at **LESSEE's** sole expense. If the Equipment is defaced by graffiti or otherwise, during the term hereof or any extensions thereof, then such defacement may be repaired by **PDI**, at **LESSEE's** sole expense.
- (b) **LESSEE** will not attach or install anything on the Equipment. The **LESSEE** will not attach or install any Equipment on the pad or to or in any other personal or real property adjacent to the pad without **PDI's** prior written consent.
- (c) **PDI** shall have the sole right to remove, replace or substitute any of the Equipment provided under this Agreement. Replacement or substitution of Equipment components shall take place only during shut-down periods for necessary and scheduled maintenance. Scheduled maintenance shut-downs shall occur monthly at such other time that is mutually convenient for the Parties. The **LESSEE** shall be notified in advance of any shut-downs.

6. RETURN OF EQUIPMENT:

- (a) At the expiration or termination of this Agreement or any Schedule, **PDI's** Equipment shall be decommissioned. If required, the units of Equipment shall be uninstalled, disassembled and crated if necessary by an authorized manufacturer's representative or such other service person as is reasonably satisfactory to **PDI**. **PDI** shall remove all equipment at its sole expense.
- (b) All waste material and fluids must be removed from the Equipment and disposed of by **PDI** in accordance with then current waste disposal laws at **PDI's** expense.
- (c) Until the **LESSEE** has fully complied with the requirements of Section 6(a) above, the **LESSEE's** payment obligation and all other obligations under this Agreement shall continue from month-to-month notwithstanding any expiration or termination of the lease term. **PDI** may terminate the **LESSEE's** right to use the Equipment upon ten (10) days' notice to **LESSEE**.
- (d) **LESSEE** shall make the Powerdyne Power Solution System Equipment available for on-site operational inspections by potential purchasers or successors to the **LESSEE** throughout the term of this Agreement. **PDI** shall provide the **LESSEE** with reasonable written notice prior to any inspection. The **LESSEE** shall provide reasonable and available personnel, power and other requirements necessary to demonstrate electrical and heat collection systems for the unit.

7. DEFAULT AND REMEDIES:

- (a) **PDI** may declare this Agreement in default if:
 - (i) **LESSEE** breaches its obligation to payment due hereunder or under any Schedule hereto or any other sum when due and fails to cure the breach within ten (10) days;
 - (ii) **LESSEE** breaches any of its other obligations and fails to cure that breach within thirty (30) days after written notice from **PDI**;
 - (iii) any representation or warranty made by **LESSEE** in connection with this Agreement which is false or misleading in any material respect;
 - (iv) **LESSEE** or any guarantor or other obligor for the **LESSEE's** obligations hereunder ("**Guarantor**") becomes insolvent or ceases to do business as a going concern;
 - (v) any Equipment is used illegally or in such a manner as to cause unreasonable risk of harm as may be deemed by **PDI** in its sole discretion;
 - (vi) if **LESSEE** or any Guarantor is a natural person, any death or incompetency of **LESSEE** or such Guarantor;
 - (vii) a petition is filed by or against **LESSEE** or any Guarantor under any bankruptcy or insolvency laws and (in the event of an involuntary petition) the petition is not dismissed within forty-five (45) days of the filing date;
 - (viii) any Guarantor revokes or attempts to revoke its guaranty or fails to observe or perform any covenant, condition or agreement to be performed under any guaranty or other related document to which it is a party; or
 - (ix) **LESSEE** defaults under any other material obligation for making the payments due under this agreement in a timely fashion.
- The default declaration shall apply to all Schedules unless specifically accepted by **PDI**.

(b) The foregoing remedies are cumulative, and any or all thereof may be exercised instead of or in addition to each other or any remedies at law, in equity, or under statute. The **LESSEE** shall pay **PDI's** actual attorney's fees and costs incurred in connection with the enforcement, assertion, defense or preservation of **PDI's** rights and remedies under this Agreement, or if prohibited by law, such lesser sum as may be permitted. Waiver of any default shall not be a waiver of any other or subsequent default.

8. ASSIGNMENT OF EQUIPMENT:

LESSEE SHALL NOT SELL, TRANSFER, ASSIGN, ENCUMBER OR SUBLET ANY EQUIPMENT OR THE INTEREST OF LESSEE IN THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF PDI.

PDI may, without **LESSEE's** consent, assign this Agreement, any Schedule or the right to enter into a Schedule. **LESSEE** agrees that if it receives written notice of an assignment from **PDI**, that **LESSEE** will make all payments and all other amounts payable under any assigned Schedule to such assignee or as instructed by **PDI**.

The **LESSEE** also agrees to confirm in writing receipt of the notice of assignment as may be reasonably requested by assignee. **LESSEE** hereby waives and agrees not to assert against any such assignee any defense, set-off, recoupment, claim or counterclaim which **LESSEE** has or may at any time have against **PDI** for any reason whatsoever.

9. INDEMNIFICATION:

(a) **LESSEE** hereby agrees to indemnify **PDI**, its agents, employees, successors and assigns from and against any and all losses, damages, penalties, injuries, claims, actions and suits, including legal expenses, of whatsoever kind and nature arising out of or relating to the Equipment or this Agreement, except to the extent the losses, damages, penalties, injuries, claims, actions, suits or expenses result from **PDI's** gross negligence or willful misconduct ("**Claims**"). This indemnity shall include, but is not limited to **PDI's** strict liability in Tort and any claims arising out of:

(i) the selection, manufacture, purchase, acceptance or rejection of Equipment, the ownership of Equipment during the term of this Agreement, and the delivery, lease, possession, maintenance, uses, condition, return or operation of Equipment (including, without limitation, latent, patent and other defects, whether or not discoverable by **PDI** or **LESSEE** and any claim for patent, trademark or copyright infringement or environmental damage) or

(ii) the condition of Equipment sold or disposed of after use by **BRISAS** or **LESSEE** or employees of **BRISAS** or **LESSEE**. **BRISAS** or **LESSEE** shall, upon request, defend any actions based on, or arising out of, any of the foregoing.

10. REPRESENTATIONS AND WARRANTIES OF LESSEE:

LESSEE makes each of the following representations and warranties to **PDI** on the date hereof and on the date of execution of each Schedule, amendment, renewal or addition hereto.

(a) **LESSEE** is a privately owned corporation and has adequate power, authority and capacity to enter into, and perform under, this Agreement and all related documents (together, the "**Documents**"). **LESSEE** is duly qualified to do business wherever necessary to carry on its present business and operations, including the jurisdiction(s) where the Equipment is or is to be located.

(b) This Agreement has been duly authorized, executed and delivered by the **LESSEE** through its officers, agents or employees, duly authorized, and constitutes a valid, legal and binding agreement, enforceable in accordance with its terms, except to the extent that the enforcement of remedies may be limited under applicable bankruptcy and insolvency laws.

(c) No approval, consent or withholding of objections is required from any governmental authority or entity with respect to the entry into or performance by **LESSEE** of the Agreement except such as has already been obtained.

(d) The entry into and performance by **LESSEE** of the Agreement will not:

(i) violate any judgment, order, law or regulation applicable to **LESSEE** or any provision of **LESSEE's** organizational documents; or

(ii) result in any breach of, constitute a default under or result in the creation of any lien, charge, security interest or other encumbrance upon any Equipment pursuant to any indenture, mortgage, deed of trust, bank loan or credit agreement or other instrument (other than this Agreement) to which **LESSEE** is a party and

(iii) upon **PDI's** request, **LESSEE** will provide an opinion letter from its Counsel certifying to the foregoing.

(e) There are no suits or proceedings pending or threatened in any court or before any commission, board or other administrative agency against or affecting **LESSEE**, which if decided against **LESSEE** will have a material adverse effect on the ability of **LESSEE** to fulfill its obligations under this Agreement. **LESSEE** will provide an opinion letter from its Counsel certifying to the foregoing.

(f) The Equipment is and will remain tangible property of **PDI**.

(g) Each financial statement of **LESSEE's** financial condition delivered to **PDI** will be prepared in accordance with generally accepted accounting principles consistently

applied. Since the date of the most recent financial statement provided, there has been not been any materially adverse change.

(h) The **LESSEE's** exact legal name is as set forth in the first sentence of this Agreement and **LESSEE** is and will be at all times validly existing and in good standing under the laws of the State, Province, Territory or other legal political subdivision of its incorporation or organization (specified in the first sentence of this Agreement).

(i) The Equipment will at all times be used for commercial or business purposes only.

(j) The **LESSEE** is and will remain in full compliance with all laws and regulations applicable to it including, without limitation, (i) ensuring that no person who owns a controlling interest in or otherwise controls **LESSEE** is or shall be listed on the Specially

Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("**OFAC**"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, and (ii) compliance with all applicable Bank Secrecy Act ("**BSA**") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations.

11. PRE-DISPUTE ARBITRATION AGREEMENT:

(a) This agreement contains a pre-dispute arbitration clause. By signing this Agreement, the parties agree as follows:

(1) All parties to this agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.

(2) Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.

(3) The ability of the parties to obtain documents, witness statements and other discovery is may be more limited in arbitration than in court proceedings.

(4) The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel or otherwise in compliance with the applicable arbitration rules of the forum.
(5) The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the energy or equipment leasing industry.

(6) The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.

(7) The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this agreement.

(b) Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association, sitting in Providence, Rhode Island, United States of America, in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

(c) It is understood and agreed that if an error or omission is made by **PDI**, hereunder, which results in the **LESSEE** bringing a claim for damages against **PDI** that **PDI's** liability to the **LESSEE** shall be limited to an amount equal to charges paid by **LESSEE** for Equipment rental hereunder.

12. MISCELLANEOUS:

(a) Notwithstanding any other provision herein to the contrary, **LESSEE** may, without reason or cause, declare this Agreement to be terminated on the second anniversary of its execution. Such declaration shall be made in writing, sent to **PDI**, by both certified mail, return receipt requested, postage prepaid **and** by electronic mail (e-mail) which shall be transmitted contemporaneous with the postal mailing; both to be **RECEIVED by PDI**, no later than two (2) calendar months prior to the said second anniversary hereof.

(b) The Equipment shall remain **PDI's** property and **LESSEE** shall only have the right to use the Equipment during the term hereof. Any cancellation or termination by **PDI** of this Agreement, any Schedule, supplement or amendment hereto, shall not release **LESSEE** from any then outstanding obligations to **PDI** hereunder. All Equipment shall at all times remain personal property of **PDI** even though it may be attached to real property. The Equipment shall not become part of any other property by reason of any installation in, or attachment to, other real or personal property.

(c) All notices required to be given hereunder shall be deemed adequately given if sent by overnight delivery service, by registered or certified mail (postage prepaid) or by email to the addressee at its address stated herein, or at such other place as such addressee may have specified in writing. This Agreement and any Schedule and Annexes thereto constitute the entire agreement of the parties with respect to the subject matter hereof.

(d) NO VARIATION OR MODIFICATION OF THIS AGREEMENT OR ANY WAIVER OF ANY OF ITS PROVISIONS OR CONDITIONS SHALL BE VALID UNLESS IN WRITING AND SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE PARTIES HERETO.

(e) All notices to **LESSEE** shall be sent to it at: and to **PDI** at:

FARMACIA BRISAS DEL MAR, INC
901 Calle 2
Loquillo, Puerto Rico 00773-2463

and by email to: fmb_inc@hotmail.com

POWERDYNE INTERNATIONAL, INC.
Jefferson Place
100 Jefferson Blvd., Suite 200
Warwick, RI 02888

and by email to: lmadison@powedyne.com

(f) If **LESSEE** does not comply with any provision of this Agreement, **PDI** shall have the right, but shall not be obligated, to effect such compliance, in whole or in part. All reasonable amounts spent and obligations incurred or assumed by **PDI** in effecting such compliance shall constitute an additional payment due to **PDI**. The **LESSEE** shall pay the additional payment within five (5) calendar days after the date **PDI** sends written notice to **LESSEE** requesting payment. **PDI's** effecting such compliance shall not be a waiver of **LESSEE's** default.

(g) Any payment or other amount not paid to **PDI** when due shall bear interest, from the due date until paid, at the lesser of eighteen (18%) percent per annum or the maximum rate allowed by law. Any provisions in this Agreement and any Schedule that are in conflict with any statute, law or applicable rule shall be deemed omitted, modified or altered to conform thereto. Notwithstanding anything to the contrary contained in this Agreement or any Schedule, in no event shall this Agreement or any Schedule require the payment or permit the collection of amounts in excess of the maximum permitted by applicable law.

(h) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL

RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF RHODE ISLAND (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE EQUIPMENT AND THE PARTIES HERETO SUBMIT THEMSELVES TO THE JURISDICTION OF SUCH FORUM STATE.

(i) A copy of this Agreement, in translation, may be attached hereto as an Exhibit. If so, it is provided for guidance and as an aid only and is NOT the Agreement. The Agreement is understood to be the English original which shall have the parties' signatures. Any translation of this Agreement shall NOT be considered in the construction of this original Agreement.

13. CANCELLATION:

(a) This agreement is subject to the term identified in Section 2(a) and can only be terminated for non-performance by PDI (except as provided in Section 12(a)). Termination by LESSEE shall be made only upon payment by to PDI of all monies due for the remainder of the term of the initial Agreement or the remainder of the term under additional agreement renewals.

(b) Any cancellation or termination by PDI, pursuant to the provisions of this Agreement, any Schedule, supplement or amendment hereto, of the use of any Equipment hereunder, shall not release LESSEE from any then outstanding obligations to PDI hereunder.

(c) To the extent that any Schedule would constitute chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest therein may be created through the transfer or possession of this Agreement in and of itself without the transfer or possession of the original Schedule executed pursuant to this Agreement and incorporating this Agreement by reference; and no security interest in this Agreement and Schedule may be created by the transfer or possession of any counterpart of the Schedule other than the original thereof, which shall be identified as the document marked "Original" and all other counterparts shall be marked "Duplicate".

IN WITNESS WHEREOF, BRISAS or LESSEE and PDI have caused this Agreement to be executed by their duly authorized representatives in quintuplicate originals on the 11th day of March 2015.

POWERDYNE INTERNATIONAL INC. FARMACIA BRISAS DEL MAR, INC

James O'Rourke

its Chief Executive Officer duly authorized,

its President and Owner duly authorized

SCHEDULES

As per Attachment

1) List of Equipment in Powerdyne Power Solution:

2) Billing Rates:

A. ****

B. ****

C. PDI reserves the right to adjust the rates accordingly to reflect any and all changes in local and federal taxes.

3) Term:

This agreement shall begin on the day of the commissioning of the Equipment which shall be evidenced by a subsequent Statement of Commissioning provided by **PDI** and delivered to **BRISAS** and shall continue for a period of five (5) years thereafter (except as may otherwise be provided in Section 12(a) hereof or otherwise).

**POWERDYNE INTERNATIONAL, INC.
CODE OF BUSINESS CONDUCT AND ETHICS**

The Board of Directors of Powerdyne International, Inc., a Delaware corporation, (“Powerdyne”), has adopted this Code of Business Conduct and Ethics to:

- Promote honest and ethical conduct (including fair dealing and the ethical and efficient handling of conflicts of interest);
- Promote full, fair, accurate, timely and understandable disclosure of material information to its shareholders and the public;
- Promote compliance with applicable laws, rules and regulations;
- Ensure the protection of Powerdyne’s legitimate business interests (including corporate opportunities, assets and confidential information) and
- Deter wrongdoing.

All directors, officers and employees of Powerdyne are expected to be familiar with this Code and to adhere to its principles and procedures.

From time-to-time, Powerdyne may waive some provisions of this Code. Any waiver, however:

- Can only be made by the Board of Directors;
- Must be made prior to any action taken in reliance thereon and
- Must be timely disclosed in complete conformity with the requirement of any and all stock exchanges on which Powerdyne’s securities are traded.

I. HONEST AND CANDID CONDUCT

Each director, officer and employee owes a duty to Powerdyne to act with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Each director, officer and employee must:

- Act with integrity, including being honest and completely candid (while still maintaining the confidentiality of information where required or consistent with Powerdyne’s policies);

- Observe both the letter and spirit of all laws, rules and regulations, accounting standards and Powerdyne policies and
- Adhere to a high standard of business ethics.

II. RAISING ETHICAL ISSUES

Maintaining high ethical standards (including appropriate disclosure and internal accounting controls) is the responsibility of every member of the Powerdyne family, its employees, agents, servants, officers and directors. Early identification and resolution of ethical issues that will arise are critical to maintaining our commitment to world-class business practices.

Powerdyne personnel are expected to treat compliance with ethical standards as a critical element of their responsibilities. Although this Code addresses a wide range of business practices and procedures, it cannot anticipate every issue that may arise. If you are unsure of what to do in any situation, you should seek additional guidance and information before you act. You should use your judgment and common sense and err on the side of honesty and disclosure; if something seems unethical or improper it probably is. If you have any questions regarding the best course of action in a particular situation, or if you suspect a possible violation of a law, rule, regulation or Powerdyne ethical standard, you should promptly contact Powerdyne's Code of Business Conduct and Ethics contact person (401-739-3300) for advice. Alternatively, you may contact any officer or director.

If you raise an ethical issue and you believe the issue has not been fully or properly addressed, then you should bring your concern to the Chairman of the Board.

Powerdyne strongly encourages personnel to raise possible ethical issues. Powerdyne has adopted a Non-Retaliation Policy which specifically prohibits any retaliatory action against any individual for raising legitimate concerns or questions regarding ethical matters or for reporting suspected violations.

III. PROTECTING POWERDYNE'S CORPORATE ASSETS AND RECORDS

You are responsible for safeguarding Powerdyne's tangible and intangible assets as well as those of its customers, suppliers and distributors to which you may have access or which are under your control. Powerdyne's assets must not be used for personal benefit except where permitted in advance by Powerdyne.

Assets include cash, business plans, customer information, supplier information, distributor information, intellectual property (computer programs, models and other items), physical property and services. This definition is illustrative only and is incomplete.

Misappropriation of corporate assets is a breach of your duty to Powerdyne and may constitute an act of fraud or theft. Similarly, carelessness or waste with regard to a corporate asset is also a breach of your duty to Powerdyne.

Powerdyne has strict policies regarding the use of its telephone, e-mail and voice- mail systems. Each is a business communication tool and users are obligated to use these tools in a responsible, effective and lawful manner for business (and not personal use). Any data or other information, of any kind and in any medium, kept, stored or found on or in any Powerdyne asset (including computers, telephones or in “the Cloud”) belongs to Powerdyne and no director, officer or employee should have any expectation of privacy thereto. Violations of Powerdyne’s policies regarding these tools can result in corrective action up to and including discharge.

Additionally, the records, data and information owned, used and managed by Powerdyne must be accurate and complete. You are personally responsible for the integrity of the information, reports and records under your control. Records must be maintained in sufficient detail as to accurately reflect Powerdyne’s completed or pending transactions. Financial statements must always be prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, Powerdyne’s financial condition and results.

You must use common sense and observe standards of good taste regarding content and language when creating business records and other documents (such as e- mail) that may be retained by Powerdyne or a third party. You should keep in mind that at a future date, Powerdyne or a third party may be in a position to rely on or interpret the document with the benefit of hindsight and/or the disadvantage of imperfect recollections.

You are required to cooperate fully with appropriately authorized internal and external investigations. Making false statements to or otherwise misleading internal or external auditors, Powerdyne’s Board of Directors, Powerdyne’s counsel, Powerdyne’s representatives or regulators can be a criminal act that can result in severe penalties and is sufficient grounds for summary termination. You must never withhold or fail to communicate information that raises ethical questions and thus should be brought to the attention of management.

You are prohibited from destroying any records that are potentially relevant to a violation of law or any litigation or any pending, threatened or foreseeable government investigation or proceeding. If you are instructed to destroy such records and you are unsure if they should be destroyed, you are expected to immediately seek guidance from management.

Powerdyne is committed to accuracy in the creation and maintenance of tax-related records, and its tax filings in compliance with the overall intent and letter of applicable laws. Tax returns must be filed and taxes paid on time.

IV. CONFLICTS OF INTEREST WITH POWERDYNE

A “conflict of interest” occurs when an individual’s private interest interferes or reasonably appears to interfere with Powerdyne’s interests. A conflict of interest can arise when a director, officer or employee takes actions or has interests that may make it difficult to perform his or her Powerdyne work objectively and effectively. For example, a conflict of interest would arise if a director, officer or employee, or a member of his or her family, receives improper personal benefits as a result of his or her position in Powerdyne. Any material transaction or relationship that could reasonably be expected to give rise to a conflict of interest should be discussed with the Code of Business Conduct and Ethics contact person.

In particular, clear conflicts of interest situations involving directors, executive officers and other employees who occupy supervisory positions or who have discretionary authority in dealing with third parties may include the following:

- Significant ownership interest in a supplier to or customer of Powerdyne;
- A consulting or employment relationship with a supplier to, customer or competitor with Powerdyne;
- An outside business activity that detracts from an individual’s ability to devote appropriate time and attention to his or her responsibilities to Powerdyne;
- The receipt of non-nominal gifts or excessive entertainment from any company with which Powerdyne has current or prospective business dealings;
- Being in the position of supervising, reviewing or having any influence on the job evaluation, pay or benefit or any immediate family member; and
- Selling anything to or buying anything from Powerdyne except on the same terms and conditions as unrelated third parties are permitted to do so. Such situations should always be discussed with the Code of Business Conduct and Ethics contact person).

V. POWERDYNE’S DISCLOSURE PROCESS

Each director, officer or employee involved in Powerdyne’s disclosure process is required to be familiar with and to comply with Powerdyne’s disclosure controls, procedures and internal controls over financial reporting, to the extent relevant to his or her area of responsibility. This is so that Powerdyne’s public reports and government or regulatory filings comply in all material respects with applicable law, rules and regulations. In addition, each such person having direct or supervisory authority regarding these filings or Powerdyne’s other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other Powerdyne officers and employees and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director, officer or employee who is involved in Powerdyne's disclosure process must:

- Familiarize himself or herself with such disclosure requirements as well as with Powerdyne's business and financial operations.
- Annually acknowledge, in writing delivered to the Corporate Secretary prior to the end of the first quarter, that he or she has read, understands and is in compliance with this Code.
- Not knowingly misrepresent, or cause others to misrepresent, facts about Powerdyne to others, including Powerdyne's directors, officers, auditors, governmental regulators and self-regulatory organizations.
- Properly review and critically analyze proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others).
- Immediately advise Powerdyne's Code of Business Conduct and Ethics contact person as soon as he or she learns that he, she or any other person subject hereto has or appears to have violated this Code.

VI. REPORTING AND ACCOUNTABILITY

The Board of Directors is solely responsible for applying this Code and has the sole authority to interpret this Code. Any director, officer or employee who becomes aware of any existing or potential violation of this Code is required to notify the Code of Business Conduct and Ethics contact person promptly. Failure to do so itself is a violation of this Code.

Any question relating to how this Code should be interpreted or applied must be addressed to the Code of Business Conduct and Ethics Contact Person. A director, officer or employee who is unsure of whether a situation violates this Code should discuss the situation with the Code of Business Conduct and Ethics Contact Person to prevent possible misunderstanding and embarrassment at a later date.

Each director, officer or employee must:

- Notify the Code of Business Conduct and Ethics Contact Person promptly of any existing or potential violation of this Code.

- Not retaliate against any other director, officer, employee, agent or servant who makes a good faith report of a possible violation of this Code.

The Board of Directors shall take all action it considers appropriate to investigate any violation reported to it. If a violation has occurred, Powerdyne will take such disciplinary or preventive action as it deems appropriate.

VII. POWERDYNE'S CORPORATE OPPORTUNITIES

Directors, officers and employees owe a duty to Powerdyne to advance Powerdyne's business interests when the opportunity to do so arises. Directors, officers, and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless Powerdyne has already been offered the opportunity and turned it down. More generally, directors, officers and employees are prohibited from using corporate property, information or their position for personal gain and from competing with Powerdyne.

Sometimes the line between personal and Powerdyne benefits is difficult to draw, and sometimes there are both personal and Powerdyne benefits in certain activities. Directors, officers and employees who intend to make use of Powerdyne's property or services in a manner not solely for Powerdyne's benefit should consult beforehand with the Code of Business Conduct and Ethics contact person.

VIII. CONFIDENTIALITY

In carrying out Powerdyne's business, directors, officers and employees often learn confidential or proprietary information about Powerdyne, its customers, and suppliers. Directors, officers and employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. Confidential or proprietary information of Powerdyne, and of other companies, includes any non-public information that would be harmful to the relevant company or useful or helpful to competitors if disclosed.

IX. FAIR DEALING WITH CUSTOMERS AND OTHERS

We have a history of succeeding through honest business competition. We do not seek competitive advantages through illegal or unethical business practices. Each director, officer and employee of Powerdyne should endeavor to deal fairly with Powerdyne's customers, service providers, suppliers, competitors and employees. No director, officer or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice.

X. MEDIA, PUBLISHING AND PUBLIC APPEARANCES

Powerdyne employees may be approached for interviews or comments by the news media from time-to-time. They are not authorized to speak on behalf of Powerdyne and in such instances should immediately advise its Chief Executive Officer or other designated representative of such contact. Only contact people designated by the Chief Executive Officer may comment to news reporters on Powerdyne policy or events relevant to Powerdyne.

All inquiries from the media relating to Powerdyne should be referred to Powerdyne's Chief Executive Officer or his designated representative. Only officially designated spokespersons may provide comments for the media.

XI. GIFTS AND ENTERTAINMENT

Accepting Gifts and Entertainment

In general, you should not accept gifts or the conveyance of anything of value (including entertainment) from current or prospective Powerdyne customers or suppliers. Moreover, you should never accept a gift in circumstances in which it could even appear to others that your business judgment has been compromised.

Gifts may only be accepted from current or prospective Powerdyne customers or suppliers when permitted under applicable law if they are: (1) noncash gifts of nominal value; or (2) customary and reasonable meals and entertainment at which the donor is present. Any gift which appears to be of more than a nominal value must be reported to the Code of Business Conduct and Ethics Contact Person, and may be returned to the donor.

Giving Gifts and Providing Entertainment

You may not make a gift, if it would be seen by others as a consideration for an official or business favor. Appropriate entertainment may be offered to customers by persons authorized to do so, subject to the applicable business expense reimbursement requirements.

The United States and other countries, states and many local jurisdictions have laws restricting gifts (e.g., meals, entertainment, transportation, lodging or other things of value) that may be provided to government officials. In addition, the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA") prohibits certain business conduct such as bribery, including the payment, or promise of payment, of anything of value to foreign officials (including any person employed by or representing a foreign government, officials of a foreign political party, officials of public international organizations and candidates for foreign office) and imposes serious penalties for any violation. Payment made indirectly through a consultant, contractor or other intermediary is also prohibited.

Political Activities and Contributions

You have the right to voluntarily participate in the political process. No one at Powerdyne may require you to contribute to, support or oppose any political group or candidate. If you choose to participate in the political process, you must do so as an individual, not as a representative of Powerdyne. You may not work on a political fundraiser or other campaign activity while at work or use company property for these activities. Any overt, visible and partisan political activity that could cause someone to believe that your actions reflect Powerdyne's views or position must receive the prior approval of Powerdyne's Chief Executive Officer.

Lobbying

Powerdyne encourages every employee to take an active interest in government processes. Any participation in a political process, however, is to be undertaken as an individual – not as a representative of Powerdyne. You must not engage in lobbying activities on behalf of Powerdyne.

XII. YOUR INVESTMENTS

Insider Trading

Powerdyne has adopted a Corporate Trading Policy which is available on Powerdyne's website (www.powerdyneinternational.com) under "Corporate Governance". This policy, the laws of the United States and those of many other countries prohibit trading in the securities (including equity securities, convertible securities, options, bonds and any stock index containing the security) of any company by one in possession of material, nonpublic information (also known as "inside information"). This prohibition applies to transactions for your personal account. A personal account is any account in which you have a financial or beneficial interest, or the power to affect or the ability to influence trading or investment decisions, either directly or indirectly. Personal accounts are deemed to include accounts of spouses, domestic partners, paramours, children and other members of your household, and accounts over which you have investment discretion.

If you believe you have come into possession of inside information, you may not execute any trade in the securities of the subject company without first consulting with Powerdyne's corporate counsel, who will then determine whether such trade would violate Powerdyne's Corporate Trading Policy or applicable laws. The definition of "material, nonpublic information" is broad. Information is "material" (and hence, potentially subject to the prohibition on insider trading) if there is a substantial likelihood that a reasonable investor would consider the information important in determining whether to trade in a security, or if the information, if made public, likely would affect the market price of a company's securities. Information may be material even if it relates to future, speculative or contingent events, and even if it is significant only when considered in combination with publicly available information.

Information is considered to be “nonpublic” unless it has been publicly disclosed, and adequate time has passed for the securities markets to digest it. Examples of adequate disclosure include public filings with securities regulatory authorities and the issuance of press releases.

It is also illegal in the United States and many other countries to “tip” or pass on inside information to any other person if you know or reasonably suspect will misuse information by trading in securities or passing such information on further, even if you do not receive any monetary benefit from the tippee.

Personal Investments in Powerdyne Securities

Powerdyne supports employee stock ownership. Investments in Powerdyne securities for personal accounts should be made with a long-term orientation and as part of a broader investment strategy. In order to comply with applicable law and avoid the appearance of impropriety, certain general restrictions apply to all transactions in Powerdyne securities.

Additionally, directors and officers are subject to reporting and other legal restrictions regarding their personal trading of Powerdyne securities. You are responsible for knowing and abiding by any Powerdyne policies regarding Powerdyne securities that may be applicable to you and any SEC or governmental laws, rules or regulations applicable to trading in securities.

XIII. RELATED PARTY BUSINESS DEALINGS

You must notify the Code of Business Conduct and Ethics Contact Person of any business relationship or proposed business relationship or proposed business transaction Powerdyne may have with any company in which you or a related party has a direct or indirect interest or from which you or a related party may derive a benefit, or where a related party member is employed, if such a relationship or transaction might give rise to the appearance of a conflict of interest (for example, if you or a family member own or control property of significant value that Powerdyne is either purchasing or leasing).

This requirement generally excludes any interest that exists solely as a result of your ownership of less than 1% of the outstanding publicly traded equity securities of such company.

XIV. COMMITMENT TO THE ENVIRONMENT

Powerdyne is committed to conducting business in an environmentally responsible manner that protects human health, natural resources and the global environment. The U.S. and many other countries have laws and regulations relating to environmental protections. Environmental risks or opportunities that may arise out of our operations should be identified and managed in accordance with these laws and regulations. Questions regarding environmental concerns should be directed to Powerdyne’s environmental and regulatory affairs department or to Powerdyne’s Chief Executive Officer.

CONCLUSION

We at Powerdyne aspire to the highest standards of moral and ethical conduct, working to earn the trust of our customers, day-in and day-out. In the thousands of decisions we make and actions we take every day, we affirm our commitment to this Code of Business Conduct and Ethics and to deliver value to our customers, our people, our shareholders and our communities.

/s/ James F. O'Rourke

James F. O'Rourke
Chief Executive Officer and Director

Dale P. Euga

Dale P. Euga
President and Director

/s/ Arthur M. Read, II

Arthur M. Read, II
Executive Vice-President, General Counsel and
Director

/s/ John M. Faulhaber

John M. Faulhaber
Chairman of the Board and Director

/s/ Robert C. Hemsén

Robert C. Hemsén
Vice-Chairman of the Board and Director

/s/ Linda H Madison

Linda H Madison
Corporate Secretary and Treasurer

CERTIFICATION PURSUANT TO SECTION 302

I, James F. O'Rourke, certify that:

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

Date: April 14, 2016

/s/ James F. O'Rourke

Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 302

I, Linda H. Madison, certify that:

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

Date: April 14, 2016

/s/ Linda H. Madison

Chief Financial Officer and
Principal Accounting Officer

CERTIFICATION PURSUANT TO SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of the Powerdyne International, Inc. (the "Company"), hereby certify to my knowledge that:

The Report on Form 10-K for the year ended December 31, 2015 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 14, 2016

/s/ James F. O'Rourke
Chief Executive Officer

CERTIFICATION PURSUANT TO SECTION 906

Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned officer of the Powerdyne International, Inc. (the "Company"), hereby certify to my knowledge that:

The Report on Form 10-K for the year ended December 31, 2015 of the Company fully complies, in all material respects, with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 14, 2016

/s/ Linda H. Madison

Chief Financial Officer and
Principal Accounting Officer