

COOL TECHNOLOGIES, INC.
Form 10-K
April 17, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended **December 31, 2016**

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

For the transition period from _____ to _____

Commission File Number: **000-53443**

**COOL TECHNOLOGIES,
INC.**

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction of incorporation
or organization)

75-3076597
(I.R.S. Employer Identification No.)

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8875 Hidden River Parkway, Suite 300

Tampa, Florida 33637

(Address of principal executive office)

Registrant's telephone number, including area code: **(813) 975-7467**

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

None

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

Common Stock, \$0.001 par value

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

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

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

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

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

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

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

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

The aggregate market value of the shares of voting and non-voting common stock held by non-affiliates based upon the closing price of \$0.08 per share of such common stock as of June 30, 2016, was \$5,788,298.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 116,572,312 shares of common stock as of April 12, 2017.

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PART I

Item 1. Business

As used in this Annual Report on Form 10-K (this "Report"), references to the "Company," the "registrant," "we," "our" or "us" refer to Cool Technologies, Inc. and our 95% owned subsidiary, Ultimate Power Truck, LLC ("UPT"), unless the context otherwise indicates.

Forward-Looking Statements

This Report contains predictions, estimates and other forward-looking statements that relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential," "continue" or the negative of these terms or other comparable terminology.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management's beliefs and assumptions only as of the date of this Annual Report. You should read this Report and the documents that we have filed as exhibits to this Report completely and with the understanding that our actual future results may be materially different from what we expect.

All forward-looking statements speak only as of the date on which they are made. We undertake no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they are made, except as required by federal securities and any other applicable law.

Corporate History

We were incorporated on July 22, 2002 in the State of Nevada under the name Bibb Corporation. On September 3, 2010, we changed our name to Z3 Enterprises, Inc. ("Z3"), and on April 5, 2012, to HPEV, Inc. ("HPEV") and on August 19, 2015 our stockholders voted to approve a name change to Cool Technologies, Inc. Our 95% owned

subsidiary, Ultimate Power Truck, LLC ("UPT"), was formed on April 17, 2014 in the State of Florida.

On March 29, 2011, we entered into a share exchange agreement (which was amended on June 14, 2011) with HPEV, Inc., a Delaware corporation ("the Share Exchange Agreement") to acquire 100 shares, constituting all of the issued and outstanding shares of HPEV, Inc. in consideration for the issuance of 22,000,000 shares of common stock. Upon closing of the share exchange on April 15, 2011, HPEV, Inc. became our wholly owned subsidiary. There was a change of control of our company on April 15, 2011 as a result of the issuance of 21,880,000 shares of our common stock to the original shareholders of HPEV, Inc. pursuant to the terms of the Share Exchange Agreement. An additional 120,000 shares were issued during the fourth quarter of 2011 which completed the issuance of 22,000,000 shares of common stock under the terms of the amended Share Exchange Agreement.

As of April 12, 2017, we have six patents and six patent applications pending in the area of composite heat structures, motors, and related structures, heat pipe architecture, (applications commonly referred to as 'thermal' or 'heat dispersion technology') and a parallel vehicle power platform. We also have a Patent Cooperation Treaty ("PCT") application filed for a heat pipe cooled brake system, a parallel power input gearing system (PPIG) and radial vent thermal technology. The Company intends to commercialize its patents by licensing its thermal technologies and applications to electric motor, pump and vehicle component manufacturers; by licensing or selling a mobile electric power system powered by the Company's proprietary gearing system to commercial vehicle and fleet owners; and by licensing a plug-in hybrid conversion system for heavy duty trucks, buses and tractor trailers to fleet owners and service centers.

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On October 7, 2016, our Board of Directors and the holders of all of the issued and outstanding shares of Series B Stock of the Company representing 66 2/3% of the voting stock of the Company adopted resolutions which authorized the Company to act on a proposal to effect a reverse stock split on the issued and outstanding shares of common stock of the Company on a 15:1 basis.

We filed an amendment to our Articles of Incorporation with the Secretary of State of the State of Nevada increasing our authorized shares of common stock, from 140,000,000 shares to 350,000,000 shares, effective March 22, 2017. We currently believe that the increase in authorized share capital eliminates the need for any other type of corporate action such as a reverse stock split.

Business Description

We have developed and are commercializing thermal dispersion technologies in various product platforms, and have developed and are commercializing a parallel power gearing system around which we have designed a vehicle retrofit system. In conjunction, we have applied for trademarks for one of our technologies and its acronym. The Company currently has one trademark: TEHPC which is an acronym for Totally Enclosed Heat Pipe Cooled. We believe that our proprietary technologies, including our patent portfolio and trade secrets, can help increase the efficiency and reduce manufacturing cost structure in several large industries beginning with motor/generator and fleet vehicles.

The markets for products utilizing our technology include consumer, industrial and military markets, both in the U.S. and worldwide. Our initial target markets include those involved in moving materials and moving people, such as:

- Motors/Generators,
- Mobile auxiliary power,
- Compressors,
- Turbines (Wind, Micro),
- Bearings,
- Electric Vehicles: rail, off-highway, mining, delivery, refuse,
- Brakes/rotors/calipers,
- Pumps/fans,
- Passenger vehicles: auto, RV, bus, train, aircraft,
- Commercial vehicles: SUV, light truck, tram, bucket truck
- Military: boats, Humvee, truck, aircraft, and
- Marine: boats ranging in size from 30 feet to 120 feet and beyond.

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Our Technologies

Our technologies are divided into two distinct but complementary categories: heat dispersion technology and mobile power generation (MG).

Heat Dispersion Technology

Heat is an undesirable byproduct of anything that moves, especially motors and generators. Historically, a large percentage of the cost of manufacturing any motor has been in the technology necessary to remove heat during its operation to prevent failure and increase power. Heat can destroy motors, generators and many other types of machinery, and the energy necessary to remove heat can limit output.

Our patented thermal dispersion technology removes heat via composite heat structures and heat pipe architecture. Heat pipes have been utilized for more than 50 years, but we have a proprietary process and design technology that makes our heat pipes usable in many applications that have previously not been effective. The key is that our heat pipes move heat in any direction in a system that requires little or no maintenance and can be applied to almost any motor, generator or industrial product. We believe that this allows for more efficient, smaller, and higher output machines, resulting in cooler motors and a longer operating life.

Our patent portfolio covers the application and integration of our heat pipes into various cooling schemes for enhanced heat removal in motors, generators and numerous other industrial applications including marine, aviation and military. We believe that our technologies have the potential to deliver power output increases and cost reductions, depending on the machine type or motor/generator size, as follows:

1. Increase power density of current motor platforms by 20% to 40%,
2. Reduce total product cost by 12.5% to 25%,
3. Increase motor and generator efficiency by 1% to 2%, and
4. Increase motor and generator life.

We also believe that products produced with our technologies have the potential to deliver operational savings as well, including savings from:

- reduced maintenance costs,
- the standardization of multiple platforms down to a single platform,
- the standardization of drawings and data around existing platforms,
- the ability to use standard designs and standard insulation systems versus customization, and
- the ability to integrate and produce on existing production lines with no retooling and no additional, or minimal, capital investment.

Recent tests by independent laboratories showed a 200% increase in horsepower capability for a dry pit submersible pump and a 25 to 35% increase in power density for a 650 kVA alternator.

On December 6, 2013, ESSCO Pumps and Controls, a member of the Hydraulic Institute, conducted the tests in accordance with standards set forth by the Institute. The tests examined the tolerances of an industrial electric motor in an extreme situation. The tolerances determine the amount of power that can be driven through pumps run by the motor and are a strong predictor of the maintenance and other service downtime the pump will require. The original pump motor is rated to run, without submersion, for up to 15 minutes before the pump's protective circuits will turn it off to prevent overheating. This heat limitation restricts the output of the motor. The test pump used the same industrial electric motor, except with Cool Tech's thermal dispersion technology incorporated. The result: the test pump ran without submersion for more than two hours at or above full power without reaching critical temperatures that would have caused an automatic shutdown.

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On December 13, 2013, Mohler Technology, Inc. of Boonville, Indiana completed tests of an alternator enhanced with our thermal technology. A 650kVA alternator (generator) was run at full load to test its operational limits. The heat produced by generators of that size must be removed or controlled in order for the alternator to operate effectively. Manufacturers' current best practice is to add either a liquid cooling system or an extra large frame around the motor to provide additional surface area to help dissipate the heat. Both practices increase the cost and complexity of the generators.

The alternator tested used our thermal technology with no other cooling of any kind. The results showed a minimum of 25% improvement in power density over the manufacturer's rating for the alternator when operating without water cooling. In fact, the alternator achieved power densities comparable to a liquid-cooled or over-framed one.

The tests confirmed our belief that our heat pipe cooling system equals the effectiveness of a more complex water-cooled system. Extrapolating the results leads us to believe that simple designs incorporating our thermal technology combined with the increase in potential output will result in lower costs to manufacture by reducing the amount of material needed to produce a product with a specific output.

In October 2015, Kato Engineering, a business unit of Nidec, conducted two heat run tests. The tests were performed at a 0.8 power factor and tested rated load temperature using the Emerson LS 625KVA generator with and without the our heat dispersion system. Our results were then compared with results of tests performed at a 0.8 power factor using the generator's standard-issue, totally enclosed water-to-air cooled (TEWAC) system.

A comparison of all test results produced by the various testing agencies revealed a minor variance in some readings. A plan has been designed to optimize our technology to produce consistent results within a specific parameter. We believe this should enable an OEM (original equipment manufacturer) to offer our technology as an option.

The successful testing also represents a significant advance in our product development agreements with manufacturing partners. We anticipate that we will begin to enter into license agreements upon completion of the required design refinements and field testing to industry or governmental standards. At this point, the product will be ready to be manufactured on the licensee's regular production line. Any additional field tests will be at the discretion of the licensee.

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We also plan to incorporate heat pipes in vehicle components which generate heat such as brake calipers, resistors and rotors. The new brake components should be incorporated in conversion vehicles when revenues justify their testing and production.

Our revenue model for the heat dispersion technology is to license the technology in exchange for royalties.

Thermal Technology Target Markets: Generators

Large kilowatt:	prime power
Stationary:	emergency back-up
Commercial Mobile:	construction, utilities, mining, drilling
Consumer:	home standby, recreation
Rental:	mobile + light towers, pumps, compressors

Mobile Power Generation (MG)

The Company has a proprietary gearing system, which is used to power an on-board generator, eliminating the need for some commercial vehicles to tow a mobile generator to a work site. Management believes that there is a need for on-board, continuous generation of up to 200 kilowatts (kW) of power to remote jobsites, as well as mobile generation of emergency power in the event of an outage or disaster. We intend to offer an on-board generator installation kit as a stand-alone (Mobile Generator) for third parties and as part of an in-house brand (Ultimate Work Truck).

Company management, along with key directors and members of the Board of Advisors have utilized 2016 to do extensive market research, interview prospective customers, hold up-fitter meetings and perform channel-to market evaluation. They have put the plans in place for coverage for upfront sales, specification influence, full up-fitting capabilities with aftermarket parts and service as we currently intend to launch our MG30-MG80 products in the first half of 2017. In the fourth quarter of 2016, we demonstrated the Mobile Generation system to associates of the Company and potential customers. In the first quarter of 2017, we provided the first public demonstration of a 30 kilovolt amp (kVA) MG system at the North American International Auto Show in Detroit, Michigan.

Our revenue model for Mobile Generation will be driven by the efforts of partner up-fitters and truck body builders along with regional sales teams and independent representatives.

We believe that in head-to-head competition with tow behind generators, our mobile generation technology should prove very disruptive. Operators in such markets as utility, telecom and tree service, to name a few, will be able to work in remote locations without having to tow or drop in a generator. We believe that the reduction in overall weight and size should also deliver significant operating efficiencies and savings to work truck fleets.

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Weight of 55 kW tow behind: 6,367 lbs.

Weight of Cool Tech 55 kW MG System: 1,005 lbs.

Competition

Heat Dispersion Technology

Cooling solutions to remove or control heat produced by industrial electric motors, generators and alternators are provided by the manufacturers. Their current best practices are based on technology that's over 50 years old. They either add a liquid cooling system to the motor or build an extra large frame around the motor to provide additional surface area to help dissipate the heat. Both practices increase the cost and complexity of their products.

The Company is not aware of any new alternatives on the market.

Mobile Electric Power (MG30-MG200)

Management believes that the Company can compete in the mobile electric power market because there is a need for on-board generators, as opposed to trailer-mounted generators towed behind a vehicle. A primary benefit will be that the under-chassis installation will allow a truck to tow other trailers and equipment, however, we anticipate that the greatest selling point will be value. In comparison to the purchase price of a new Doosan towable generator, we believe we can provide up to 200 kilowatts ("kW") of auxiliary mobile power to any location for less than half the production cost of a towable, trailer-mounted generator, which may weigh over 10,000 pounds. We intend to deliver the same power at under 3,000 pounds. Our Mobile Generation system will also offer the same features of a tow behind generator including single and three phase outputs as well as a full function generator panel with enhanced capabilities including a touchscreen, digital controls and optional telematics.

Our target markets will initially center on industries and entities that rarely or never unhook their tow-behind generators from their work trucks. In industry parlance, they are always plugged in.

Mobile Generation System
Target Markets Target **Markets by Size**

Truck Up-fitters & Service Centers	Asia
Global Construction	North America
Global Energy	Africa
Utilities	Latin America
Military	Middle East

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We believe our competition in the mobile generator market will be from well-established companies such as Cummins, Caterpillar, Doosan, Wacker Neuson, Multi Quip and Generac. All of them offer towable, trailer-mounted generators. Only Cummins Onan offers an onboard generator and it is specifically engineered for mobile emergency vehicle use.

Portable generators also address a need for mobile electric power in the commercial, leisure and residential markets. As outputs tend to range from 1 to 20 kilowatts, the competition they provide is only at the lowest end of our power output spectrum and only from the higher power, higher quality and higher price commercial level units. Onan, Honda and Kohler are among the well-established brand names in the market. There are more than 40-manufacturing companies in the U.S that produce portable generators.

A standard option that is usually ordered from the manufacturer when purchasing a truck is a power take-off or PTO. PTOs are mounted to a truck's drivetrain and redirect engine power to operate onboard equipment. Integrated power systems use the PTO to run an alternating current generator.

Real Power from Contour Hardening, Inc. offers one and three phase AC power systems driven by a PTO. According to their website, system voltages range from 10 to 200 kW. Systems under 100 kW retrofit under the beds of diesel trucks as small as Ford F-250s. Systems larger than 100 kW require Class 6 diesel trucks and a side mount. The retrofits integrate with the fuel system and generator speed is controlled automatically by the vehicle's engine.

Modular integrated systems offer varying combinations of air compressors, welders, hydraulics and generators. Vanair Manufacturing, Inc's Underdeck uses a PTO to power air compressors, hydraulics and either 6.6 or 9.6 kW generators, according to the company's website. Their truck-mounted Air 'n' Arc All in One Power system adds welding and battery charger/booster capabilities and exports 4.2 to 7 kW from generators run by a second separate engine.

HIPPO Multipower packages hydraulic, air, electric and welding into a single unit. The company website showcases two models, one which connects to a truck's PTO. The other is powered by a separate diesel engine. Power exported ranges from 5.2 to 9 kW. Units are traditionally mounted on the side or in the bed of a work truck.

The Miller Enpak from Miller Electric Manufacturing Company which is owned by Illinois Tool Works, Inc. offers the same package powered by a separate diesel engine that exports 6 kW of power, according to Miller's website.

Many electric vehicles (“EV”) and plug-in hybrid electric vehicles (“PHEV”) can use excess battery capacity to provide exportable power with no idling. Most can be recharged from either the electrical grid or the vehicle’s engine.

According to the VIA Motors Inc. website, the company is converting Chevrolet Silverado pick-up trucks into hybrids with a panel to provide AC power through 115 and 240 volt electrical plugs. The optional power export module provides 14.4 kW at 60 amps. The company is also working on a utility-grade output module to deliver 50 kW. VIA Motors is producing crew-cab versions with prices in the \$65,000 range, according to a January 2015 article in Bloomberg.com.

Workhouse Group, Inc. has announced on their website plans to offer 7.2 Kilowatts of exportable power with an option for 14.4 kilowatts from their Plug-in Electric Pickup Truck. The company is taking pre-orders.

Odyne Systems, LLC, is a manufacturer of hybrid systems for medium and heavy-duty work trucks over 14,000 pounds. According to their website, the systems are capable of exporting 6 to 18 kW of AC power.

Another way EV and PHEV can power onboard equipment is through an ePTO or electric power take-off which is essentially a battery-powered version of a PTO.

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Terex's Corporation's hybrid-electric system, HyPower, targets the utility industry, specifically aerial lift, bucket truck and digger derrick applications. According to the company's website, it features a plug-in ePTO that harnesses stored energy from rechargeable batteries to power onboard equipment and export up to 3.8 kW of power for up to six hours before needing to be recharged.

Efficient Drivetrains, Inc. ("EDI") develops and markets a range of PHEV and EV drivetrain systems. The drivetrain integrates with light, medium, or heavy duty vehicle designs. Their exportable power options provide 50 up to 120 kW of power for up to 12 hours. As noted in their website, the company recently introduced a Class 6 plug-in hybrid electric truck that exports as much as 160 kW of power.

We believe that EDI is one of the few companies that offers an option to export synchronized power that enables the vehicle to connect directly to the utility power grid.

According to their website, Electric Vehicles International, LLC, is developing a plug-in series hybrid truck that will have a 100 kW exportable power option.

Other companies use a vehicle's engine to charge on-board batteries, which then run the generator when the vehicle is stopped. While this eliminates idling, output tends to be less than 50 kilowatts (kW) and lithium-ion batteries typically power the system. The batteries have limited runtimes and a shorter lifespan than acid batteries. In addition, they must be cooled to operate properly.

Altec Inc. JEMS (Jobsite Energy Management System) is an integrated plug-in system that uses stored electrical energy to power equipment and provide up to 18.3 kW of exportable power, according to the company's website.

Two companies dominate belt driven systems: Aura Systems, Inc. and Mobile Electric Power Solutions, Inc. ("MEPS"). Both systems use a vehicle's engine to power a generator and produce electricity whenever the engine is running. The interface to the vehicle is under the hood via a separate belt system. Both are very efficient, capable of delivering the rated power at or near the engine's idle revolutions per minute ("RPM").

MEPS uses the alternator to power a belt-driven system that provides up to 15 kW. Both companies provide clean power to operate sophisticated electronic equipment. MEPS delivers alternating current ("AC") power, whereas Aura Systems outputs both AC and direct current ("DC").

A variety of MEPS engine or transmission-based electrical power take-off systems also provide exportable power. They tend to output small amounts in the range of 7 kW of 110/220 volt power. MEPS is able to align two generators to double the output to 15 kW.

Our Mobile Generation system can also be used as a Level 2 charging unit for electric vehicles. 'Levels' indicate the charging power. The higher the level, the higher the power. More power equals shorter charging times. Level 2 is typically 240 volt AC current. It is compatible with most electric and plug-in hybrid vehicles. Depending on the battery technology, it takes about 4 to 6 hours to fully charge an electric vehicle. By utilizing the system's telematics capability and its associated connection to the Internet, an MG retrofitted truck can be alerted by either the driver or the electric vehicle itself.

We currently intend to offer Level 3 charging which relies on 480 volt DC (direct current) power within a year. Most Level 3 chargers provide an 80% charge in 30 minutes. At that point, we believe that the system should become a viable and cost effective substitute for a standard charging station.

The only competition for mobile electric vehicle charging of which we are aware is Real Power, a division of Contour Hardening, Inc. Their self-contained system allows for Level 3 DC fast charging of compatible electric vehicles and uses a PTO driven generator.

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Some of our potential competitors are significantly larger than we are, have been in business much longer than we have, and have significantly more resources at their disposal and may be able to respond more quickly and efficiently to changes in the marketplace, whether as a result of technological, economic or customer requirements or preferences.

This also enhances their ability to obtain top engineering talent as well as sales representatives with strong industry ties. Plus, their greater market clout could effectively overwhelm our promotional and marketing efforts.

Equipment

As a company that intends to commercialize or license its proprietary technology for others to install, manufacture and/or distribute, our equipment needs are project specific and temporary. We do not intend to purchase any production equipment to implement our business operations, but instead we will rent, lease or outsource as needed.

Manufacturing

We do not plan to manufacture in-house. The Company plans to partner with manufacturers utilizing their assets and system integrators to up-fit our Mobile Generation technology. For our thermal technologies, the Company plans to rely on product development agreements with manufacturers who will then pay a license or royalty per unit. We anticipate that such agreements will delineate the respective intellectual property owned by both companies, describe the goal of the testing to verify the savings and value to a particular company, the equipment to be modified, the criteria that constitute successful testing, how and where the tests will be conducted and the next steps to be taken in the event of successful testing.

Suppliers

For mobile power generation, the required software and its vehicle integration will be supplied by Inverom Corporation along with partner truck up-fitters.

Production level quantities will be handled by KATO Engineering, a business unit of Nidec Corporation, with a backup of multiple other sources, if needed, such as Regal Beloit, Generac, etc. As for a supplier of our PPIG gearing

system, we have identified and are working with both North American and Asian partners. We hope to obtain the balance of the components from a number of other suppliers.

For the thermal technology applications in electric motors, Thermacore, Inc. will supply the heat pipes and mechanical structure, which combine to make the heat exchangers. We will coordinate with Thermacore to combine our thermal technology with Thermacore technology in the creation of heat exchangers.

For dry pit submersibles, we intend to purchase the wound stator and the rotor-shaft from Nidec Motor Corporation or other partner sources such as Baldor Electric, Regal Beloit and others. We intend to purchase the fully-machined castings from the Quality Castings Company, located in Orville, Ohio. We intend that these components will then be assembled and tested by Consulting Point, Inc. located in Brownsville, Texas or another partner assembler in the USA.

Intellectual Property

Our success depends in part on our ability to protect our technology and intellectual property. To accomplish this, we rely on a combination of patents, patent applications, trade secrets, copyright laws, trademarks, intellectual property licenses and other contractual rights to establish and protect our proprietary rights. Currently, we have no licenses or contractual rights in place to protect our technology and intellectual property, only patents or patents pending.

As of April 12, 2017, we own six US patents and have six patent applications pending in the area of composite heat structures, motors, and related structures, heat pipe architecture, applications and a parallel vehicle platform. We also have a PCT application filed for a heat pipe-cooled brake system. In addition, we have applied for and received a trademark for an acronym for one of our technologies: "TEHPC".

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Our success will likely depend upon our ability to preserve our proprietary technologies and operate without infringing the proprietary rights of other parties. However, we may also rely on certain proprietary technologies and know-how that are not patentable.

We strive to protect such proprietary information, in part, by the use of confidentiality agreements with our employees, consultants and contractors. The Company has a policy of not disclosing its patent applications in order to protect the underlying technology.

The following table sets forth the patents we own or license which we believe support our technology.

Number		Filing	Issue	Expiration	
Patent	Country	Date	Date	Date	Title
8,283,818 B2	US	February 4, 2010	October 9, 2012	October 9, 2032	Electric Motor with Heat Pipes
8,134,260 B2	US	July 31, 2009	March 13, 2012	March 13, 2032	Electric Motor with Heat Pipes
8,148,858 B2	US	August 6, 2009	April 3, 2012	April 3, 2032	Totally Enclosed Heat Pipe Cooled Motor
8,198,770 B2	US	April 3, 2009	June 12, 2012	June 12, 2032	Heat Pipe Bearing Cooler Systems and Methods
7,569,955 B2	US	June 19, 2007	August 4, 2009	August 4, 2029	Electric Motor with Heat Pipes
9,543,809	US	February 25, 2014	January 10, 2017	January 10, 2017	Radial Vent Heat Pipes

Government and Industry Regulation

We intend to conduct business worldwide and, therefore, we must comply with local, state, federal, and international regulations, both in operations and for our products.

As a company, we do not plan to manufacture any of our products. Therefore, the government regulations we will be subject to will be limited to storage and involve rotating the shafts of stored electric motors on a regular basis.

Applicable laws and regulations include those governing, among other things, the handling, storage and transportation of materials and products as well as noise and employee safety.

In addition, some of our products are subject to various laws and regulations relating to, among other things, emissions and fuel requirements.

Accordingly, we may be required or may voluntarily determine to obtain approval of our products from one or more of the organizations engaged in regulating product or environmental safety. These approvals could require significant time and resources from our technical staff and, if redesign were necessary, could result in a delay in the introduction of our products in various markets and applications.

Although we believe that our operations and products are in material compliance with current applicable regulations noted within this section, there can be no assurance that changes in such laws and regulations will not impose costly compliance requirements on us or otherwise subject us to future liabilities. New regulations could also require our licensees to redesign their products which could cause us to redesign our technologies which, consequently, could affect market growth for our products.

As our thermal technologies are incorporated in existing motors, generators and other manufactured products that are already subject to regulation. The regulatory burden will fall on the original equipment manufacturers that license our technology.

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The Company intends to add a mobile power generation system to Class 3-5 work trucks. In addition to an existing generator incorporating our thermal technology, the stand-alone version of our auxiliary mobile power system will include a specialized gearing package, which connects the drive train to a generator that will be added on-board. We believe that the vehicle and drive train will operate normally in accordance with manufacturer's specifications and that no regulations will be violated or exceeded as well. Nonetheless, in some markets, the Company will have to certify that it meets federal, state or local noise and emission regulations.

Our designs comply with current EPA emission standards and we believe they will comply with future requirements.

No original vehicle parts will be significantly modified in the retrofitting process. There will be some additional parts (generator, gearing system, touchscreens, software, sensors and controls) added, but these parts will not change how the vehicle operates in any way. Although we will be adding a gearing package to connect the drive train to the generator, the rest of the drive train will operate according to the manufacturer's specifications. Therefore, we believe that the original warranty will remain in effect and we do not believe that the conversion will violate the Magnuson-Moss Act.

The Magnuson-Moss Warranty Act is a federal law that protects consumers by barring a vehicle manufacturer from voiding the warranty on a vehicle due to an aftermarket part unless the manufacturer can prove that the aftermarket part caused or contributed to the failure in the vehicle. It's is likely the Company will warranty the Parallel Power Input Gearbox it has designed and commissioned . All of our other components (generator, human machine interface, software, controller/sensors) will be warranted by their respective manufacturers.

The Department of Transportation, National Highway Traffic Safety Administration ("NHTSA") is charged with writing and enforcing safety and fuel economy standards for motor vehicles through their Federal Motor Vehicle Safety Standards. These standards require manufacturers to design their electrically powered vehicles so that, in the event of a crash, the electrical energy storage, conversion, and traction systems are either electrically isolated from the vehicle's chassis or their voltage is below specified levels considered safe from electric shock hazards. Our planned no-idle version of our Mobile Generation system will be designed to meet or exceed these requirements.

In addition, the total weight of the additional components should remain within the vehicle's gross vehicle weight rating. As a result, we believe that our conversions will be in compliance with federal and state transportation regulations.

Most of our other components (motor, drive, controller/sensors) will be warranted by their respective manufacturers.

While we do not create and market our products around government subsidies and tax incentives, an MG truck equipped with a charger can provide a Level II charge to one or more electric vehicles. Our 200 kVA truck will enable Level III DC fast charging capability. Assuming the MG truck qualifies as a charging station at least 26 states and a number of municipalities offer tax credits or rebates for electric vehicle charging stations.

If we fulfill all elements of our business plan, we will have to prepare for, understand and ultimately meet emerging product environmental regulations around the world. Our products will have to comply with the current emission standards that went into effect in the European Union in 2015, as well as the standards in other international markets, including Japan, Mexico, Australia, Brazil, Russia, India and China that are becoming more stringent.

Employees

As of April 12, 2017, we had three full time employees and no part time employees. We hope to hire additional employees, on an as-needed basis, subject to sufficient funding, as products and services are developed.

Research and Development

During the years 2016 and 2015, we incurred research and development costs of \$251,722 and \$824,711, respectively. Such costs were not borne directly by customers.

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Item 1A: Risk Factors

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

The Company rents a virtual office, which it uses as its corporate headquarters for a monthly rent of \$300. The office is located at 8875 Hidden River Parkway, Suite 300, Tampa, Florida 33637. We believe that currently this space is adequate. The Company rents a standalone commercial building located at 13800 US Highway 19 North, Clearwater, Florida 33764, which it uses as the headquarters for UPT, under a 36 month lease commencing July 1, 2014 for a monthly rent of \$2,568. The lease is renewable by the Company for two additional 36- month terms, subject to rental adjustment.

Item 3. Legal Proceedings

U.S. District Court Action, District of Nevada

Effective May 1, 2015, we executed a First Amendment to Settlement Agreement (the "Amendment") with Spirit Bear and the parties identified as the assignees of Spirit Bear who are signatories to the Amendment, which amends certain provisions of the Settlement Agreement. In accordance with the terms of the Amendment, Jay Palmer, Carrie Dwyer and Donica Holt, the Spirit Bear holdover directors, tendered their resignations from the Board of Directors of the Company. Spirit Bear also agreed that it will no longer have any rights to appoint nominees to the Board of Directors. Pursuant to the Amendment, the Company agreed to file a registration statement on Form S-1 covering an aggregate of 14,845,072 shares of common stock, preferred stock and warrants on behalf of Spirit Bear and its assignees no later than July 15, 2015, which was filed with the SEC on July 15, 2015. A representative of Spirit Bear agreed that the obligation to register the shares on a Form S-1 need only include shares of common stock and shares of common stock issuable upon conversion of the Series A Stock and exercise of the warrants held by Spirit Bear and its assignees. The

Company agreed to issue replacement warrants for certain previously-issued warrants, which will be canceled in connection with the replacement issuance. Within 10 business days of June 1, 2015, the parties agreed to dismiss all of the pending litigation between and among them.

On August 28, 2015, the parties filed a Stipulation to dismiss the direct claims of the Company against Spirit Bear and of Spirit Bear against the Company in the Nevada Lawsuit. By Order dated September 1, 2015 and filed September 2, 2015, the Court ordered dismissal of all direct claims in the Nevada Lawsuit.

Additionally, on February 20, 2015, the Court issued its preliminary approval to the derivative action settlement agreement (the "DASA") which would lead to the ultimate dismissal of the derivative suit also filed by Spirit Bear in the same action. The Court scheduled a fairness hearing for November 20, 2015 to consider giving its final approval to the DASA. No shareholder filed any objections to the DASA by April 30, 2015 which was the deadline established by the Court for filing objections. However, on October 22, 2015, Peak Finance, LLC ("Peak") filed a Motion to Intervene in the action seeking, among other things, approval to file a new derivative complaint in this matter. The Company opposed this Motion.

At the November 20, 2015 fairness hearing, the Court denied Peak's Motion to Intervene. However, the Court did allow Peak Finance to formally argue its objections to the DASA. The Court ordered additional briefing on certain issues. The Court ordered another hearing to consider the DASA on April 1, 2016.

On April 1, 2016, Peak and the Company advised the Court that they had agreed in principle to a settlement that would include withdrawal of Peak's objection to the DASA. On April 20, 2016, the parties filed a Stipulation and Proposed Order for Withdrawal of Objection to DASA which was granted by the Court on April 21, 2016. On May 3, 2016, the Court issued an Order which fully and finally approved the DASA and dismissed the case, with prejudice.

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Spirit Bear Ltd.

Effective May 1, 2015, we executed a First Amendment to Settlement Agreement (the "Amendment") with Spirit Bear and the parties identified as the assignees of Spirit Bear who are signatories to the Amendment, which amends certain provisions of the Settlement Agreement. In accordance with the terms of the Amendment, Jay Palmer, Carrie Dwyer and Donica Holt, the Spirit Bear holdover directors, tendered their resignation from the Board of Directors of the Company. Spirit Bear also agreed that it will no longer have any rights to appoint nominees to the Board of Directors. Pursuant to the Amendment, the Company agreed to file a registration statement on Form S-1 covering an aggregate of 14,845,072 shares of common stock, preferred stock and warrants on behalf of Spirit Bear and its assignees no later than July 15, 2015, which was filed with the SEC on July 15, 2015. A representative of Spirit Bear agreed that the obligation to register the shares on a Form S-1 need only include shares of common stock and shares of common stock issuable upon conversion of the Series A Stock and exercise of the warrants held by Spirit Bear and its assignees. The Company agreed to issue replacement warrants for certain previously-issued warrants, which will be canceled in connection with the replacement issuance. Within 10 business days of June 1, 2015, the parties agreed to dismiss all of the pending litigation between and among them.

On August 28, 2015, the parties filed a stipulation to dismiss the direct claims of the Company against Spirit Bear and of Spirit Bear against the Company in the Nevada Lawsuit. By order dated September 1, 2015, and filed September 2, 2015, the court ordered dismissal of all direct claims in the Nevada Lawsuit.

Additionally, on February 20, 2015, the Court issued its preliminary approval to the derivative action settlement agreement (the "DASA"), which would lead to the ultimate dismissal of the derivative suit also filed by Spirit Bear in the same action. The Court has scheduled a fairness hearing for November 20, 2015, to consider giving its final approval to the DASA. No shareholder filed any objections to the DASA by April 30, 2015, which was the deadline established by the Court for filing objections. On October 22, 2015, however, Peak Finance, LLC ("Peak Finance") filed a Motion to Intervene in the action seeking, among other things, approval to file a new derivative Complaint in this matter. The Company has opposed this Motion.

At the November 20, 2015 fairness hearing, the Court denied Peak Finance's Motion to Intervene. However, the Court did allow Peak Finance to formally argue its objections to the DASA. The Court ordered additional briefing on certain issues which has now been completed. The Court further ordered another hearing to consider the DASA on April 1, 2016.

On April 1, 2016, Peak Finance and the Company advised the Court that they had agreed in principle to a settlement that would include withdrawal of Peak Finance's objection to the DASA. On April 20, 2016, the parties filed a Stipulation and Proposed Order for Withdrawal of Objection to DASA which was granted by the Court on April 21, 2016. On May 3, 2016, the Court issued an Order which fully and finally approved the DASA and dismissed the case,

with prejudice.

On November 4, 2016, Spirit Bear agreed to the withdrawal of the registration statement in exchange for confirmation that the warrants owned by Spirit Bear and its associate which were subject to a separate court action shall not expire even if the court action continued beyond the warrants' initial expiration date. The registration had not been declared effective by the SEC and the Company filed a request to withdraw the Registration Statement on November 14, 2016.

SEC Subpoena

On September 18, 2013, separate and distinct from the settlement of the lawsuit discussed above, the Securities and Exchange Commission served the Company with a subpoena entitled In the Matter of HPEV, Inc. The subpoena requested documents relating to several matters, including Spirit Bear, Robert Olins and all of their respective affiliates. The company has not heard anything further concerning the investigation.

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U.S. District Court, District of Nevada

On August 31, 2015, the Company received notice of a summons in the matter styled Peak Finance, LLC, Derivatively on Behalf of Nominal Defendant, HPEV, Inc. v. Hassett, et al., No. 2:15-cv-01590-GMN-CWH, filed in the United States District Court for the District of Nevada (the “Peak Finance Claim”). Plaintiff Peak Finance, LLC (“Peak Finance”) alleges that certain members of the Company’s Board of Directors and officers caused a misleading proxy statement to issue and breached alleged fiduciary duties from and after June 18, 2013. Peak Finance further alleges that its claim is related to the Spirit Bear Lawsuit described above. The Company has not determined that there is any merit to the allegations, and has decided to submit the claims to an Independent Director Committee consisting of Directors Christopher McKee, Richard J. “Dick” Schul, and Donald Bowman for their review and consideration. Additionally, on September 28, 2015, the Company filed a motion to dismiss the initial Complaint filed by Peak Finance. On October 22, 2015, rather than oppose the motion to dismiss, Peak Finance filed an amended complaint in this case in addition to the Motion to Intervene in the pending Spirit Bear litigation set forth above. On November 9, 2015, the Company filed a new motion to dismiss the first amended complaint filed by Peak Finance on October 22, 2015. No hearing is presently scheduled on this motion to dismiss.

On April 20, 2016, the parties filed a Stipulation and [Proposed] Order Regarding Settlement. This Stipulation sought the Court’s preliminary approval of a settlement agreement negotiated between the parties (“Settlement Agreement”) which, if fully and finally approved by the Court, would lead to the dismissal of this action. By Order dated May 18, 2016, the Court, subject to receipt and consideration of any objections filed by non-party shareholders, preliminarily approved the proposed Settlement Agreement. The Court further set a deadline of July 29, 2016 for filing objections to the Settlement Agreement. No objections to the Settlement Agreement were filed by July 29, 2016. The parties intend on filing a stipulation seeking final approval of the Settlement Agreement and dismissal of the case as soon as practicable.

On October 11, 2016, the United States District Court, District of Nevada orally approved the derivative action settlement agreement (“Peak Settlement Agreement”) reached in Peak Finance, LLC v. Timothy J. Hassett et. al., Case No. 2:15-cv-01590-GMN-CWH. Noting that no non-party shareholder filed any objections to the Peak Settlement Agreement, the District Court specifically found that it is “fundamentally fair, reasonable and adequate” and serves the best interest of the Company. The Court further directed that counsel for the parties prepare a proposed formal written order finally approving the Peak Settlement Agreement and dismissing the case.

On October 20, 2016, the Derivative Action Settlement Agreement was formally approved and the case was formally dismissed with prejudice.

Subsequent to the dismissal, an Independent Directors Committee consisting of directors Christopher McKee, Richard J. "Dick" Schul and Donald Bowman reviewed the allegations made by Peak Finance, LLC to determine a proper

corporate response. On December 6, 2016, a quorum of the members of the Independent Directors Committee met with Peak Finance, LLC in New York City, in order to fulfill the judges' final orders. No further action is required by the Company in this matter.

On October 7, 2016, the Company received a complaint, Wang et al v. Cool Technologies, Inc. et al, filed on July 28, 2016 in the U.S. District Court for the Eastern District of New York (Brooklyn) Civil docket #1:16CV04101RRMPK against the Company and Timothy Hassett, the Company's Chief Executive Office alleging damages of \$1,100,000 for breach of contract for failing to register shares sold to the Plaintiffs in February and March 2014. The Company is contesting the suit and has filed motions to dismiss.

Item 4. Mine Safety Disclosures

Not applicable.

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Our common stock was quoted on the OTC Bulletin Board from July 30, 2009 to March 26, 2010 under the symbol BIBB. Prior to September 2010, there was no active market for our common stock. Our common stock is currently quoted on the OTCQB under the trading symbol WARM.

The following table sets forth the high and low sales prices as reported on the OTCQB. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Quarter Ended	High	Low
March 31, 2016	\$ 0.53	\$ 0.16
June 30, 2016	\$ 0.30	\$ 0.08
September 30, 2016	\$ 0.18	\$ 0.02
December 31, 2016	\$ 0.17	\$ 0.09
March 31, 2015	\$ 0.74	\$ 0.46
June 30, 2015	\$ 0.58	\$ 0.37
September 30, 2015	\$ 0.43	\$ 0.17
December 31, 2015	\$ 0.30	\$ 0.10

The last reported sales price of our common stock on the OTCQB on April 12, 2017, was \$0.24.

As of April 12, 2017, there were 212 stockholders of record of our common stock..

Dividend Policy

The Company has never paid dividends on its common stock and does not anticipate that it will pay dividends in the foreseeable future. It intends to use any future earnings for the expansion of its business. Any future determination of applicable dividends will be made at the discretion of the board of directors and will depend on the results of operations, financial condition, capital requirements and other factors deemed relevant.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information regarding our equity compensation plans as of December 31, 2016:

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	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	7,474,090(1)	\$ 1.28	--

(1) Represents (i) options to purchase 1,000,000 shares of common stock at \$2.00 per share to each of Timothy Hassett and Mark Hodowanec; (ii) options to purchase 2,000,000 shares of common stock at \$2.00 per share to Judson Bibb; and (iii) warrants to purchase 3,474,090 shares of common stock as set forth in Note 7 to the financial statements under Item 8 of this Annual Report on Form 10-K.

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Recent Sales of Unregistered Securities

On October 7, 2016, we issued 4,304,229 shares of our common stock upon partial conversion of a warrant originally issued in connection with \$400,000 of principal and interest of convertible debt.

On October 7, 2016, we issued 5,469,113 shares of our common stock upon partial conversion of a warrant originally issued in connection with \$400,000 of principal and interest of convertible debt

On November 7, 2016, we sold 100,000 shares and a three-year warrant to purchase 100,000 shares of our common stock at an exercise price of \$0.07, to an accredited investor in a private offering. We received \$5,500 as consideration for the sale of such securities. The warrant may be exercised on a cashless basis.

On November 10, 2016, we issued 800,000 shares of common stock to Gemini Master Fund, Ltd and 200,000 shares of common stock to Black Mountain Equities, Inc. in connection with the sale of promissory notes in the principal amounts of \$180,000 and \$45,000, respectively.

On November 14, 2016, pursuant to the issuance of a convertible promissory note for \$110,000, we issued 350,000 shares of common stock as inducement shares to Lucas Hoppel.

On November 30, 2016, we issued 147,393 shares of our common stock upon conversion of principal and interest of convertible debt of \$10,490.73 to Tangiers Global, LLC..

On November 7, 2016, we issued 300,000 shares of our common stock to Spirit Bear upon conversion of 6 shares of our Series A convertible preferred stock (“Series A Stock”)

On December 23, 2016, we sold 650,000 shares of our common stock and a five-year warrant to purchase 650,000 shares of our common stock at an exercise price of \$0.12 and a five-year warrant to purchase 650,000 shares of our common stock at an exercise price of \$0.15 to an accredited investor in a private offering. We received \$65,000 as consideration for the sale.

On December 30, 2016, we issued 50,000 shares of our common stock and a five-year warrant to purchase 50,000 shares of our common stock at an exercise price of \$0.16 to Christian Pacetti in exchange for partial payment of an outstanding invoice for services provided to the Company.

On December 30, 2016, we issued a three- year warrant to purchase 100,000 shares of our common stock at an exercise price of \$0.01 per share to a consultant for accounting services provided to the Company.

On January 17, 2017, we issued 800,000 shares of common stock to Sprit Bear upon the conversion of 16 shares of our Series A Stock.

On February 8, 2017, we issued 34,076 shares of our common stock upon conversion of interest on convertible debt of \$54,650 by Tangiers Global, LLC.

On February 9, 2017, pursuant to the issuance of a convertible promissory note for \$110,000, we issued 200,000 shares of common stock as inducement shares to Lucas Hoppel.

On February 16, 2017, we issued 1,250,000 shares of our common stock to Bellridge Capital LP as a commitment fee for a \$5,000,000 Equity Line of Credit.

On March 14, 2017, we issued 200,000 shares of our common stock to Bellridge Capital LP as a commitment fee for a 5% Convertible Note.

On March 20, 2017, we issued 750,000 shares of common stock to Spirit Bear upon the conversion of 15 shares of our Series A Stock .

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On April 6, 2017, we issued 600,000 shares of common stock to Sprit Bear upon the conversion of 12 shares of our Series A Stock.

On April 6, 2017, pursuant to the issuance of a convertible promissory note for \$165,000, we issued 300,000 shares of common stock as inducement shares to Lucas Hoppel.

None of the above issuances involved any underwriters, underwriting discounts or commissions, or any public offering and we believe are exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(2) thereof and/or Regulation D promulgated thereunder.

Item 6. Selected Financial Data

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Our Management's Discussion and Analysis contains not only statements that are historical facts, but also statements that are forward-looking. Forward-looking statements are, by their very nature, uncertain and risky. These risks and uncertainties include international, national and local general economic and market conditions; demographic changes; our ability to sustain, manage, or forecast growth; our ability to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other risks that might be detailed from time to time in our filings with the SEC.

Because forward-looking statements are inherently subject to risks and uncertainties, the actual results and outcomes may differ materially from the results and outcomes discussed in the forward-looking statements. The following discussion and analysis of financial condition and results of operations of the Company is based upon, and should be read in conjunction with, the audited financial statements and related notes elsewhere in this Annual Report on Form 10-K.

We opened our UPT headquarters in Largo, Florida in May 2014. We use the facility to perform research and development for our mobile generator business and it will serve as a sales showroom in the future.

Plan of Operation

We have not generated any revenues to date. We generated our first Mobile Generation order during the quarter ended June 30, 2014, and received a partial deposit in advance of completing the sale. There can be no assurances that we will be able to fulfill the order, however, a laboratory mobile electric power system has been successfully tested and is being readied for future field testing. Currently, we primarily incur expenses to commercialize our products, which include costs for research and development, professional fees and general operations.

We have developed and intend to commercialize thermal dispersion technologies in various product platforms, a parallel power input gearbox around which we have designed a mobile generator system and an electric load assist technology around which we have designed a vehicle retrofit system. As part of the commercialization efforts, we have applied for and received a trademark for our Totally Enclosed Heat Pipe Cooled technology or 'TEHPC'.

Management is currently negotiating additional funding arrangements to support completion of the initial phases of our business plan, which is to license our thermal technologies and applications; to license or sell a mobile electric power system powered by the Company's proprietary gearing system; and to license its submersible motor dry pit technologies and/or to bring to market its technologies and applications through key distribution partners.

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Recent Developments

PGC Investments

On July 1, 2014, we entered into a 36-month independent contractor agreement ("PGC Agreement"), with PGC Investments LLC, a Florida limited liability company ("PGC") to provide the full-time services of Dennis Campbell to manage the day-to-day operations of UPT. Under the PGC Agreement, PGC and Mr. Campbell may not solicit or hire any of the Company's current or former (within one year) employees, consultants or contractors for six months following the termination of the PGC Agreement. Either party to the PGC Agreement may terminate the PGC Agreement upon 30 days' notice to the other party. The Company may immediately terminate the PGC Agreement for "cause" (as defined in the PGC Agreement), subject to a 10-day cure period. Until the Sign-On Warrants become exercisable, upon termination, PGC shall be entitled to a severance payment equal to three months of consulting fees and any earned bonuses, warrants and shares. As consideration for such consulting services, PGC will be paid monthly consulting fees (payable at the end of each month) of \$10,000 during the first year, with a \$10,000 bonus to be paid upon the opening of the Tampa Bay store; \$12,000 in the second year with a \$10,000 bonus payable in the last month of the second year upon satisfactory performance; and \$13,500 in the third year with a \$10,000 bonus payable in the last month of the third year upon satisfactory performance.

Under the PGC Agreement, on July 1, 2014, we also issued PGC three-year warrants as a sign-on bonus ("Sign-On Warrants") to purchase an aggregate of 350,000 shares of our common stock at an exercise price of \$1.00 per share exercisable upon the Company receiving revenues in excess of \$1,000,000.

PGC will be entitled to (i) a three-year (commencing upon vesting) cashless warrant to purchase an aggregate of 1,530,000 shares of common stock exercisable at \$1.00 per share that vests ratably upon reaching incremental revenues of \$3,000,000 (from MG product sales which result from the efforts of Dennis Campbell and PGC) with a total target revenue of \$100,000,000 and (ii) a three-year cashless warrant to purchase an aggregate of 720,000 shares of common stock at an exercise price of \$1.00 that vests ratably on a quarterly basis; and (iii) 500,000 shares of our common stock that vest upon reaching revenues of \$100,000,000 or upon sale of the Company. PGC will also be entitled to a \$25,000 cash bonus at sales milestones for every \$5,000,000 in new revenue.

On July 30, 2014, we reached preliminary terms on a LLC Agreement (the "Preliminary LLC Agreement") with Alfred A. Cullere ("Cullere") concerning the governance and operations of UPT. Under the terms of the Preliminary LLC Agreement, we would own 95% of the membership interests and Cullere would own 5%. Cullere's interest cannot be diluted, even if additional membership interests are issued. These terms may change upon formalizing the final agreement.

The Company's current operations include product development with Inverom and other companies developing products that include the Company's intellectual property.

On October 31, 2016, the Company filed an amended and restated Series B Preferred Stock Certificate of Designation (which was originally filed with the Secretary of State of Nevada on April 19, 2016, and amended on August 12, 2016) to designate 3,636,360 shares as Series B Preferred Stock and to provide for supermajority 66 2/3% voting rights for the Series B Preferred Stock. The Series B Preferred Stock will not bear dividends, will not be entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Company, and will have no other preferences, rights, restrictions, or qualifications, except as otherwise provided by law or the articles of incorporation of the Company. The holders of Class B Stock shall have the right, at such holder's option, at any time to convert such shares into common stock, in a conversion ratio of one share of common stock for each share of Class B Stock. If the common stock trades or is quoted at a price per share in excess of \$2.25 for any twenty consecutive day trading period, (subject to appropriate adjustment for forward or reverse stock splits, recapitalizations, stock dividends and the like), the Series B Stock will automatically be convertible into the common stock in a conversion ratio of one share of common stock for each share of Series B Stock. The Series B Stock may not be sold, hypothecated, transferred, assigned or disposed without the prior written consent of the Company and the holders of the outstanding Series B Preferred Stock.

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Bellridge Capital, LP

On December 6, 2016, we entered into a securities purchase agreement and a registration rights agreement (the “Registration Rights Agreement”) with Bellridge, pursuant to which Bellridge has agreed to purchase from us up to \$5,000,000 in shares of our common stock, subject to certain limitations from time to time over a 36 month period commencing on the date of effectiveness of the registration statement which provides for the resale of such shares pursuant to the Registration Rights Agreement. We may direct Bellridge, at our sole discretion and subject to certain conditions, to purchase a minimum of \$25,000 and a maximum of \$500,000 of shares (each a “Draw Down”) that is no more than 300% of the average trading volume of our common stock during the 10 day period immediately prior to the Draw Down. In addition, we may direct Bellridge to purchase shares only if during the fifteen consecutive days following a Draw Down request by us, the common stock equals or exceeds \$0.06 per share. We will control the timing and amount of any sales of common stock to Bellridge but we may not request a Draw Down less than ten business days apart. The proceeds received by us are expected to be used for general corporate purposes. The securities purchase agreement limits our sales of shares of common stock to Bellridge to no more than the number of shares that would result in the beneficial ownership by Bellridge, at any single point in time, of more than 4.99% of the then outstanding shares of our common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days’ prior notice to us. As consideration for its commitment to purchase shares of common stock pursuant to the securities purchase agreement, we issued to Bellridge 1,250,000 shares of common stock on February 16, 2017.

On December 6, 2016, we also entered into a note purchase agreement which provides for the purchase by Bellridge of up to an aggregate of \$150,000 principal amount of convertible promissory notes (the “Notes”). The Notes have a 5% original issue discount and bear interest at 5% per annum (or the lesser of 22% per annum or the maximum amount permitted by applicable law in the event of a default as described in the Notes). On December 7, 2016, \$85,000 was paid pursuant to the initial Note (after the deduction of \$10,000 for Bellridge’s legal expenses) which is due on December 5, 2017. On December 28, 2016, after the filing by the Company of a registration statement with the SEC, the Company issued Bellridge another Note in the original principal amount of \$50,000 for \$47,500.

The Notes may be prepaid in whole or in part by the Company at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Notes are convertible into common stock (“Conversion Shares”) at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share. If the price per share of the common stock closes at less than \$0.06 for any five out of ten consecutive trading days after the sooner to occur of the filing of the registration statement, (the “Market Price Decline Period”), or six months from the date of the Note, the Company has the right to prepay the Note at an amount equal to 125% of the then principal and interest due on the Note. However, if the Company fails to prepay the Note in its entirety during the thirty days following a Market Price Decline Period, then the conversion price floor of \$0.06 per share will no longer be applicable.

If the Company fails to timely deliver shares to Bellridge upon conversion of the Notes, Bellridge will be entitled to liquidated damages of \$10 per trading day for each \$1,000 being converted (and \$20 per day after the tenth trading day). If the Company fails to timely deliver share certificates and Bellridge is required by its brokerage firm to purchase, or its brokerage firm otherwise purchases, common stock to deliver in satisfaction of a sale by Bellridge of the Conversion Shares which Bellridge was entitled to receive, then the Company will (A) pay in cash the amount by which (x) Bellridge's total purchase price for the common stock so purchased exceeds (y) the product of (1) the aggregate number of shares of common stock that Bellridge was entitled to receive from the conversion multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed and (B) at the option of Bellridge, either reissue (if surrendered) the Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to Bellridge the number of shares of common stock that would have been issued if the Company had timely complied with its delivery requirements.

The Notes may not be converted to the extent that after giving effect to the conversion Bellridge and its affiliates would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding, which percentage may be increased to 9.99% upon not less than 61 days' prior notice to the Company.

The Notes includes antidilution protection in the event of certain subsequent equity sales and dilutive issuances, purchase rights in subsequent rights offerings and pro rata distributions in the event of a dividend or other distribution by the Company. If the Company engages in a fundamental corporate action as described in the Notes, Bellridge will be entitled to receive shares or other consideration that it would have received for each share that would have been issuable upon conversion immediately before such fundamental corporate action.

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So long as the Notes are outstanding, unless with the consent of the holders of the majority in principal amount of the then outstanding Notes, the Company will not create certain indebtedness, amend its charter to adversely affect Bellridge, or enter into transactions with affiliates, unless at arm's length and approved by the majority of disinterested directors.

The Note Purchase Agreements also provided that it is an event of default if the Company does not obtain FINRA's approval to effectuate a 1:15 reverse stock split no later than January 15, 2017, which was subsequently extended by Bellridge to April 24, 2017. On February 16, 2017, Bellridge agreed that in lieu of a reverse stock split the Company increase its authorized shares of common stock.

The Company also agreed to reserve the greater of (i) 1,000,000 shares of common stock or (ii) 300% of the maximum aggregate number of shares issued or issuable to Bellridge (without giving effect to any beneficial ownership restrictions).

So long as Bellridge owns the Notes and the shares issuable under the Notes, if the Company fails to satisfy certain current public information requirements under Rule 144 for more than 30 consecutive days, the Company will be required to pay liquidated damages to Bellridge in cash equal to 5% of the aggregate conversion price of the Note(s) on the day of a such failure and on every 30th day thereafter. If the Company fails to make such liquidated damages payments in a timely manner, such payments will bear interest of 1.5% per month until paid in full.

On March 14, 2017, the Company entered into an additional securities purchase agreement pursuant to which we issued Bellridge a one-year 5% convertible note in the principal amount of \$78,750 for which we received \$75,000. The terms of the securities purchase agreement entered into and the note issued to Bellridge on March 14, 2017 are the same as the terms of the securities purchase agreement and Notes dated December 6, 2016 described above.

We filed an amendment to our Articles of Amendment with the Secretary of State of the State of Nevada increasing our authorized shares of common stock, from 140,000,000 shares to 350,000,000 shares, effective March 22, 2017. We currently believe that the increase in authorized share capital eliminates the need for any other type of corporate action such as a reverse stock split.

Craftsmen Industries, Inc.

As a consequence of the first public demonstration of the MG 30 kilovolt amp (“kVA”) system at the North America International Auto Show in Detroit in January, the Company entered into an agreement in principle, dated February 21, 2017, with Craftsmen Industries, Inc. (“Craftsmen”), a company engaged in the design, engineering and production of mobile marketing vehicles, experiential marketing platforms and industrial mobile solutions.

Beginning in April of 2017, Cool Technologies will deliver to Craftsmen Industries, a Class III Vehicle (Ford F-350 dually) up-fitted with a production-ready MG 30 kVA (single phase/three phase) system. For up to 60 days, the two companies will test, tune and finalize the system’s design to ensure it meets the technical criteria required by Craftsmen’s customer base and Cool Tech’s target customers.

Subsequently, Craftsmen invited the Company to demonstrate its mobile generation technology and the potential benefits for Craftsmen products at Craftsmen’s 35th Anniversary Party on April 27, 2017. Over 400 current and prospective Craftsmen customers are expected to be in the audience for the demonstrations. In addition, the Company believe that prospective customers and important industry contacts will accept invitations to be in attendance as well.

Classification and reclassification of common share equivalents

We determined that as of September 30, 2016, we did not have sufficient authorized shares of our common stock available for issuance under our outstanding convertible notes, warrants, options and convertible preferred stock. As a result, the common share equivalents that exceeded our authorized but unissued shares of common stock were reclassified from equity to derivative liabilities.

This reclassification resulted in a \$8,285,484 increase to our derivative liability and a corresponding reduction to our additional paid-in capital. The derivative liability was subsequently marked to fair value and we recorded a gain of \$4,555,523 as of December 31, 2016. The Company amended its Articles of Incorporation, effective March 22, 2017, to increase the number of authorized shares of common stock from 140,000,000 to 350,000,000 shares. Consequently, the Company currently has sufficient authorized shares for issuance pursuant to its outstanding securities that were reclassified as derivative liabilities. We anticipate that the Company’s financial statements for the quarter ending March 31, 2017, will reflect common share equivalents as equity marked to fair value and reclassified as additional paid-in capital.

While we understand that these adjustments are required under current accounting guidance, nonetheless, we believe that the volatility they introduce to our financial statements does not fully reflect the underlying economics of the Company and its common share equivalents.

As of September 30, 2016 and December 31, 2016, a substantial portion of our common share equivalents were out of the money and accordingly, may not have been economically beneficial to exercise or convert. In addition, many of

the common share equivalents that were in the money as of September 30, 2016 and December 31, 2016 were subject to contractual limitations regarding their exercisability or convertibility.

Under these circumstances, we do not believe that the Company was ever in a position where it would have been unable to settle its common share equivalents. To date, the Company has fulfilled all exercise and conversion requests it has received.

Going Concern

As a result of our financial condition, we have received a report from our independent registered public accounting firm for our financial statements for the years ended December 31, 2015 and 2016, which includes an explanatory paragraph describing the uncertainty as to our ability to continue as a going concern. To continue as a going concern, we must raise additional capital to begin to generate revenue from our two product lines, so that we can fund our operations from our sales and licensing. If we are not able to do this, we may not be able to continue as an operating company.

Table of Contents**Results of Operations**

The following table sets forth, for the periods indicated, consolidated statements of operations data. The table and the discussion below should be read in conjunction with the accompanying consolidated financial statements and the notes thereto, appearing elsewhere in this report.

	Year ended December 31,		Change	%
	2016	2015		
Revenues	\$ --	\$ --	N/A	N/A
Operating expenses				
Payroll and related expenses	553,199	803,426	(250,227)	(31.1)%
Consulting	2,081,714	867,356	1,214,358	140.0%
Professional fees	332,767	614,935	(282,168)	(45.9)%
Research and development	251,724	824,711	(572,987)	(69.5)%
General and administrative	738,816	1,939,230	(1,200,414)	(61.9)%
Total operating expenses	3,958,220	5,049,658	(1,091,438)	(21.6)%
Other income and (expense)	3,102,334	(1,889,832)	4,992,166	(264.2)%
Net loss	(855,886)	(6,939,490)	6,083,604	(87.7)%
Less: Non controlling interest	(11,717)	(16,390)	4,673	(28.5)%
Net loss to shareholders	\$ (844,169)	\$ (6,923,100)	\$ 6,078,931	(87.8)%

Revenues

During the years ended December 31, 2016 and 2015, and since inception, we have not generated any revenues. We generated our first Mobile Generation order during the quarter ended June 30, 2014, and received a partial deposit in advance of completing the sale with companies controlled by the individual who is a 5% owner of UPT and a shareholder of our company

Operating Expenses

Operating expenses decreased during the year ended December 31, 2016 compared to the year ended December 31, 2015, due primarily to a reduction in general and administrative costs which accounts for \$1,200,414 of the decrease. During the year ended December 31, 2016, the Company's officers received reduced salaries and had limited travel expense. The remaining decrease was due primarily to a decrease in research and development costs of \$572,987, necessitated by limited funds.

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Other Income and Expense

Interest expenses during the years ended December 31, 2016 and 2015 related primarily to our debt. The change in fair value of derivative liability reflects the change in fair value of the warrants and conversion features embedded in the convertible debt agreements entered into in February, May, August, November and December 2016 as well as September and December 2015, and also includes the change in fair value of common share equivalents previously reclassified to derivative liability as a result of insufficient authorized but unissued shares. The legal settlement expense in 2016 represents the difference between the value of the original warrants and the replacement warrants issued to Spirit Bear under the Waiver of Performance and Second Amendment to Settlement Agreement with Spirit Bear.

Net Loss and Noncontrolling Interest

Since we have incurred losses since inception, we have not recorded any income tax expense or benefit. Accordingly, our net loss is driven by our operating and other expenses. Noncontrolling interest represents the 5% third-party ownership in UPT, which is subtracted to calculate Net loss to shareholders.

Liquidity and Capital Resources

We have historically met our liquidity requirements primarily through the public sale and private placement of equity securities, debt financing, and exchanging common stock warrants and options for professional and consulting services. At December 31, 2016, we had cash and cash equivalents of \$62,291.

Working capital is the amount by which current assets exceed current liabilities. We had negative working capital of \$8,257,987 and \$3,252,314, at December 31, 2016 and 2015, respectively. The decrease in working capital was due to an increase in derivative liability, accounts payable, amounts due to related parties, and incurring debt for working capital purposes.

September 2015 Convertible Note -- In September 2015, we entered into a convertible note agreement, which allows us to borrow up to \$250,000, bearing interest at 10%, with principal and interest payable on September 15, 2017. We borrowed \$75,000 in September 2015 and \$50,000 in November 2015, for a total of \$125,000 due on September 15, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at the lesser of \$0.305 per share or 65% of the volume weighted average price of our common stock

during the five consecutive trading days immediately preceding the applicable conversion date. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet. In February 2016, the \$75,000 note and interest of \$16,667 was settled in exchange for 531,429 shares of our common stock.

On May 30, 2016, we executed an amendment to the convertible note agreement. In consideration for removing limitations, until November 15, 2016, on sales of securities of at least \$500,000 including variable rate transactions, convertible notes and third party transactions set forth in the Securities Purchase Agreement signed on December 3, 2015 as well as authorizing the withdrawal of a registration statement filed on January 11, 2016, we agreed to file a new registration statement covering the shares issuable to the holder of the Notes.

In consideration for amending the Notes to permit borrowings by the Company of up to \$6,500,000, we agreed to amend the Notes to enable the conversion price to be equal to the lesser of \$0.12 and 70% of the average of three VWAPs from the 20 trading days prior to the notice of conversion. Furthermore, we agreed that if it were to issue new notes with greater discounts than those detailed above, the existing Notes would be reset to match the lower conversion price. Finally, we agreed to lower the exercise prices (from \$0.21 to \$0.168, and from \$0.175 to \$0.140, respectively) on two existing warrants totaling 500,000 shares previously issued to the holder of the Notes and to issue a cashless, two year warrant to purchase 250,000 shares at an exercise price of \$0.168 per share.

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December 2015 Convertible Note -- In December 2015, we entered into a convertible note agreement, bearing interest payable quarterly at 10% allowing us to borrow up to \$248,000, with principal due December 1, 2016. In December 2015, we received \$200,000 under the convertible note agreement, with an original issue discount of \$20,350 and \$20,000 distributed to the lender's legal course for a total amount of \$240,350, with \$40,350 recorded as debt discount. In January 2016, we received the remaining \$48,800 with an original issue discount of \$5,850, for a total amount of \$54,650 due on February 26, 2017. At the holder's option, a portion or all of the unpaid principal balance may be converted into shares of our common stock at a rate of \$0.12 per share. In the event of a default, the conversion price becomes 70% of the volume weighted average price of our common stock during the three consecutive trading days immediately preceding the applicable conversion date. We also issued warrants to purchase 500,000 shares of our common stock in two separate tranches for 250,000 shares each, with exercise prices of 125% and 150% of our common stock price on the day prior to closing the agreement, or \$0.175 per share and \$0.21 per share. We determined that the conversion feature and the warrants meet the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet. The convertible note has prepayment penalties of 115%, 120%, 125% and 130%, respectively, in the event the note is settled within 45 days, 46-90 days, 91-120 days, and 121 days through the due date. We placed 13,291,667 shares of our common stock in escrow as collateral for this agreement.

February 2016 Convertible Note – In February 2016, we entered into a convertible note agreement. We received \$125,000, with an original issue discount of \$15,500 in lieu of interest, for a total amount of \$140,500 due on August 10, 2016. In the event of default, the interest rate will be 22% per annum. At any time following an event of default, the lender has the right to convert a portion or all of the unpaid principal balance at a rate of 65% of the average of the three lowest closing prices in the twenty trading days immediately preceding the request for conversion date. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

May 2016 Convertible Note – In May 2016, we entered into a convertible note agreement. We received \$120,600, bearing interest at 12%, with principal and interest payable on September 15, 2017 in a total amount of \$141,102. In the event of default, the interest rate will be 18% per annum. At any time following the 180th day from the date of issuance, the lender has the right to convert a portion or all of the unpaid principal balance at a rate of 60% of the average of the lowest trading price in the fifteen trading days immediately preceding the request for conversion date. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

On July 18, 2016, the lender increased the share reserve from 7,000,000 to 18,572,365 shares. Following a request on August 19, 2016 to increase the share reserve to 48,000,000 shares that we could not accommodate, the company paid off the principal of \$120,600 on August 29, 2016 and interest of \$4,243 on August 30, 2016. On September 7, 2016, the lender declared the company in default and the Company commenced negotiations on a final pre-payment fee. On October 3, 2016, a settlement agreement was signed and on October 4, 2016 \$42,210 was wired to the lender.

August 2016 Convertible Note – In August 2016, the Company entered into a senior convertible note agreement. We received \$400,000, bearing interest at 3%, with principal and interest payable on August 24, 2018. In addition, the Company received the right to require the buyer to purchase from the company four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. At the same time, the Company granted the buyer the right to require the company to sell to the buyer four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. In the event of default, the interest rate will be 18% per annum, require the Company to (i) redeem all or any portion of the note at a premium of 150% or (ii) convert any portion of this note then held by noteholder into shares of common stock at the conversion price of \$0.025, equal to a number of shares of common stock equal to the principal amount outstanding on the note (divided by 0.025) and multiplied by the premium of 150%.

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The note may be converted at any time into shares of the common stock at the conversion price pursuant to the terms of the note. The buyer may not, however, convert more than 50% of the note's purchase price prior to September 30, 2016. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

The note may be converted at any time into shares of the common stock at the conversion price pursuant to the terms of the note. The buyer may not, however, convert more than 50% of the note's purchase price prior to September 30, 2016. We determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

September 2016 Promissory Notes – In September 2016, we sold two promissory notes in the aggregate principal amount of \$225,000. The notes totaled \$180,000 and \$45,000, respectively. Each note bears the same terms: 5% interest per annum with a maturity date of June 30, 2017. In the event of a default, the interest rate will increase to 18%.

November 2016 Convertible Note – In November 2016, we entered into a convertible note agreement. We received \$100,000 with an original issue discount of \$10,000 in lieu of interest for a total amount of \$110,000 due on June 9, 2017. In exchange, the lender received 350,000 inducement shares and the right to convert a portion or all of the unpaid principal balance and interest at a conversion price of \$0.07 per share. In the event of default, the outstanding balance will increase by 25%. Shares reserved for future conversions total 1,571,450.

December 2016 Equity Line of Credit -- On December 6, 2016, we entered into a securities purchase agreement and a registration rights agreement with Bellridge, pursuant to which Bellridge has agreed to purchase from us up to \$5,000,000 in shares of our common stock, subject to certain limitations from time to time over a 36 month period commencing on the date of effectiveness of the registration statement which provides for the resale of such shares pursuant to the Registration Rights Agreement. We may direct Bellridge, at our sole discretion and subject to certain conditions, to purchase a minimum of \$25,000 and a maximum of \$500,000 of shares that is no more than 300% of the average trading volume of our common stock during the 10 day period immediately prior to the Draw Down. In addition, we may direct Bellridge to purchase shares only if during the fifteen consecutive days following a Draw Down request by us, the common stock equals or exceeds \$0.06 per share. We will control the timing and amount of any sales of common stock to Bellridge but we may not request a Draw Down less than ten business days apart. The proceeds received by us are expected to be used for general corporate purposes. The securities purchase agreement limits our sales of shares of common stock to Bellridge to no more than the number of shares that would result in the beneficial ownership by Bellridge, at any single point in time, of more than 4.99% of the then outstanding shares of our common stock. However, the 4.99% limitation may be increased by Bellridge up to 9.99% upon at least 61 days' prior notice to us. As consideration for its commitment to purchase shares of common stock pursuant to the securities purchase agreement, we issued to Bellridge 1,250,000 shares of common stock on February 16, 2017.

December 2016 Convertible Promissory Notes -- On December 6, 2016, we also entered into a note purchase agreement which provides for the purchase by Bellridge of up to an aggregate of \$150,000 principal amount of the Notes. The Notes have a 5% original issue discount and bear interest at 5% per annum (or the lesser of 22% per annum or the maximum amount permitted by applicable law in the event of a default as described in the Notes). On December 7, 2016, \$85,000 was paid pursuant to the initial Note (after the deduction of \$10,000 for Bellridge's legal expenses) which is due on December 5, 2017. On December 28, 2016, after the filing by the Company of a registration statement with the SEC, the Company issued Bellridge another Note in the original principal amount of \$50,000 for \$47,500.

The Notes may be prepaid in whole or in part by the Company at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Notes are convertible into common stock at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share. If the price per share of the common stock closes at less than \$0.06 for any five out of ten consecutive trading days after the sooner to occur of the filing of the registration statement, or six months from the date of the Note, the Company has the right to prepay the Note at an amount equal to 125% of the then principal and interest due on the Note. However, if the Company fails to prepay the Note in its entirety during the thirty days following a Market Price Decline Period, then the conversion price floor of \$0.06 per share will no longer be applicable.

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If the Company fails to timely deliver shares to Bellridge upon conversion of the Notes, Bellridge will be entitled to liquidated damages of \$10 per trading day for each \$1,000 being converted (and \$20 per day after the tenth trading day). If the Company fails to timely deliver share certificates and Bellridge is required by its brokerage firm to purchase, or its brokerage firm otherwise purchases, common stock to deliver in satisfaction of a sale by Bellridge of the Conversion Shares which Bellridge was entitled to receive, then the Company will (A) pay in cash the amount by which (x) Bellridge's total purchase price for the common stock so purchased exceeds (y) the product of (1) the aggregate number of shares of common stock that Bellridge was entitled to receive from the conversion multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed and (B) at the option of Bellridge, either reissue (if surrendered) the Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to Bellridge the number of shares of common stock that would have been issued if the Company had timely complied with its delivery requirements.

The Note may not be converted to the extent that after giving effect to the conversion Bellridge and its affiliates would beneficially own in excess of 4.99% of the number of shares of the common stock outstanding, which percentage may be increased to 9.99% upon not less than 61 days' prior notice to the Company.

The Note includes antidilution protection in the event of certain subsequent equity sales and dilutive issuances, purchase rights in subsequent rights offerings and pro rata distributions in the event of a dividend or other distribution by the Company. If the Company engages in a fundamental corporate action as described in the Note, Bellridge will be entitled to receive shares or other consideration that it would have received for each share that would have been issuable upon conversion immediately before such fundamental corporate action.

So long as the Note is outstanding, unless with the consent of the holders of the majority in principal amount of the then outstanding Notes, the Company will not create certain indebtedness, amend its charter to adversely affect Bellridge, or enter into transactions with affiliates, unless at arm's length and approved by the majority of disinterested directors.

The Note Purchase Agreement also provides that it is an event of default if the Company does not obtain FINRA's approval to effectuate a 1:15 reverse stock split no later than January 15, 2017, which was extended by Bellridge to January 20, 2017, then extended to February 15, 2017 and further extended to April 24, 2017. As part of the last extension to April 24, 2017, Bellridge agreed to add an increase in the authorized share capital of the Company as another method to avoid the triggering of an event of default. The increase in amounts required under the 3 convertible notes held by Bellridge necessitated that the Company amend its Articles of Incorporation. This was accomplished on March 22, 2017.

The Company also agreed to reserve the greater of (i) 1,000,000 shares of common stock or (ii) 300% of the maximum aggregate number of shares issued or issuable to Bellridge (without giving effect to any beneficial ownership restrictions).

So long as Bellridge owns the Notes and the shares issuable under the Notes, if the Company fails to satisfy certain current public information requirements under Rule 144 for more than 30 consecutive days, the Company will be required to pay liquidated damages to Bellridge in cash equal to 5% of the aggregate conversion price of the Note(s) on the day of a such failure and on every 30th day thereafter. If the Company fails to make such liquidated damages payments in a timely manner, such payments will bear interest of 1.5% per month until paid in full.

March 2017 Convertible Note. On March 14, 2017, the Company entered into a note purchase agreement which provides for the purchase of a \$78,750 convertible promissory note. The note has a 5% original issue discount and bears interest at 5% per annum. The maturity date is March 14, 2018.

The Note may be prepaid in whole or in part at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Note is convertible into common stock at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share.

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The Note Purchase Agreement also provides that it is an event of default if the Company does not obtain FINRA’s approval to effectuate a 1:15 reverse stock split no later than January 15, 2017. On February 16, 2017, Bellridge agreed to extend the deadline to April 24, 2017 and that in lieu of a reverse stock split, the Company may increase its authorized shares of common stock. On March 22, 2017, the Company amended its Articles of Incorporation and increased its authorized shares from 140,000,000 to 350,000,000.

The Company also agreed to reserve the greater of (i) 1,000,000 shares of common stock or (ii) 300% of the maximum aggregate number of shares issued or issuable to Bellridge (without giving effect to any beneficial ownership restrictions).

So long as Bellridge owns the Notes and the shares issuable under the Notes, if the Company fails to satisfy certain current public information requirements under Rule 144 for more than 30 consecutive days, the Company will be required to pay liquidated damages to Bellridge in cash equal to 5% of the aggregate conversion price of the Note(s) on the day of a such failure and on every 30th day thereafter. If the Company fails to make such liquidated damages payments in a timely manner, such payments will bear interest of 1.5% per month until paid in full.

As consideration for its commitment to purchase shares of common stock pursuant to the securities purchase agreement, we issued to Bellridge 200,000 shares of common stock on March 14, 2017.

Off Balance Sheet Arrangements

We currently have no off-balance sheet arrangements.

Cash Flows

Our cash flows from operating, investing and financing activities were as follows:

	Year ended December 31,	
	2016	2015
Net cash used in operating activities	\$ (1,324,076)	\$ (2,240,049)
Net cash used in investing activities	(12,968)	(18,634)

Net cash provided by financing activities	1,388,453	2,097,694
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Net cash used in operating activities decreased primarily due to managing expenses, in particular travel costs. Our investing activity relates to the development of patents, which has remained steady since inception, and the purchase of test vehicles. Net cash provided by financing activities decreased due to fewer sales of our common stock, which was partially offset by debt borrowings.

The Company's capital requirements for the next 12 months will consist of \$6 million with anticipated expenses of \$1.5 million for salaries, public company filings, and consultants and professional fees.

Management believes the Company's funds are insufficient to provide for its projected needs for operations for the next 12 months. The Company is currently negotiating additional funding to support product development or for other purposes.

Critical Accounting Policies

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Critical accounting policies are those that require the application of management's most difficult, subjective or complex judgments, often because of the need to make estimates about the effect of matters that are inherently uncertain and that may change in subsequent periods. In applying these critical accounting policies, our management uses its judgment to determine the appropriate assumptions to be used in making certain estimates. Actual results may differ from these estimates.

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We define critical accounting policies as those that are reflective of significant judgments and uncertainties and which may potentially result in materially different results under different assumptions and conditions. In applying these critical accounting policies, our management uses its judgment to determine the appropriate assumptions to be used in making certain estimates. These estimates are subject to an inherent degree of uncertainty.

Impairment of long-lived assets

When facts and circumstances indicate that the carrying value of long-lived assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of revenues and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized, if any, is the amount by which the carrying amount of the asset (or asset group) exceeds the fair value. We may use a variety of methods to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use.

If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, we may be exposed to an impairment charge in the future.

Derivative financial instruments

When we issue debt that contains a conversion feature, we first evaluate whether the conversion feature meets the requirements to be treated as a derivative: a) one or more underlyings, typically the price of the company's stock; b) one or more notional amounts or payment provisions or both, generally the number of shares upon conversion; c) no initial net investment, which typically excludes the amount borrowed; and d) net settlement provisions, which in the case of convertible debt generally means the stock received upon conversion can be readily sold for cash. There are certain scope exceptions from derivative treatment, but these typically exclude conversion features that provide for a variable number of shares.

When we issue warrants to purchase our common stock, we must evaluate whether they meet the requirements to be treated as a derivative. Generally, warrants would be treated as a derivative if the provisions of the warrant agreement create uncertainty as to a) the number of shares to be issued upon exercise; or b) whether shares may be issued upon exercise.

If the conversion feature within convertible debt or warrants meet the requirements to be treated as a derivative, we estimate the fair value of the derivative liability using the Black-Scholes Option Pricing Model upon the date of issuance. If the fair value of the derivative liability is higher than the face value of the convertible debt, the excess is immediately recognized as interest expense. Otherwise, the fair value of the derivative liability is recorded as a liability with an offsetting amount recorded as a debt discount, which offsets the carrying amount of the debt. The derivative liability is revalued at the end of each reporting period and any change in fair value is recorded as a change in fair value in the consolidated statement of operations. The debt discount is amortized through interest expense over the life of the debt. Derivative instrument liabilities and the host debt agreement are classified on the balance sheet as current or non-current based on whether settlement of the derivative instrument could be required within twelve months of the balance sheet date.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

Contingent liabilities

We accrue a loss for contingencies if it is probable that an asset has been impaired or a liability has been incurred, and when the amount of loss can be reasonably estimable. When no accrual is made because one or both of these conditions do not exist, we disclose the contingency if there is at least a reasonable possibility that a loss may be incurred. We estimate contingent liabilities based on the best information we have available at the time. If we have a range of possible outcomes, we accrue the low end of the range.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

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Share-based Payments

All of our share-based awards are classified as equity, as they may only be settled in shares of our common stock.

We recognize expense for fully-vested warrants at the time they are granted. For awards with service or performance conditions, we generally recognize expense when the service is complete; however, there may be circumstances in which we determine that the performance condition is probable before the actual performance condition is achieved. In such circumstances, the amount recognized as expense is the pro rata amount, depending on the estimated progress towards completion of the performance condition. Nonemployee share-based payments are measured at fair value, based on either the fair value of the equity instrument issued or on the fair value of the services received. Typically, it is not practical to value the services received, so we determine the fair value of common stock grants based on the price of the common stock on the measurement date, and the fair value of common stock warrants using the Black-Scholes option-pricing model ("Black-Scholes"). We use historical data to estimate the expected price volatility, the expected stock option life and expected forfeiture rate. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for the estimated life of the stock option. For awards that are recognized when a performance condition is probable, the fair value is estimated at each reporting date. The cost ultimately recognized is the fair value of the equity award on the date the performance condition is achieved. Accordingly, the expense recognized may change between interim reporting dates and the date the performance condition is achieved.

We issue two types of common stock options to employees: 1) fully-vested at the time of grant and 2) market price-based vesting. We recognize expense for fully-vested stock options on the date of grant at the estimated fair value of the options using Black-Scholes. We recognize expense for market price-based options at the estimated fair value of the options using the lattice-based option valuation model ("Lattice Model") over the estimated life of the options used in the Lattice Model. We use historical data to estimate the expected price volatility, the expected stock option life and expected forfeiture rate. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for the estimated life of the stock option. In the event, we modify the terms of a nonvested share-based payment award, we would incur additional expense for the excess of the fair value of the modified share-based payment award over the fair value of the original share-based payment award. The incremental expense would be recognized ratably over the remaining vesting period.

Income taxes

We recognize deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the income tax and financial reporting carrying amount of our assets and liabilities. We monitor our deferred tax assets and evaluate the need for a valuation allowance based on the estimate of the amount of such deferred tax assets that we believe do not meet the more-likely-than-not recognition criteria. We also evaluate whether

we have any uncertain tax positions and would record a reserve if we believe it is more-likely-than-not our position would not prevail with the applicable tax authorities. We have significant net operating loss carryforwards, for which we have established a valuation allowance. If our estimate of the amount of such deferred tax assets change, we may recognize a benefit in the future. UPT is a limited liability company ("LLC"), which is treated as a partnership for income tax purposes, where all tax obligations flow through to the owners of the LLC during the period in which income taxes were incurred.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders

Cool Technologies, Inc.

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

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States of America). Those standards require that we plan and perform the audit 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and 2015, and the results of their operations and their cash flows for the years then ended; in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company has had no revenues and incurred an accumulated deficit of \$40,188,414 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 1, which includes the raising of additional equity financing. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Anton & Chia, LLP

Newport Beach, CA

April 12, 2017

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Table of Contents**Cool Technologies, Inc.****Consolidated Balance Sheets**

	December 31,	
	2016	2015
ASSETS		
Current assets:		
Cash	\$ 62,291	\$ 10,882
Prepaid expenses	--	95,175
Total current assets	62,291	106,057
Intangibles	166,402	153,434
Equipment, net	71,664	97,600
Total assets	\$ 300,357	\$ 357,091
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 1,595,883	\$ 1,278,307
Accrued liabilities – related party	553,953	591,870
Customer deposits – related party	400,000	400,000
Accrued payroll	93,512	33,737
Debt, current portion	825,170	697,903
Derivative liability	4,851,760	356,554
Total current liabilities	8,320,278	3,358,371
Debt, long-term portion	18,311	77,803
Total liabilities	\$ 8,338,589	\$ 3,436,174
Commitments and contingencies (Note 6)	--	--
Stockholders' deficit:		
Preferred stock Series A, \$.001 par value; 15,000,000 shares authorized; 116 and 136 shares issued and outstanding at December 31, 2016 and 2015, respectively	--	--
Preferred stock Series B, \$.001 par value; 15,000,000 shares authorized; 3,636,360 and 0 issued and outstanding on December 31, 2016 and 2015, respectively.	3,636	--
Common stock, \$.001 par value; 140,000,000 shares authorized; 111,438,236 and 66,600,367 shares issued and outstanding at December 31, 2016 and 2015, respectively	110,865	65,929
Additional paid-in capital	31,891,116	36,038,551
Common stock issuable	125,500	180,900
Preferred stock issuable	51,000	--
Common stock held in escrow	8,441	8,441
Accumulated deficit	(40,188,414)	(39,344,245)

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Non controlling interest	(40,376)	(28,659)
Total stockholders' deficit	(8,038,232)	(3,079,083)
Total liabilities and stockholders' deficit	\$ 300,357	\$ 357,091

See accompanying notes to consolidated financial statements.

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Table of Contents**Cool Technologies, Inc.****Consolidated Statements of Operations**

	Year ended December 31,	
	2016	2015
Revenues	\$ --	\$ --
Cost of revenues	--	--
Gross profit	--	--
Operating expenses		
Payroll and related expenses	553,199	803,426
Consulting	2,081,714	867,356
Professional fees	332,767	614,935
Research and development	251,724	824,711
General and administrative	738,816	1,939,230
Total operating expenses	3,958,220	5,049,658
Operating loss	(3,958,220)	(5,049,658)
Other income and (expense)		
Interest expense, net	(1,186,008)	(75,145)
Change in fair value of derivative liability	4,959,062	(50,237)
Loss on extinguishment	(628,510)	--
Legal settlement – replacement warrants		(1,764,450)
Legal settlement – other	(42,210)	--
Net loss	(855,886)	(6,939,490)
Net loss attributable to non controlling interest	(11,717)	(16,390)
Net loss attributable to Cool Technologies, Inc.	\$ (844,169)	\$ (6,923,100)
Net loss per common share:		
Basic and diluted	\$ (0.01)	\$ (0.10)
Weighted average common shares outstanding:		
Basic and diluted	84,894,351	64,586,781

See accompanying notes to consolidated financial statements

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Cool Technologies, Inc.

Consolidated Statements of Changes in Stockholders' Deficit

	Preferred Stock		Common Stock		Additional	Common	Preferred	Common	Accumu
	Shares	Amount	Shares	Amount	Paid-in	Stock	Stock	Stock	Deficit
					Capital	Issuable	Issuable	Held in	
								Escrow	
December 31, 2014	140	\$ --	61,439,134	\$ 60,767	\$ 30,864,669	\$ 435,930	\$ --	\$ 8,441	\$ (32,42
Sale of common stock	--	--	2,809,251	2,810	1,082,190	105,020	--	--	--
Issuance of common stock issuable	--	--	753,001	753	410,197	(410,950)	--	--	--
Cashless warrant exercises	--	--	288,968	289	(289)	--	--	--	--
Conversion of preferred stock to common stock	(4)	--	200,000	200	(200)	--	--	--	--
Stock issued for services	--	--	1,110,013	1,110	550,497	50,900	--	--	--
Warrants issued for services	--	--	--	--	59,037	--	--	--	--
Employee stock options	--	--	--	--	1,308,000	--	--	--	--
Replacement warrants – legal settlement	--	--	--	--	1,764,450	--	--	--	--
Net loss	--	--	--	--	--	--	--	--	(6,93
Noncontrolling interest	--	--	--	--	--	--	--	--	1
December 31, 2015	136	--	66,600,367	\$ 65,929	\$ 36,038,551	\$ 180,900	\$ --	\$ 8,441	\$ (39,34
Sale of stock	2,727,270	2,727	2,480,770	2,481	550,292	65,000	51,000	--	--
Issuance of common stock issuable	--	--	529,654	529	119,871	(120,400)	--	--	--
Cashless warrant	--	--	--	--	--	--	--	--	--

exercises									
Conversion of Series A preferred stock to common stock	(20)		1,000,000	1,100	(1,100)				
Series B preferred stock issued for services	909,090	909	1,806,812	1,807	334,374				
Stock issued for short term payables			143,188	143	22,767				
Stock issued with debt			1,350,000	1,350	213,650				
Warrants issued for services	--	--	--	--	1,623,958				
Warrants issued with debt					35,579				
Employee stock options	--	--	--	--	327,000				
Debt Converted			37,527,445	37,526	987,509				
Reclassification of common share equivalents to derivative liabilities					(9,194,736)				
Conversion of convertible notes					833,401				
Net loss	--	--	--	--	--	--	--	--	(85)
Noncontrolling interest	--	--	--	--	--	--	--	--	1
December 31, 2016	3,636,476	3,636	111,438,236	110,865	31,891,116	125,500	51,000	8,441	(40,18)

See accompanying notes to consolidated financial statements

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Cool Technologies, Inc.

Consolidated Statements of Cash Flows

	Year ended December 31,	
	2016	2015
Operating Activities:		
Net loss	\$ (855,886)	\$ (6,939,490)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock issued for services	337,090	602,507
Warrants issued for services	1,623,958	59,037
Legal settlement – replacement warrants	--	1,764,450
Loss on extinguishment of debt	628,510	
Employee stock options	327,000	1,308,000
Non-cash interest expense	370,718	
Change in fair value of derivative liability	(4,959,062)	50,237
Amortization of debt discount	743,051	57,038
Depreciation expense	25,936	25,853
Changes in operating assets and liabilities:		
Prepaid expenses	95,175	(38,157)
Accounts payable	317,576	748,571
Accrued liabilities – related party	(37,917)	102,335
Customer deposits – related party	--	--
Accrued payroll liabilities	59,775	19,570
Net cash used in operating activities	(1,324,076)	(2,240,049)
Investing Activities:		
Expenditure for Intangible assets	(12,968)	(13,634)
Expenditure for Equipment	--	(5,000)
Net cash used in investing activities	(12,968)	(18,634)
Financing Activities:		
Proceeds from sale of common stock, net	671,500	1,190,020
Proceeds from debt	1,091,715	925,000
Payments on debt	(374,762)	(17,326)
Net cash provided by financing activities	1,388,453	2,097,694
Net change in cash	51,409	(160,989)
Cash, beginning of period	10,882	171,871
Cash, end of period	\$ 62,291	\$ 10,882
Cash paid for:		
Interest	\$ 29,161	\$ 5,458

Income taxes			--
Non-cash transactions:			
Derivative liability offset by debt discount	\$	492,405	\$ 305,667
Reduction of common stock issuable by issuing stock		120,400	410,950
Debt and interest settled for common stock		1,025,035	--
Stock issued for short term payables		22,910	
Stock issued with debt		215,000	
Warrants issued with debt		35,579	
Reclassification of common share equivalents to derivative liabilities		9,194,736	
Conversion of convertible notes		833,401	

See accompanying notes to consolidated financial statements.

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Cool Technologies, Inc. and subsidiary

Notes to Consolidated Financial Statements

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business

Cool Technologies, Inc. and subsidiary, (we, us, our, the "Company" or "Cool Technologies") was incorporated in the State of Nevada in July 2002. In April 2014, we formed Ultimate Power Truck, LLC ("Ultimate Power Truck" or "UPT"), of which we own 95% and a shareholder of Cool Technologies owns 5%. We were formerly known as Bibb Corporation, as Z3 Enterprises, and as HPEV, Inc. On August 20, 2015, we changed our name to Cool Technologies, Inc.

We have developed and intend to commercialize heat dispersion technologies in various product platforms, and have developed and intend to commercialize an electric load assist technology around which we have designed a vehicle retrofit system. In preparation, we have applied for trademarks for one of our technologies and its acronym. We currently own one trademark: TEHPC. We believe that our proprietary technologies, including our patent portfolio and trade secrets, can help increase the efficiency and positively affect manufacturing cost structure in several large industries beginning with motors/generators and fleet vehicles. The markets for products utilizing our technology include consumer, industrial and military markets, both in the U.S. and worldwide.

Our technologies are divided into three distinct but complementary categories: a) mobile power generation, b) heat dispersion technology and c) electric load assist. As of December 31, 2016, we have five US patents and seven patent applications pending in the area of composite heat structures, motors, and related structures, heat pipe architecture, applications (commonly referred to as "thermal" or "heat dispersion technology") and a parallel vehicle power platform. We intend to commercialize our patents by licensing our thermal technologies and applications to electric motor, pump and vehicle component manufacturers; by licensing or selling a mobile electric power system powered by our proprietary gearing system to commercial vehicle and fleet owners; and by licensing a plug-in hybrid conversion system for heavy duty trucks, buses and tractor trailers to fleet owners and service centers.

Basis of Presentation, Use of Estimates and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Cool Technologies, Inc. and Ultimate Power Truck, LLC. Intercompany accounts and transactions have been eliminated. Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of our financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, actual results may ultimately differ from these estimates and assumptions. Furthermore, when testing assets for impairment in future periods, if management uses different assumptions or if different conditions occur, impairment charges may result.

Noncontrolling interest represents the 5% third-party interest in UPT. There are no restrictions on the transfer of funds or net assets from UPT to Cool Technologies.

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Going Concern and Management's Plan

The accompanying consolidated financial statements have been prepared assuming we will continue as a going concern. We have incurred net losses of \$40,188,414 since inception and have not fully commenced operations, raising substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on our ability to generate revenue, achieve profitable operations and repay our obligations when they come due. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or amounts and classification of liabilities that might result from this uncertainty. As of the filing date of this Annual Report on Form 10-K, management is negotiating additional funding arrangements to support completion of the initial phases of our business plan: to license its thermal technologies and applications, including submersible dry-pit applications and to license and sell mobile generation retrofit kits (our Ultimate Power Truck business) driven by our proprietary gearing system. There can be no assurance, however, that we will be successful in accomplishing these objectives.

Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with banks, and investments that are highly liquid and have maturities of three months or less at the date of purchase.

Intangible assets

Our intangible assets consist of patents on our technology, recorded at cost. Cost is based on third party expenditures for patent applications. We will begin amortizing our intangibles over their estimated remaining useful life when we begin revenue-producing activities. We will determine the useful lives of our intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors we consider when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, our long-term strategy for using the asset, any laws or other local regulations that could impact the useful life of the asset, and other economic factors, including competition and specific market conditions.

Equipment

Equipment consists of vehicles we use for testing and demonstrating our technology to potential customers. Depreciation is recorded using the straight-line method over five years, the estimated useful life.

Impairment of long-lived assets

When facts and circumstances indicate that the carrying value of long-lived assets may not be recoverable, management assesses the recoverability of the carrying value by preparing estimates of revenues and the resulting gross profit and cash flows. These estimated future cash flows are consistent with those we use in our internal planning. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount, we recognize an impairment loss. The impairment loss recognized, if any, is the amount by which the carrying amount of the asset (or asset group) exceeds the fair value. We may use a variety of methods to determine the fair value of these assets, including discounted cash flow models, which are consistent with the assumptions we believe hypothetical marketplace participants would use. We have not recorded any impairment expense on our long-lived assets as of December 31, 2016.

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Debt – original issue discount

When we issue notes payable with a face value higher than the proceeds we receive, we record the difference as a debt discount and amortize it through interest expense over the life of the underlying note payable.

Derivative financial instruments

When we issue debt that contains a conversion feature, we first evaluate whether the conversion feature meets the requirements to be treated as a derivative: a) one or more underlyings, typically the price of the company's stock; b) one or more notional amounts or payment provisions or both, generally the number of shares upon conversion; c) no initial net investment, which typically excludes the amount borrowed; and d) net settlement provisions, which in the case of convertible debt generally means the stock received upon conversion can be readily sold for cash. There are certain scope exceptions from derivative treatment, but these typically exclude conversion features that provide for a variable number of shares.

When we issue warrants to purchase our common stock, we must evaluate whether they meet the requirements to be treated as a derivative. Generally, warrants would be treated as a derivative if the provisions of the warrant agreement create uncertainty as to a) the number of shares to be issued upon exercise; or b) whether shares may be issued upon exercise.

If the conversion feature within convertible debt or warrants meet the requirements to be treated as a derivative, we estimate the fair value of the derivative liability using the Black-Scholes Option Pricing Model upon the date of issuance. If the fair value of the derivative liability is higher than the face value of the convertible debt, the excess is immediately recognized as interest expense. Otherwise, the fair value of the derivative liability is recorded as a liability with an offsetting amount recorded as a debt discount, which offsets the carrying amount of the debt. The derivative liability is revalued at the end of each reporting period and any change in fair value is recorded as a change in fair value in the consolidated statement of operations. The debt discount is amortized through interest expense over the life of the debt. Derivative instrument liabilities and the host debt agreement are classified on the balance sheet as current or non-current based on whether settlement of the derivative instrument could be required within twelve months of the balance sheet date.

The accounting treatment of derivative financial instruments requires that the Company record the embedded conversion option and warrants at their fair values as of the inception date of the agreement and at fair value as of each subsequent balance sheet date. Any change in fair value is recorded as non-operating, non-cash income or expense for each reporting period at each balance sheet date. The Company reassesses the classification of its derivative

instruments at each balance sheet date. If the classification changes as a result of events during the period, the contract is reclassified as of the date of the event that caused the reclassification. As a result of entering into warrant agreements, for which such instruments contained a variable conversion feature with no floor, the Company has adopted a sequencing policy in accordance with ASC 815-40-35-12 whereby all future instruments may be classified as a derivative liability with the exception of instruments related to share-based compensation issued to employees or directors.

Research and development costs

Internal costs related to research and development efforts on existing or potential products are expensed as incurred. External costs incurred for intangible assets, such as attorney fees for patents, are capitalized.

Share-based payments

All of our share-based awards are classified as equity. We do not have any liability classified share-based awards. Each warrant or stock option is exercisable for one share of our common stock.

Nonemployees – We may enter into agreements with nonemployees to make share-based payments in return for services. These payments may be made in the form of common stock or common stock warrants. We recognize expense for fully-vested warrants at the time they are granted. For awards with service or performance conditions, we generally recognize expense over the service period or when the performance condition is met; however, there may be circumstances in which we determine that the performance condition is probable before the actual performance condition is achieved. In such circumstances, the amount recognized as expense is the pro rata amount, depending on the estimated progress towards completion of the performance condition. Nonemployee share-based payments are measured at fair value, based on either the fair value of the equity instrument issued or on the fair value of the services received. Typically, it is not practical to value the services received, so we determine the fair value of common stock grants based on the price of the common stock on the measurement date (which is the earlier of the date at which a commitment for performance by the counterparty to earn the equity instruments is reached, if there are sufficient disincentives to ensure performance, or the date at which the counterparty's performance is complete), and the fair value of common stock warrants using the Black-Scholes option-pricing model ("Black-Scholes"). We use historical data to estimate the expected price volatility, the expected stock option life and expected forfeiture rate. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for the estimated life of the stock option. For awards that are recognized when a performance condition is probable, the fair value is estimated at each reporting date. The cost ultimately recognized is the fair value of the equity award on the date the performance condition is achieved. Accordingly, the expense recognized may change between interim reporting dates and the date the performance condition is achieved.

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Employees – We issue two types of common stock options to employees: 1) fully-vested at the time of grant and 2) market price-based vesting. We recognize expense for fully-vested stock options on the date of grant at the estimated fair value of the options using Black-Scholes. We recognize expense for market price-based options at the estimated fair value of the options using the lattice-based option valuation model ("Lattice Model") over the estimated life of the options used in the Lattice Model. We use historical data to estimate the expected price volatility, the expected stock option life and expected forfeiture rate. The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant for the estimated life of the stock option.

Modification of share-based payment awards – In the event we modify the terms of a nonvested share-based payment award, we would incur additional expense for the excess of the fair value of the modified share-based payment award, measured at the date of modification, over the fair value of the original share-based payment award. The incremental expense would be recognized ratably over the remaining vesting period.

Sale of common stock with warrants – When we sell common stock we may also issue common stock warrants. We treat the value of these warrants as equity issuance costs. Accordingly, the value of the common stock warrants is included as a component of additional paid-in capital upon recording the sale of common stock.

Nonemployee stock option – In 2012, we issued an equity-based award in the form of stock options to a nonemployee, which have been aggregated and classified with nonemployee common stock warrants, as the terms are similar to the common stock warrants we issued to nonemployees. The stock options were exercised on a cashless basis in 2013.

Cashless exercise – Most of our common stock warrants and stock options may be exercised on a cashless basis. The number of shares of our common stock received upon exercising on a cashless basis is based on a) the volume weighted-average price of our common stock for three trading days immediately preceding the exercise date; b) the exercise price of the warrant or option; and c) the number of common shares issuable under the instrument.

Income taxes

We recognize deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the income tax and financial reporting carrying amount of our assets and liabilities. We monitor our deferred tax assets and evaluate the need for a valuation allowance based on the estimate of the amount of such deferred tax assets that we believe do not meet the more-likely-than-not recognition criteria. We also evaluate whether we have any uncertain tax positions and would record a reserve if we believe it is more-likely-than-not our position would not prevail with the applicable tax authorities. Our assessment of tax positions as of December 31, 2016 and 2015, determined that there were no material uncertain tax positions.

UPT is a limited liability company ("LLC"), which is treated as a partnership for income tax purposes, where all tax obligations flow through to the owners of the LLC during the period in which income taxes were incurred.

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Fair value of financial instruments

Our financial instruments include cash and cash equivalents, accounts payable, accrued liabilities, and debt. The carrying value of these financial instruments is considered to be representative of their fair value due to the short maturity of these instruments. The carrying amount of our debt approximates fair value, because the interest rates on these instruments approximate the interest rate on debt with similar terms available to us. Our derivative liabilities were adjusted to fair market value at the end of each reporting period, using Level 3 inputs.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The fair value hierarchy is based on three levels of inputs, of which the first two are considered observable and the last unobservable, as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the measurement of the fair value of the assets or liabilities.

Reportable segments

We have identified our operating segments, our chief operating decision maker ("CODM"), and the discrete financial information reviewed by the CODM. After evaluating this information, we have determined that we have one reportable segment.

Recently Issued Accounting Pronouncements

Financial Accounting Standards Board, or FASB, Accounting Standards Update, or ASU 2016-02 "Leases (Topic 842)" – In February 2016, the FASB issued ASU 2016-02, which will require lessees to recognize almost all leases on their balance sheet as a right-of-use asset and a lease liability. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Classification will be based on criteria that are largely similar to those applied in current lease accounting, but without explicit bright lines. Lessor accounting is similar to the current model, but updated to align with certain changes to the lessee model and the new revenue recognition standard. This ASU is effective for fiscal years beginning after December 18, 2018, including interim periods within those fiscal years. We are currently evaluating the potential impact this standard will have on our consolidated financial statements and related disclosures.

FASB ASU 2015-17 "Income Taxes (Topic 740)" – In November 2015, the FASB issued ASU 2015-17, which simplifies the presentation of deferred tax assets and liabilities on the balance sheet. Previous GAAP required an entity to separate deferred income tax liabilities and assets into current and noncurrent amounts on the balance sheet. The amendment requires that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. This ASU is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. We are currently evaluating the potential impact this standard will have on our consolidated financial statements and related disclosures.

FASB ASU 2015-16 "Business Combinations (Topic 805)," or ASU 2015-16 - In September 2015, the FASB issued ASU 2015-16, which requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This ASU is effective for interim and annual reporting period beginning after December 15, 2016, including interim periods within those fiscal years, with the option to early adopt for financial statements that have not been issued. We are currently evaluating the potential impact this standard will have on our consolidated financial statements and related disclosures.

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FASB ASU 2015-11 "Inventory (Topic 330): Simplifying the Measurement of Inventory," or ASU 2015-11 - In July 2015, the FASB issued ASU 2015-11, which requires an entity to measure in scope inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The amendments apply to inventory that is measured using first-in, first-out (FIFO) or average cost. This ASU is effective for interim and annual reporting periods beginning after December 15, 2016, with the option to early adopt as of the beginning of an annual or interim period. We do not expect the adoption of this ASU to have a significant impact on our financial position, results of operations and cash flows.

FASB ASU 2015-03 "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost," or ASU 2015-03 - In April 2015, the FASB issued ASU 2015-03, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the associated debt liability. We do not expect the adoption of this ASU to have a significant impact on our financial position, results of operations and cash flows.

FASB ASU 2015-02 "Consolidation (Topic 810): Amendments to the Consolidation Analysis," or ASU 2015-02 - In February 2015, the FASB issued ASU 2015-02, which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This ASU is effective for annual reporting periods beginning after December 15, 2015 and we are currently assessing the impact of adoption of this ASU on our consolidated results of operations, cash flows and financial position.

FASB ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)," or ASU 2014-09 - In May 2014, the FASB issued ASU 2014-09, which supersedes the revenue recognition requirements of Accounting Standards Codification, or ASC, Topic 605 "Revenue Recognition." This ASU is effective for annual reporting periods beginning after December 15, 2017, with the option to adopt as early as December 15, 2016. We are currently assessing the impact of adoption of this ASU on our consolidated results of operations, cash flows and financial position.

Note 2 – Equipment

Equipment consists of the following:

	December 31,	
	2016	2015
Test vehicles	\$ 124,687	\$ 124,687
Other	5,000	5,000

	129,687	129,687
Less: accumulated depreciation	(58,023)	(32,087)
	\$ 71,664	\$ 97,600

Depreciation expense for the years ended December 31, 2016 and 2015, was \$25,936 and \$25,853, respectively.

Note 3 – Customer deposits – Related party

These represent advance payments of \$400,000 received on orders that have not yet been fulfilled, with companies controlled by the individual who is the 5% owner of UPT and is a shareholder of Cool Technologies.

Note 4 – Debt

Debt consists of the following:

	December 31,	
	2016	2015
Notes payable -- original issue discount	\$ 225,000	\$ 400,000
Convertible notes payable	641,129	365,350
Test vehicle financing	61,811	77,075
Note payable – related party	237	22,910
Note payable – UPT minority owner	250,000	250,000
	1,178,177	1,115,335
Debt discount	(334,696)	(339,629)
	843,481	775,706
Less: current portion	(825,170)	697,903
Long-term portion	\$ 18,311	\$ 77,803

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Notes payable – original issue discount

In October 2015, we received \$350,000 under two notes payable with an original issue discount of \$50,000, in lieu of interest. The \$400,000 principal balance is payable in full on March 31, 2016. In the event of default, the interest rate will be 18% per annum.

Negotiations to extend the maturity date commenced before the end of March and were concluded with the signing of the Forbearance and Amendment Agreement on April 28, 2016. \$377,142 and \$102,857 for a total of \$480,000 plus a forbearance fee of \$5,000 payable to each holder of a note payable. In exchange the holders agreed to refrain from taking legal action until May 16, 2016.

An Extension and Amendment Agreement signed on May 23, 2016 extended the Maturity Date of one of the Note until September 30, 2016. And amended Conversion Rights at a price equal to 75% of the VWAP for the preceding 12 business days. The outstanding principal amount including interest, forbearance fees, liquidated damages and expenses was amended to \$458,571 from the previous \$382,142 and the original \$314,285. The second note holder exchanged his debt with a third party for a payment of \$104,801 on May 24, 2016.

A series of conversions from June 7 to August 15, 2016 reduced the outstanding principal to the remaining noteholder to \$60,751. The note was extinguished with a payment on August 26, 2016.

Convertible notes payable

September 2015 Convertible Note -- In September 2015, the Company entered into a convertible note agreement, which allows us to borrow up to \$250,000, bearing interest at 10%, with principal and interest payable on September 15, 2017. The Company borrowed \$75,000 in September 2015 and \$50,000 in November 2015, for a total of \$125,000 due on September 15, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at the lesser of \$0.305 per share or 65% of the volume weighted average price of our common stock during the five consecutive trading days immediately preceding the applicable conversion date. The Company determined that the conversion feature meets the requirements for derivative treatment and has recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet. In February 2016, the \$75,000 note and interest of \$16,667 were converted in exchange for 467,740 shares of our common stock. In May and June, 2016, the remaining \$50,000 note and \$14,256 of interest were converted in exchange for 649,450 shares of our common stock.

December 2015 Convertible Notes -- In December 2015, the Company entered into a convertible note agreement, bearing interest payable quarterly at 10%, allowing us to borrow up to \$248,800. In December 2015, the Company received \$200,000 under the convertible note agreement, with an original issue discount of \$20,350 and \$20,000 distributed to the lender's legal counsel, for a total amount of \$240,350 due on December 1, 2016, with a debt discount of \$40,350. In January 2016, the Company received the remaining \$48,800 with an original issue discount of \$5,850, for a total amount of \$54,650 due on February 26, 2017. At the holder's option, a portion or all of the unpaid principal balance may be converted into shares of our common stock at a rate of \$0.12 per share. In the event of a default, the conversion price becomes 70% of the volume weighted average price of our common stock during the three consecutive trading days immediately preceding the applicable conversion date. The Company also issued warrants to purchase 500,000 shares of our common stock in two separate tranches for 250,000 shares each, with exercise prices of 125% and 150% of our common stock price on the day prior to closing the agreement, or \$0.175 per share and \$0.21 per share. The Company determined that the conversion feature and the warrants meet the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet. The convertible notes have prepayment penalties of 115%, 120%, 125% and 130%, respectively, in the event the note is settled within 45 days, 46-90 days, 91-120 days, and 121 days through the due date. The Company placed 13,291,667 shares of our common stock in escrow as collateral for this agreement.

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On May 30, 2016, the Company executed an amendment to the convertible note agreement. In consideration for removing limitations, until November 15, 2016, on sales of securities of at least \$500,000 including variable rate transactions, convertible notes and third party transactions set forth in the Securities Purchase Agreement signed on December 3, 2015 as well as authorizing the withdrawal of a registration statement filed on January 11, 2016, the Company agreed to file a new registration statement covering the shares issuable to the holder of the Notes.

The Company tested the amendment to ascertain if it should be accounted for as a modification to the notes or treated as an extinguishment. As a result of the change in the fair value of the conversion feature and warrants, the Company determined that the amendment qualifies for extinguishment treatment. Accordingly, the Company recognized a loss on extinguishment equal to the difference in the fair value of the conversion feature and warrants before and after the amendment of \$34,673.

In consideration for amending the Notes to permit borrowings by the Company of up to \$6,500,000, the Company agreed to amend the Notes to enable the conversion price to be equal to the lesser of \$0.12 and 70% of the average of three VWAPs from the 20 trading days prior to the notice of conversion. Furthermore, the Company agreed that if it were to issue new notes with greater discounts than those detailed above, the existing Notes would be reset to match the lower conversion price. Finally, the Company agreed to lower the exercise prices (from \$0.21 to \$0.168, and from \$0.175 to \$0.140, respectively) on two existing warrants totaling 500,000 shares previously issued to the holder of the Notes and to issue a cashless, two-year warrant to purchase 250,000 shares at an exercise price of \$0.168 per share.

The Company tested the two notes that replaced the other OID note to determine if they should be accounted for as modification of the original note or treated as an extinguishment. As a result of the impact on the present value of cash flows from the additional liquidated damages and the inclusion of a conversion feature, the Company determined that the new notes qualified for extinguishment treatment. Accordingly, the Company recognized a loss on extinguishment equal to the additional liquidated damages, accrued interest and fair value of the conversions options of \$140,258.

From June 10 to August 16, 2016, a total of \$240,350 were converted into 6,495,516 shares of common stock and on August 30, 2016, a total of \$54,650 were converted into 4,313,339 shares of common stock. The Company paid interest fees of \$4,119 on August 26, 2016 and \$3,114 on September 15, 2016 and the notes were retired.

February 2016 Convertible Note – In February 2016, the Company entered into a convertible note agreement. We received \$125,000, with an original issue discount of \$15,500 in lieu of interest, for a total amount of \$140,500 due on August 10, 2016. In the event of default, the interest rate will be 22% per annum. At any time following an event of default, the lender has the right to convert a portion or all of the unpaid principal balance at a rate of 65% of the average of the three lowest closing prices in the twenty trading days immediately preceding the request for conversion date. The Company determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

On August 5, 2016, the lender declared the company in default due to insufficient shares required to maintain the reserve. As a result, the Note began accruing interest at the default rate of 22% per annum. The lender also increased the outstanding balance by 15% or \$21,075 bringing the total outstanding balance to \$161,575. On August 17, 2016, the Company reached an agreement with the lender on a two week extension thereby extending the maturity date to August 24, 2016. In exchange for granting the extension, the lender requested and received a \$15,000 extension fee as well as the right to convert the extension fee and \$10,000 in principal into common shares. On August 26, 2016, the lender was wired the balance of the principal and interest remaining: \$152,945. On August 30, 2016, the lender received 1,953,125 common shares in exchange for the \$25,000.

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May 2016 Convertible Note – In May 2016, the Company entered into a convertible note agreement. We received \$120,600, bearing interest at 12%, with principal and interest payable on September 15, 2017 in a total amount of \$141,102. In the event of default, the interest rate will be 18% per annum. At any time following the 180th day from the date of issuance, the lender has the right to convert a portion or all of the unpaid principal balance at a rate of 60% of the average of the lowest trading price in the fifteen trading days immediately preceding the request for conversion date. The Company determined that the conversion feature meets the requirements for derivative treatment and have recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

On July 18, 2016, the lender increased the share reserve from 7,000,000 to 18,572,365 shares. Following a request on August 19, 2016 to increase the share reserve to 48,000,000 shares that we could not accommodate, the company paid off the principal of \$120,600 on August 29, 2016 and interest of \$4,243 on August 30, 2016. On September 7, 2016, the lender declared the company in default and the Company commenced negotiations on a final pre-payment fee. On October 3, 2016, a settlement agreement was signed and on October 4, 2016 \$42,210 was wired to the lender.

August 2016 Convertible Note – In August 2016, the Company entered into a senior convertible note agreement. We received \$400,000, bearing interest at 3%, with principal and interest payable on August 24, 2018. In addition, the Company received the right to require the buyer to purchase from the company four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. At the same time, the Company granted the buyer the right to require the company to sell to the buyer four million restricted shares of common stock at a purchase price of \$0.05 per share and a warrant to purchase four million shares of common stock with an exercise price of \$0.06 per share. In the event of default, the interest rate will be 18% per annum, require the Company to (i) redeem all or any portion of the note at a premium of 150% or (ii) convert any portion of this note then held by noteholder into shares of common stock at the conversion price of \$0.025, equal to a number of shares of common stock equal to the principal amount outstanding on the note (divided by 0.025) and multiplied by the premium of 150%.

The note may be converted at any time into shares of the common stock at the conversion price pursuant to the terms of the note. The buyer may not, however, convert more than 50% of the note's purchase price prior to September 30, 2016.

November 2016 Convertible Note – In November 2016, the Company entered into a convertible note agreement. We issued 350,000 inducement shares of common stock and received \$100,000, with an original issue discount of \$10,000 in lieu of interest, for a total amount of \$110,000 due on June 9, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.07 per share. 350,000 inducement shares. In the event of default, the outstanding balance will increase by 25%. At any time following an event of default, the lender has the right to convert a portion or all of the unpaid principal balance at a rate of 65% of the average of the three lowest closing prices in the twenty trading days immediately preceding the request for conversion date.

December 2016 Convertible Notes -- In December 6, 2016, the Company entered into a note purchase agreement which provides for the purchase of up to an aggregate of \$150,000 principal amount of convertible promissory notes (the "Notes"). The Notes have a 5% original issue discount and bear interest at 5% per annum. On December 7, 2016, \$85,000 was paid pursuant to the initial Note (after the deduction of \$10,000 for legal expenses) which is due on December 5, 2017. On December 28, 2016, after the filing by the Company of a registration statement with the SEC, the Company issued another Note in the original principal amount of \$50,000 for \$47,500.

The Notes may be prepaid in whole or in part by the Company at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Notes are convertible into common stock at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share.

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The Note Purchase Agreement also provides that it is an event of default if the Company does not obtain FINRA's approval to effectuate a 1:15 reverse stock split no later than January 15, 2017, which was extended to January 20, 2017, then extended to February 15, 2017 and further extended to April 24, 2017. As part of the last extension to April 24, 2017, Bellridge agreed to add an increase in the authorized share capital of the Company as another method to avoid the triggering of an event of default. The increase in amounts required under the Notes held by Bellridge necessitated that the Company amend its Articles of Incorporation. This was accomplished on March 22, 2017.

The Company also agreed to reserve the greater of (i) 1,000,000 shares of common stock or (ii) 300% of the maximum aggregate number of shares issued or issuable. The Company determined that the conversion feature meets the requirements for derivative treatment and has recorded a derivative liability and a corresponding debt discount on the consolidated balance sheet.

Test Vehicle Financing

In October 2014, we entered into financing agreements for the purchase of test vehicles, bearing interest at 5.99% payable monthly over five years, collateralized by the vehicles.

Note payable – related party

On February 3, 2016, an agreement was signed with the Secretary of Cool Technologies to retire a non-interest bearing note that was due on demand. The note was retired with the issuance of 143,187 shares of restricted common stock on June 24, 2016.

Note payable – UPT minority owner

Held by the 5% minority owner of UPT. The terms of the note have not been finalized.

Future contractual maturities of debt are as follows:

Year ending December 31,	
2017	\$ 765,375
2018	394,491
2019	18,311
2020	--
	\$ 1,178,177

Note 5 – Derivative Liability

Under the terms of the September 2015, December 2015, February 2016, May 2016 and December 2016 Convertible Notes, we identified derivative instruments arising from embedded conversion features, as well as warrants issued with the December 2015 Convertible Note.

Under the terms of the convertible note agreements, the Company identified derivative instruments arising from embedded conversion features, as well as warrants issued with the December 2015 Convertible Note.

The following summarizes the Black-Scholes assumptions used to estimate the fair value of the derivative liability at the dates of issuance and the revaluation dates:

	Year ended December 31,	
	2016	2015
Volatility	108%-254%	102%-112%
Risk-free interest rate	0.2%-2.5%	0.5%-1.2%
Expected life (years)	0.0 - 10.0	0.9 - 3.0
Dividend yield	--	--

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We determined that as of September 30, 2016 we did not have sufficient authorized but unissued shares of our common stock available to settle all of the common share equivalents represented by our convertible notes, warrants, options and convertible preferred stock. As a result, the common share equivalents that exceeded our authorized but unissued shares of common stock were reclassified from equity to derivative liabilities on a last in, first out (LIFO) basis using the inception date of the related instrument.

Changes in the derivative liability were as follows:

	Twelve Months Ended December 31, 2016		
	Level 1	Level 2	Level 3
Convertible debt and other derivative liabilities at December 31, 2015			356,554
\$780,850 of convertible debt prior to amendment			(330,694)
\$780,850 of convertible debt as amended			733,185
Conversions of convertible debt			(833,401)
Issuance of convertible debt and other derivatives			690,442
Reclassification of common share equivalents to derivative liabilities			9,194,736
Change in fair value			(4,959,062)
Convertible debt and other derivative liabilities at December 31, 2016			4,851,760

Note 6 – Commitments and Contingencies

On December 12, 2012, we concluded negotiations on a debt settlement agreement by and among the Company, Phoenix Productions and Entertainment Group ("PPEG"), Action Media Group, LLC ("Action Media") and Spirit Bear Limited ("Spirit Bear") (PPEG and Action Media collectively, the "Debt Holders"). PPEG and Action Media were significant shareholders in our predecessor company and Spirit Bear is a related party through voting rights. The Debt Holders were to return to escrow a total of 4,676,000 shares of our common stock. 3,676,000 of these shares were returned and cancelled on January 14, 2013, following our filing a registration statement with the SEC on January 11, 2013. The remaining 1,000,000 shares will be purchased by the Company or a nominee of the Company at \$0.40 per share (or \$400,000) at the rate of \$10,000 per month commencing within 90 days of the Company achieving \$1,000,000 in gross revenues for products or services from business operations. PPEG and Action Media will divide the \$400,000 on a pro rata basis, based on each company's respective amount of debt forgiven. The historical cost of the shares held in escrow are reflected in equity on the balance sheets as common stock held in escrow.

Effective May 1, 2015, we executed a First Amendment to Settlement Agreement (the "Amendment") with Spirit Bear and the parties identified as the assignees of Spirit Bear who are signatories to the Amendment, which amends certain provisions of the Settlement Agreement. In accordance with the terms of the Amendment, Jay Palmer, Carrie Dwyer and Donica Holt, the Spirit Bear holdover directors, tendered their resignation from the Board of Directors of the

Company. Spirit Bear also agreed that it will no longer have any rights to appoint nominees to the Board of Directors. Pursuant to the Amendment, the Company agreed to file a registration statement on Form S-1 covering an aggregate of 14,845,072 shares of common stock, preferred stock and warrants on behalf of Spirit Bear and its assignees no later than July 15, 2015, which was filed with the SEC on July 15, 2015. A representative of Spirit Bear agreed that the obligation to register the shares on a Form S-1 need only include shares of common stock and shares of common stock issuable upon conversion of the Preferred Stock and exercise of the warrants held by Spirit Bear and its assignees. The Company agreed to issue replacement warrants for certain previously-issued warrants, which will be canceled in connection with the replacement issuance. Within 10 business days of June 1, 2015, the parties agreed to dismiss all of the pending litigation between and among them.

On November 4, 2016, Spirit Bear agreed to the withdrawal of the registration statement in exchange for confirmation that the warrants owned by Spirit Bear and its associate which were subject to a separate court action shall not expire even if the court action continued beyond the warrants' initial expiration date. The registration had not been declared effective by the SEC and the Company filed a request to withdraw the Registration Statement on November 14, 2016.

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On August 28, 2015, the parties filed a Stipulation to dismiss the direct claims of the Company against Spirit Bear and of Spirit Bear against the Company in the Nevada Lawsuit. By Order dated September 1, 2015 and filed September 2, 2015, the Court ordered dismissal of all direct claims in the Nevada Lawsuit.

Additionally, on February 20, 2015, the Court issued its preliminary approval to the derivative action settlement agreement (the "DASA") which would lead to the ultimate dismissal of the derivative suit also filed by Spirit Bear in the same action. The Court scheduled a fairness hearing for November 20, 2015 to consider giving its final approval to the DASA. No shareholder filed any objections to the DASA by April 30, 2015 which was the deadline established by the Court for filing objections. However, on October 22, 2015, Peak Finance, LLC filed a Motion to Intervene in the action seeking, among other things, approval to file a new derivative Complaint in this matter. The Company opposed this Motion.

On August 31, 2015, the Company received notice of a summons in the matter styled Peak Finance, Derivatively on Behalf of Nominal Defendant, HPEV, Inc. v. Hassett, et al., No. 2:15-cv-01590-GMN-CWH, filed in the United States District Court for the District of Nevada (the "Peak Finance Claim"). Plaintiff Peak Finance, LLC ("Peak Finance") alleges that certain members of the Company's Board of Directors and officers caused a misleading proxy statement to issue and breached alleged fiduciary duties from and after June 18, 2013. Peak Finance further alleges that its claim is related to the Spirit Bear Lawsuit described above. The Company has not determined that there is any merit to the allegations, and has decided to submit the claims to an Independent Director Committee consisting of Directors Christopher McKee, Richard J. "Dick" Schul, and Donald Bowman for their review and consideration. Additionally, on September 28, 2015, the Company filed a motion to dismiss the initial Complaint filed by Peak Finance. On October 22, 2015, rather than oppose the motion to dismiss, Peak Finance filed an amended complaint in this case in addition to the Motion to Intervene in the pending Spirit Bear litigation set forth above. On November 9, 2015, the Company filed a new motion to dismiss the first amended complaint filed by Peak Finance on October 22, 2015.

At the November 20, 2015 fairness hearing, the Court denied Peak Finance's Motion to Intervene. However, the Court did allow Peak Finance to formally argue its objections to the DASA. The Court ordered additional briefing on certain issues which has now been completed. The Court has ordered another hearing to consider the DASA on April 1, 2016.

On April 1, 2016, Peak Finance and the Company advised the Court that they had agreed in principle to a settlement that would include withdrawal of Peak Finance's objection to the DASA. On April 20, 2016, the parties filed a Stipulation and Proposed Order for Withdrawal of Objection to DASA, which was granted by the Court on April 21, 2016. On May 3, 2016, the Court issued an Order, which fully and finally approved the DASA and dismissed the Peak Finance and the Spirit Bear cases, with prejudice. On May 17, 2016, the Company filed a document to show cause as to the effect of the Stipulation and Proposed Order Regarding Settlement on the pending Motion to Dismiss Amended Complaint.

Also on May 17, 2016, Peak Finance and the Company filed a Stipulation and Proposed Order to Modify Stay of Proceedings so that the stay issued on January 6, 2016 could be modified to permit the Court to consider the Stipulation and Proposed Order Regarding Settlement and for the Court and all parties to take all necessary actions to seek final approval of a settlement prior to the Court ruling on the pending Motion to Dismiss.

On October 11, 2016, the United States District Court, District of Nevada orally approved the derivative action settlement agreement (“Peak Settlement Agreement”) reached in Peak Finance, LLC v. Timothy J. Hassett et. al., Case No. 2:15-cv-01590-GMN-CWH. Noting that no non-party shareholder filed any objections to the Peak Settlement Agreement, the District Court specifically found that it is “fundamentally fair, reasonable and adequate” and serves the best interest of the Company. The Court further directed that counsel for the parties prepare a proposed formal written order finally approving the Peak Settlement Agreement and dismissing the case.

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On October 20, 2016, the Derivative Action Settlement Agreement was formally approved and the case was formally dismissed with prejudice.

Subsequent to the dismissal, an Independent Directors Committee consisting of directors Christopher McKee, Richard J. "Dick" Schul and Donald Bowman reviewed the allegations made by Peak Finance, LLC to determine a proper corporate response. On December 6, 2016, a quorum of the members of the Independent Directors Committee met with Peak Finance, LLC in New York City, to fulfill the judges' final orders. No further action is required by the Company in this matter.

On October 7, 2016, the Company received a complaint, Wang et al v. Cool Technologies, Inc. et al, filed on July 28, 2016 in the U.S. District Court for the Eastern District of New York (Brooklyn) Civil docket #1:16CV04101RRMPK against the Company and Timothy Hassett, the Company's Chief Executive Office alleging damages of \$1,100,000 for breach of contract for failing to register shares sold to the Plaintiffs in February and March 2014.

From time to time, we may be a party to other legal proceedings. Management currently believes that the ultimate resolution of these matters, and after consideration of amounts accrued, will not have a material adverse effect on our consolidated results of operations, financial position, or cash flow.

Note 7 – Equity

Preferred Stock

The Company has 15,000,000 preferred shares authorized and 116 Series A and 3,636,360 Series B preferred shares issued and outstanding as of December 31, 2016. A total of 927,270 Series B preferred shares is issuable.

On August 12, 2016, the Company entered into a Securities Purchase Agreement with four accredited investors pursuant to which it sold 3,636,360 shares of the Company's Series B Convertible Preferred Stock. Each share of the preferred stock is convertible into one share of company's common stock. The conversion price of the preferred stock is equal to the \$0.055.

In addition to the preferred stock, the Securities Purchase Agreement included warrants to purchase (i) 3,636,360 shares of the Company's common stock at an exercise price of \$0.07 per share. The aggregate purchase price of the preferred stock and warrants was \$200,000, of which \$150,000 was paid in cash and \$50,000 was paid in services.

In connection with the sale of the Preferred Stock, on October 20, 2016, the Company filed with the Secretary of the State of Nevada, an amended Certificate of Designations of the Rights, Preferences, Privileges and Restrictions, which have not been set forth in the Certificate of Designation of the Series B Convertible Preferred Stock nor the first Amendment to Certificate of Designation filed on August 12, 2016.

The preferred stock has the same rights as if each share of Series B Convertible Preferred Stock were converted into one share of common stock. For so long as the Series B Convertible Preferred Stock is issued and outstanding, the holders of such Series B Convertible Preferred Stock vote together as a single class with the holders of the common stock and the holders of any other class or series of shares entitled to vote with the common stock, with the holders of Series B Stock being entitled to 66 2/3% of the total votes on all such matters.

In the event of the death of a holder of the Class B Preferred Stock, or a liquidation, winding up or bankruptcy of a holder which is an entity, all voting rights of the Class B Preferred Stock shall cease.

The holder of any shares of Class B Preferred Stock have the right to convert their shares into common stock at any time, in a conversion ratio of one share of common stock for each share of Class B Preferred. If the Corporation's common stock trades or is quoted at a price per share in excess of \$2.25 for any twenty consecutive day trading period, the Class B Preferred Stock will automatically be convertible into the common stock of the Corporation in a conversion ratio of one share of Common Stock for each share of Class B Preferred.

The holders of Class B Preferred Stock are not entitled to receive any distributions in the event of any liquidation, dissolution or winding up of the Corporation.

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The warrants cannot be exercised on a cashless basis.

On October 31 and November 1, 2016, three of the accredited investors provided \$51,000 to the company and are due to receive an additional 927,270 Series B Preferred shares.

Preferred stock issuable on the consolidated balance sheet represents preferred stock to be issued for either cash received or services performed. As of December 31, 2016 and 2015, the number of shares of preferred stock to be issued was 927,270 and 0 shares, respectively.

Spirit Bear, a related party, holds 113 shares of our Series A preferred stock and KHIC, Inc., a related party, holds the remaining 3 shares of our Series A preferred stock. Each share of Series A Preferred Stock ("Preferred Stock") is convertible into 50,000 shares of common stock. Each share of Preferred Stock has voting rights as if they were converted into 50,000 shares of common stock. The holders of each share of Preferred Stock then outstanding shall be entitled to be paid out of the Available Funds and Assets (as defined in the "Certificate of Designation"), and prior and in preference to any payment or distribution (or any setting apart of any payment or distribution) of any Available Funds and Assets on any shares of common stock, an amount per preferred share equal to the Preferred Stock Liquidation Price (\$2,500 per share).

Common stock

On August 19, 2015, the stockholders voted to increase the number of authorized shares of common stock from 100,000,000 shares to 140,000,000 shares.

Common stock issuable on the consolidated balance sheet represents common stock to be issued for either cash received or services performed. As of December 31, 2016 and 2015, the number of shares of common stock to be issued was 821,364 and 701,018 shares, respectively.

Common stock warrants issued with the sale of our common stock

When we sell shares of our common stock the buyer also typically receives fully-vested common stock warrants with a maximum contractual term of 3-5 years. A summary of common stock warrants issued with the sale of our common

stock as of December 31, 2016, and changes during the year then ended is presented below:

				Aggregate
	Number of	Weighted-average	Weighted-average	Intrinsic
	Warrants	Exercise Price	Remaining Life	Value
			(Years)	
Outstanding, December 31, 2014	19,114,765	\$ 0.56		
Granted	10,466,539	0.35		
Exercised	(1,084,597)	0.35		
Outstanding, December 31, 2015	20,726,707	0.49		
Granted	14,392,309	0.12		
Exercised	--	--		
Forfeited or expired	(1,073,549)	0.60		
Outstanding, December 31, 2016	34,045,467	0.30	2.3	\$ 345,591
Exercisable, December 31, 2016	34,045,467	0.30	2.3	\$ 345,591

Table of Contents**Note 8 – Share-based payments**

Amounts recognized as expense in the consolidated statements of operations related to share-based payments are as follows:

	Year ended December 31,	
	2016	2015
Nonemployee common stock	\$ 10,000	\$ 602,507
Nonemployee preferred stock (Series B)	50,000	
Nonemployee warrants – fully vested upon issuance	1,603,025	6,981
Nonemployee warrants – service and performance conditions	20,933	52,056
Employee common stock	277,090	--
Employee stock options – fully vested upon grant	--	--
Employee stock options – market price-based	327,000	1,308,000
Legal settlement – replacement warrants	--	1,764,450
Total share-based expense charged against income	\$ 2,288,048	\$ 3,733,994
Impact on net loss per common share:		
Basic and diluted	\$ (0.05)	\$ (0.05)

Nonemployee common stock***UPT management agreement***

In July, 2014, we entered into a three year agreement with the company managing the operations of UPT, whereby we would issue common stock under the following conditions:

Condition	Number of Shares
UPT recognizes \$100 million of revenue or a change in control	500,000
UPT recognizes \$100 million of revenue	150,000
	650,000

As of December 31, 2016 and 2015, meeting these conditions was not deemed probable, so no expense was recognized under this agreement and no common stock was issued. The fair value of these unearned shares of

common stock was \$58,500 as of December 31, 2016.

Investor relations agreement

In June, 2014, we entered into an agreement with a company, which subsequently became a shareholder, to provide investor relations services. Under the terms of this agreement, we agreed to issue 60,000 shares of common stock each quarter through May 2015, for a total of 240,000 shares. We recognized expense of \$61,200 and \$91,800, respectively, during the years ended December 31, 2015 and 2014.

In January, 2016, we entered into a 2 month agreement with a company, which subsequently became a shareholder, to provide corporate consulting, communications and market outreach services. Under the terms of this agreement we agreed to pay \$25,000 in fees and agreed to issue 150,000 one year warrants with an exercise price of \$0.18 per share through February 2016, for a total of 300,000 warrants.

In March 2016, we renewed the agreement for a period ending December 31, 2016. Under the terms of this renewal, we agreed to pay a total of \$102,000 in fees and agreed to issue a total of 425,000 shares of restricted common stock per and 575,000 warrants with an exercise price of \$0.40 per share. We recognized expense of \$70,151 during the year ended December 31, 2016.

Table of Contents*Financial advisory agreements*

During the quarter ended June 30, 2015, we entered into separate agreements with three companies, which subsequently became shareholders, to provide financial advisory services, including developing, studying and evaluating a financing plan, strategic and financial alternatives, and merger and acquisition proposals. Under the terms of the agreements, we agreed to issue an aggregate of 333,332 shares of common stock each month through June 2016, as services were delivered, for a total of 5,000,000 shares over the term of the agreements. These agreements may be canceled by either party with a 30 day notice. During the three months ended June 30, 2015, we recorded expense at fair value of \$510,007 for the issuance of 1,000,013 shares. If the services are provided and the agreements are not canceled, an additional 3,999,987 shares remain to be issued. At management's request, no further services have been provided, and no stock was earned or issued under these agreements after June 30, 2015.

Other

During the years ended December 31, 2016 and 2015, we issued or accrued an additional 2,859,090 and 175,000 shares of common stock in exchange for services, with a fair value of \$360,000 and \$31,300, respectively.

Nonemployee common stock warrants -- Fully-vested upon issuance

We may issue fully-vested common stock warrants with a maximum contractual term of 5 years to non-employees in return for services or to satisfy liabilities, such as accrued interest. The following summarizes the activity for common stock warrants that were fully-vested upon issuance:

			Aggregate
	Number of	Weighted-average	Intrinsic
	Warrants	Exercise Price	Remaining Life
			Value
		(Years)	
Outstanding, December 31, 2014	8,488,235	\$ 0.69	
Granted	94,333	0.48	
Exercised	--	--	
Forfeited or expired	(918,000)	0.19	
Outstanding, December 31, 2015	7,664,568	0.72	

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Granted	5,749,503	0.49		
Forfeited or expired	(2,548,000)	1.09		
Outstanding, December 31, 2016	10,866,071	0.49	2.4	\$ 8,000
Exercisable, December 31, 2016	10,866,071	0.49	2.4	\$ 8,000

The following summarizes the Black-Scholes assumptions used to estimate the fair value of fully-vested common stock warrants:

	Year ended December 31,	
	2016	2015
Volatility	102 – 272%	121 – 173%
Risk-free interest rate	0.5 – 1.5%	1.4 -- 1.6%
Expected life (years)	1.0 – 5.0	3.0 -- 4.0
Dividend yield	--	--

No fully-vested common stock warrants were exercised in 2016 and 2015.

Table of Contents*Nonemployee common stock warrants -- Service and performance conditions*

The following summarizes the terms for warrants we granted that are subject to performance and service conditions.

UPT management agreement

In July, 2014, we entered into a three year agreement with the company managing the operations of UPT, whereby we would issue common stock warrants under the following conditions:

Vesting Condition	Category	Number of Warrants
Fully vest upon UPT generating \$1 million of revenue	Performance	350,000
45,945 warrants for every \$3 million of revenue generated by UPT up to \$100 million	Performance	1,530,000
60,000 warrants for every three months of completed service managing UPT	Service	720,000
		2,600,000

The common stock warrants have a three year life and an exercise price of \$1.00 per share. The grant date fair value was \$2,586,000. As of December 31, 2016, we did not conclude that meeting the performance conditions was probable, so no expense was recognized and no common stock warrants vested. During the years ended December 31, 2016 and 2015, 240,000 of the common stock warrants under the service condition vested with the passage of time and we recognized expense of \$20,933 and \$52,056. As of December 31, 2016, the fair value of the 2,000,000 unvested common stock warrants, which is also the estimated unrecognized expense, was \$84,693. We cannot estimate the period over which the expense for the performance awards will be recognized, if at all. The remaining service award expense will be recognized quarterly over a period of 0.5 years.

Financing advisory services

In March, 2014, we entered into an agreement with a company, which is also a shareholder, to provide financing advisory services, in return for 400,000 common stock warrants having a five year life and an exercise price of \$2.50, with vesting in March, 2015 upon satisfactory performance under the agreement. In addition, a second issuance of 400,000 warrants with an exercise price of \$2.50 would be due on the one year anniversary of the execution of the agreement. As of December 31, 2014, we deemed it probable that the vesting conditions will be met. Accordingly,

during the year ended December 31, 2014, we recognized expense of \$200,379. When the warrants vested in March 2015, the fair value was \$179,964. The change in fair value between December 31, 2014 and March 2015, of \$20,415 was recognized as a reduction of expense in 2015. The grant date fair value of these warrants was \$352,000.

In May of 2015, the exercise price of the first and second issuance of warrants was reduced to \$0.45. The fair value of the first issuance increased from \$180,484 to \$188,525 and the second issuance increased from \$203,010 to \$203,569.

In January of 2016, the exercise price of the first and second issuance of warrants was reduced from \$0.45 to \$0.30. The fair value of the first issuance decreased from \$188,525 to \$54,950 and the second issuance decreased from \$203,569 to \$74,464.

Table of Contents*Summary*

The following summarizes the activity for warrants that have performance and service conditions. There were no grants in 2016.

	Number of Warrants	Weighted-average Exercise Price	Weighted-average Remaining Life (Years)	Intrinsic Value
Outstanding, December 31, 2013	--			
Granted	3,000,000	1.20		
Outstanding, December 31, 2014, 2015, 2016	3,000,000	1.20	0.7	
Exercisable, December 31, 2016	1,000,000	\$ 1.60	1.2	\$ --

The following summarizes of the status of our nonvested common stock warrants with performance and service conditions as of December 31, 2016, and changes during the year then ended:

	Number of Warrants	Weighted-average Grant Date Fair Value
Non vested, December 31, 2015	2,240,000	\$ 0.99
Vested	(240,000)	0.99
Non vested, December 31, 2016	2,000,000	\$ 0.99

The following summarizes the Black-Scholes assumptions used to estimate the fair value of warrants with performance and service conditions:

	Year ended December 31,	
	2016	2015
Volatility	121 -- 148%	102 -- 184%
Risk-free interest rate	0.7 -- 1.5%	0.9 -- 1.4%
Expected life (years)	3.0	3.0 – 5.0
Dividend yield	--	--

Legal settlement – Replacement warrants

Under the First Amendment to Settlement Agreement (the "Amendment") with Spirit Bear, we agreed to issue replacement warrants for certain previously-issued warrants. The 7,000,000 previously-issued warrants were issued in 2012, had exercise prices ranging from \$0.35 to \$0.75 per warrant, and expiration dates from April 2015 to April 2017. All of the replacement warrants have an exercise price of \$0.25, while 6,000,000 expire in January 2017 and 1,000,000 expired in December 2015.

Under the terms of the February 2016 Waiver of Performance and Second Amendment to Settlement Agreement with Spirit Bear, we agreed to issued replacement warrants for previously amended and replaced warrants. Six million of the previously amended and replaced warrants owned by Spirit Bear and by Leonora Lorenzo had their expiration dates extended from January 29, 2017, until January 29, 2020, and had their exercise price reduced from \$0.25 to \$0.10 per share.

In addition, Spirit Bear consented to the withdrawal of a Registration Statement on Form S-1 that was pending before the Securities Exchange Commission (SEC). The proposed registration statement covered the common shares underlying the preferred shares owned by Spirit Bear and the common shares underlying the warrants owned by Spirit Bear and Leonora Lorenzo.

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When a replacement equity instrument is issued, expense is recorded if the fair value of the new instruments is greater than the fair value of the original instruments. We recorded expense of \$423,973 associated with the replacement warrants. The following summarizes the Black-Scholes assumptions used to estimate the fair value of the previously-issued warrants and the replacement warrants:

	Previously-issued	Replacement
Volatility	206%	151%
Risk-free interest rate	0.5%	1.3%
Expected life (years)	0.2	3.2
Dividend yield	--	--

Employee stock options – Fully-vested upon grant

We granted stock options to certain members of management in 2014 that were fully-vested at the date of grant. There were no grants in 2015 or 2016. In 2016, one member resigned and released the Company from all incentive compensation it owed to him including stock options. The following is a summary of fully-vested stock option activity with the resigning member's stock options removed for 2016:

	Number of Shares	Weighted-average Exercise Price per Share	Weighted-average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2013	--			
Stock options granted	5,000,000	\$ 2.00		
Outstanding, December 31, 2015 and 2014	5,000,000	2.00	--	\$ --
Stock options forfeited	(1,000,000)	2.00		
Outstanding, December 31,2016	4,000,000	2.00	--	--
Exercisable, December 31, 2016	4,000,000	\$ 2.00	--	\$ --

The following summarizes the Black-Scholes assumptions used to estimate the fair value of fully-vested stock option grants:

	Year ended December 31, 2014
Volatility	325%
Risk-free interest rate	2.7%
Expected stock option life (years)	10
Dividend yield	--

We recognized expense at a fair value of \$7,950,000 in the years ended December 31, 2014, for fully-vested stock option grants.

Employee stock options – Market price-based grants

We granted stock options in 2012 to a member of management that vest upon the achievement of certain stock prices for 20 days. He resigned effective October 1, 2016 and released the Company from all obligations to him including stock options.

As of December 31, 2016, there were no market price-based stock options.

Table of Contents**Note 9 – Income Taxes**

The components of our deferred tax asset are as follows:

	December 31,	
	2016	2015
Net operating loss carryforwards	\$ 8,194,178	\$ 7,582,195
Equity-based instruments	9,629,824	8,703,465
Accrued liabilities	126,765	85,329
Deferred Revenue	150,520	--
Pass-through losses	182,966	--
Valuation allowance	(18,284,253)	(16,370,989)
Deferred tax asset	\$ --	\$ --

Our net operating loss carryforwards expire after 20 years, beginning in 2032.

A reconciliation of income taxes computed at the statutory rate to the income tax amount recorded is as follows:

	Year ended December 31,	
	2016	2015
Income tax benefit at statutory rate	\$ (291,001)	\$ (2,134,554)
State income tax, net of Federal benefit	(31,069)	(227,895)
Convertible debt	(1,496,427)	--
Other adjustments	(94,809)	--
Meals and entertainment	42	14,542
Increase in valuation allowance	1,913,264	2,347,907
Income tax benefit	\$ --	\$ --

We had no gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in future periods. We have not accrued any interest or penalties associated with income taxes. We file income tax returns in the United States federal jurisdiction. With few exceptions, we are no longer subject to U.S. federal, state or non-U.S. income tax examination by tax authorities on tax returns filed before January 31, 2010. No tax returns are currently under examination by any tax authorities.

Table of Contents**Note 10 – Net Loss per Share**

Basic net loss per share is computed by dividing net loss by the weighted-average number of common shares outstanding during the reporting period. Diluted net loss per share is computed similarly to basic loss per share, except that it includes the potential dilution that could occur if dilutive securities are exercised.

The following table presents a reconciliation of the denominators used in the computation of net loss per share – basic and diluted:

	Year ended December 31,	
	2016	2015
Net loss available for stockholders	\$ (844,169)	\$ (6,923,100)
Weighted average outstanding shares of common stock	84,894,351	64,586,781
Dilutive effect of stock options and warrants	--	--
Common stock and equivalents	84,894,351	64,586,781
Net loss per share – Basic and diluted	\$ (0.01)	\$ (0.10)

Outstanding stock options and common stock warrants are considered anti-dilutive because we are in a net loss position. The following summarizes equity instruments that may, in the future, have a dilutive effect on earnings per share:

	December 31,	
	2016	2015
Stock options	4,000,000	10,000,000
Common stock warrants	59,932,917	29,651,275
Common stock issuable	821,364	701,018
Common stock issuable – warrants	--	226,191
Convertible notes	19,287,020	3,586,915
Convertible preferred stock	9,436,360	6,800,000
Convertible preferred stock issuable	927,270	
Total	94,404,931	50,965,399
Total exercisable at December 31	89,019,937	46,038,190

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Note 11 – Subsequent Events

On January 17, 2017, we issued 800,000 shares of common stock to Sprit Bear upon the conversion of 16 shares of our Series A Stock.

February 2017 Convertible Note – On February 7, 2017, the Company entered into a convertible note agreement. We issued 200,000 inducement shares of restricted common stock and received \$100,000, with an original issue discount of \$10,000 in lieu of interest, for a total amount of \$110,000 due on September 9, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.08 per share. In the event of default, the outstanding balance will increase by 25% and a daily penalty of \$100 will accrue until the default is remedied.

On February 8, 2017, we issued 34,076 shares of our common stock upon conversion of interest on convertible debt of \$54,650 by Tangiers Global, LLC.

February 2017 Convertible Note – On February 13, 2017, the Company entered into a convertible note agreement. We issued 150,000 inducement shares of restricted common stock and received \$100,000, with an original issue discount of \$10,000 in lieu of interest, for a total amount of \$110,000 due on September 13, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.08 per share. In the event of default, the outstanding balance will increase by 25% and a daily penalty will accrue until the default is remedied.

On February 10, 2017, the board of directors and the holders of Series B Preferred shares voted to amend the Articles of Incorporation and increase the number of authorized shares to 350,000,000. Amending the Articles of Incorporation requires an affirmative vote from the holders holding at least a majority of the voting rights of the outstanding common stock. As per an amended and restated Certificate of Designation filed with the state of Nevada on October 31, 2016, the holders of Series B Preferred shares are entitled to sixty-six and two-thirds percent (66 2/3%) of the total votes on all such matters that shareholders are allowed to vote on.

On March 20, 2017, the Company filed an amendment to its Articles of Incorporation with the Secretary of State of the State of Nevada increasing its authorized shares of common stock, par value \$0.001 per share, from 140,000,000 shares to 350,000,000 shares. The amendment became effective March 22, 2017.

On February 16, 2017, we issued 1,250,000 shares of restricted common stock as a commitment fee to Bellridge Capital LP in connection with the securities purchase agreement entered into on December 6, 2016.

March 2017 Convertible Note. On March 14, 2017, the Company entered into a note purchase agreement which provides for the purchase of a \$78,750 convertible promissory note. The note has a 5% original issue discount and bears interest at 5% per annum. The maturity date is March 14, 2018.

The Note may be prepaid in whole or in part at a 115% premium if within 120 days of the issue date or 125% after 120 days of the issue date. The Note is convertible into common stock at a 30% discount to the lowest trading price for the ten trading days immediately prior to the delivery of a conversion notice, provided that the conversion price will not be less than \$0.06 per share.

The Note Purchase Agreement also provides that it is an event of default if the Company does not obtain FINRA's approval to effectuate a 1:15 reverse stock split no later than January 15, 2017. On February 16, 2017, Bellridge agreed to extend the deadline to April 24, 2017 and that in lieu of a reverse stock split, the Company may increase its authorized shares of common stock. On March 22, 2017, the Company amended its Articles of Incorporation and increased its authorized shares from 140,000,000 to 350,000,000.

The Company also agreed to reserve the greater of (i) 1,000,000 shares of common stock or (ii) 300% of the maximum aggregate number of shares issued or issuable to Bellridge (without giving effect to any beneficial ownership restrictions).

So long as Bellridge owns the Notes and the shares issuable under the Notes, if the Company fails to satisfy certain current public information requirements under Rule 144 for more than 30 consecutive days, the Company will be required to pay liquidated damages to Bellridge in cash equal to 5% of the aggregate conversion price of the Note(s) on the day of a such failure and on every 30th day thereafter. If the Company fails to make such liquidated damages payments in a timely manner, such payments will bear interest of 1.5% per month until paid in full.

On March 14, 2017, we issued 200,000 shares of restricted common stock as a commitment fee to Bellridge Capital LP in connection with the note purchase agreement entered into on the same day.

On March 20, 2017, we issued 750,000 shares of common stock to Spirit Bear upon the conversion of 15 shares of our Series A Stock.

April Convertible Note – On April 5, 2017, the Company entered into a convertible note agreement. We issued 300,000 inducement shares of restricted common stock and received \$150,000, with an original issue discount of \$15,000 in lieu of interest, for a total amount of \$165,000 due on November 5, 2017. At the holder's option, a portion or all of the unpaid principal and interest may be converted into shares of our common stock at \$0.10 per share. In the event of

default, the outstanding balance will increase by 25% and a daily penalty of \$100 will accrue until the default is remedied.

On April 6, 2017, we issued 600,000 shares of common stock to Sprit Bear upon the conversion of 12 shares of our Series A Stock.

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Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management does not expect that its internal controls over financial reporting will prevent all error and all fraud. Control systems, no matter how well conceived and managed, can provide only reasonable assurance that the objectives of the control system are met. 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 fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake.

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, control 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 not be detected.

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of December 31, 2016. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, based on the material weaknesses discussed below, our disclosure controls and procedures were not effective to ensure that information required to be disclosed by us in reports filed or submitted under the Securities Exchange Act were recorded, processed, summarized, and reported within the time periods

specified in the Securities and Exchange Act Commission's rules and forms and that our disclosure controls are not effectively designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is accumulated and communicated to management, including our principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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(b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act.

Internal control over financial reporting is defined under the Exchange Act as a process designed by, or under the supervision of, our CEO and CFO, and effected by our board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because we have only four officers and limited personnel, the Company's internal controls are not effective for the following reasons, (1) we have limited entity-level controls because of the limited time and abilities of the four officers, (2) we have not implemented adequate system and manual controls, and (3) there is no separate audit committee. As a result, the Company's internal controls have inherent material weaknesses which may increase the risks of errors in financial reporting under current operations and, accordingly, are not effective as evaluated against the criteria set forth in "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in 2013. Based on our evaluation, our management concluded that our internal controls over financial reporting were not effective as of December 31, 2016.

Even though there are inherent weaknesses, management has taken steps to minimize the risk. We use a third party consultant to review transactions for appropriate technical accounting, reconcile accounts, review significant transactions and prepare our financial statements. Invoices and other bookkeeping matters are reviewed by a third party Certified Fraud Examiner. Any deviation or errors are reported to management.

(c) Remediation of Material Weaknesses

We can provide no assurance that our internal controls over financial reporting will be compliant in the near future. As revenues permit, the Company will enhance its internal controls through additional software and other means. If and when it becomes a listed company under SEC rules, the Company will create an audit committee comprised of independent directors.

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting during our fourth quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

Table of Contents**PART III****Item 10. Directors, Executive Officers and Corporate Governance.**

The following table sets forth the names, ages and positions of our current board members and executive officers:

Name	Age	Position(s)
Timothy Hassett	56	Chairman and Chief Executive Officer and Director
Quentin Ponder	87	Vice Chairman Chief Financial Officer and Director
Judson Bibb	60	Vice President, Secretary and Director
Mark Hodowanec	52	Chief Technical Officer
Christopher McKee	48	Director
Richard "Dick" Schul	70	Director
Donald Bowman	48	Director
Daniel Ustian	66	Director

Our directors are elected for a term of one year and serve such director's successor is duly elected and qualified. Each executive officer serves at the pleasure of the Board.

The Company has no nominating, audit or compensation committees at this time.

BACKGROUND INFORMATION

The following summarizes the occupational and business experience of our officers and directors.

Timothy Hassett is a co-founder of the Company and has been its Chairman since its inception and Chief Executive Officer since April 5, 2012. Mr. Hassett began his career as a marketing and business manager, for Rockwell Automation Incorporated's Motor Special Products division from 1990 to 1995, where he launched new product platforms and developed and implemented global distribution initiatives and channels. Mr. Hassett worked at General Electric from January 1996 to February 1998, as a general manager of Distribution Services in the Industrial Systems Division and from February 1998 to March 2000, in the Electric Motors Unit of the Industrial Systems Division where

he restructured the unit, consolidated product lines and grew the business. From March 2000 to August 2003, he served as President of Hawk Motors and Rotors, a division of Hawk Corporation, a brake manufacturer, where he restructured the company. From August 2003 to October 2005, Mr. Hassett served as Vice President and General Manager of Wavecrest Laboratories, a propulsion systems and controls start-up, where he led the development and launch of four new product platforms. From June 2006 to October 2010, Mr. Hassett served as President and Managing Director of LEMO USA, a Swiss-based connector company, where he restructured the company, helped contain costs and improved operating margins and business. From December 2010 to October 2011, Mr. Hassett served as President of Cavometrix, a connector company serving the medical, energy and alternative energy industries. Mr. Hassett has a BS in Mechanical Engineering from Cleveland State University and a BS in Physics from Youngstown State University. Mr. Hassett's patents and patents pending and his extensive experience and professional contacts in the electric motor industry led to the decision to appoint him to the Board.

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Quentin Ponder has served as President from October 20, 2011 until April 5, 2012, Secretary from October 20, 2011 until November 11, 2011 and Treasurer of the Company since October 20, 2011. On April 5, 2012, Mr. Ponder was appointed Chief Financial Officer and Vice Chairman. Mr. Ponder is a seasoned executive with over 40 years of management experience. From November 1962 to July 1967, Mr. Ponder served as Senior Manufacturing Engineer at General Electric where he worked in the development of a flow manufacturing system. From July 1980 to June 1985, he was President of Franklin Electric, Inc., an electric motor company, where he restructured the company which became a global leader in submersible motors for water wells. From July 1985 to March 1990, Mr. Ponder was President of Baldor Electric, Inc., an electric motor company, where he restructured the company. From April 1990 to May 1997, Mr. Ponder worked for Lincoln Electric, Inc., as a consultant. From May 1990 to the present, Mr. Ponder has worked as an independent management consultant. Mr. Ponder serves as a director and is a 33.3% owner of Reliable Electric Motor Company, Inc., an electric motor importer. Mr. Ponder is the sole owner and a director of Summit Management Consulting, Inc. and Capital Alternatives, Inc., a semi-trailer leasing company. Mr. Ponder earned a Ph.D. from Columbia University in general management, accounting, and economics. Mr. Ponder's extensive experience in the electric motor industry led to the decision to appoint him to the Board.

Judson W. Bibb has been a director of the Company since April 15, 2011. Mr. Bibb was appointed Secretary on November 11, 2011 and Vice President on April 5, 2012. He has worked exclusively for the Company since 2013. Prior to that, Mr. Bibb was a self-employed freelance multi-media producer since 1983. His services include: producer, writer, director, cinematographer, videographer, still photographer, audio and video editor, voiceover talent, marketer, ad designer and Internet search engine optimizer. Over the past five years, he has worked as a writer and director for Image Alliance Inc., writing and producing segments for KPMG, T. Rowe Price, Agstar Financial Services, Briggs & Stratton, Caterpillar, Georgia-Pacific, Lowes, Alaska Air, Pepsico, Hewlett-Packard, Bayer, Caremark, WellPoint and T-Mobile. Mr. Bibb graduated cum laude from the University of South Florida with a B.A. in mass communications-film. Mr. Bibb's broad background and wide variety of resources, including experience in marketing and public relations and business experience in automotive, trucking, electronics, retail, direct response and the Internet led to the decision to appoint him to the Board.

Mark Hodowanec has been Chief Technical Officer of the Company since February 14, 2014. Mr. Hodowanec was a program manager and lead engineer for Curtiss-Wright Corporation from September 2006 through February 2014. From May 2004 through September 2006 he operated his own consulting firm, MMH Consulting, assisting research and development, and product development companies develop custom motors solutions. From September 2004 through October 2005, Mr. Hodowanec worked at Wavecrest Laboratories. From May 1994 through February 2004, Mr. Hodowanec was at Siemens Energy & Automation as a Manager, Mechanical Engineering. Mr. Hodowanec received a B.S. and M.S. degree in mechanical engineering from the University of Akron and his M.B.A. from Xavier University.

Christopher McKee has been a director of the Company since August 19, 2015. Mr. McKee joined GTT Communications, Inc. ("GTT") (NYSE GTT) in 2008 and is GTT's General Counsel and EVP, Corporate Development and Corporate Secretary for the GTT Board. Mr. McKee is responsible for all the company's corporate legal requirements, human resources and supplier management. Mr. McKee also oversees the development of strategic business opportunities for the company, including all merger and acquisition activities. Mr. McKee has over 20 years

of broad legal experience in the telecommunications industry. Prior to joining GTT, he served as General Counsel for StarVox Communications where he was responsible for the company's legal department, mergers and acquisitions, employment law, litigation, and legal support for the sales teams. Mr. McKee also formerly served as Vice President and Assistant General Counsel for Covad Communications where he headed its Washington, DC office and directed its federal and state regulatory compliance and advocacy efforts. Mr. McKee previously worked for XO Communications, Net2000 Communications and was in private practice in Washington, DC as an associate at Dickstein Shapiro and Cooley LLP. Mr. McKee earned a law degree from Syracuse University and received his Bachelor of Arts from Colby College. Mr. McKee's background of supply chain, micro-cap and small cap as well as his M&A background and his knowledge and experience of regulatory compliance and company legal structure led to the decision to appoint Mr. McKee to the board.

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Richard J. "Dick" Schul has been a director of the Company since August 19, 2015. Since November 2013, Mr. Schul has been an independent management consultant providing management and strategic planning services to company executives. Mr. Schul started his career with Emerson Electric in St. Louis in 1981, where he held positions of increasing responsibility throughout, including marketing manager, director of marketing and vice president of marketing for Emerson Motors (a global leader in generator technology) through 1989. In 1990, Mr. Schul was named president of Alco Controls Division of Emerson in Maryland Heights. In 1997, Mr. Schul was named president of Emerson's Air Moving Motors Division. In 1998 Mr. Schul was named president of Specialty and Air Moving Motors and in 2000 was named group vice president of Emerson's Commercial Industrial Motors group. In 2004, Mr. Schul was named group vice president of Emerson Climate Technologies. Mr. Schul received the Richard Schultz award and the Distinguished Service Award (highest award given by the Air Conditioning, Heating, and Refrigeration Institute in November 2011). Mr. Schul retired from Emerson in November 2011 after 43 years in the HVACR industry. Mr. Schul continued to work part-time as a consultant for Emerson through 2013. Mr. Schul graduated from Indiana Institute of Technology with a BS in Mechanical Engineering in 1969 and an MBA from the University of Dayton in 1976. Mr. Schul's background in the motor and generator industries as well as his business relationships led to the decision to appoint Mr. Schul to the board.

Donald L. Bowman has been a director of the Company since August 19, 2015. Mr. Bowman has been Chief Executive Officer of BVU Authority (formerly known as Bristol Virginia Utilities) since November 2013. BVU Authority is a utility system that provides electric, water, wastewater and fiber optic telecommunication and information services to the City of Bristol and the surrounding area. From 2011 to November 2013, Mr. Bowman provided consulting services to the legal industry and various California businesses. Mr. Bowman served as Operations and Business Development Manager and consultant to the General Manager of Lemo USA Inc., from 2006-2011. Prior thereto from 2004 to 2006, Mr. Bowman served as Vice President and General Counsel of WaveCrest Laboratories LLC, a technology company in Northern Virginia ("WaveCrest"). Prior to WaveCrest, Mr. Bowman served as Associate General Corporate Counsel of MeadWestvaco from 2001 to 2004. Mr. Bowman was an associate at the law firm of Dickstein Shapiro in Washington D.C. from 1999 to 2001. Mr. Bowman's has a Juris Doctorate from the University of Virginia School of Law (1998), a Master in Engineering Management from the Florida Institute of Technology (1993), a Master in Civil and Environmental Engineering from Old Dominion University (1992), and a Bachelor of Science in Civil Engineering with Highest Honors from Virginia Military Institute (1990). He is a licensed professional engineer in the state of Virginia. He has been a registered patent attorney with the U.S. Patent and Trademark Office for over fourteen years. Mr. Bowman served five years on active duty as an officer with the United States Navy and retired as Commander from the U.S. Naval Reserves in 2011. Mr. Bowman's business and legal background led to the decision to appoint Mr. Bowman to the board.

Daniel C. Ustian has been a director of the Company since August 19, 2015. Mr. Ustian served as the Chairman of the Board of Navistar International Corporation, a holding company of Navistar, Inc. from February 17, 2004 until August 2012 and its Chief Executive Officer since February 19, 2003 and President from April 2002 to August 2012. Mr. Ustian served as the Chief Operating Officer of Navistar, Inc. and Navistar International Corporation from April 2002 to February 2003. Prior to this, Mr. Ustian served as the President of the Engine Group of Navistar, Inc. from 1999 to 2002. He served as Group Vice President and General Manager of Engine & Foundry from 1990 to 1999. Mr. Ustian served as a Director of AGCO Corporation from March 17, 2011 to October 25, 2012. Mr. Ustian served as a Director of Monaco Coach Corp. from June 2003 to June 4, 2009. He is a Member of the Society of Automotive Engineers and the American Foundry Association and participates in the Electrical Council for the Economy. He was

a Member of the Business Roundtable, Society of Automotive Engineers. Mr. Ustian holds a Bachelor's degree in Business Administration from DePaul University in 1972. Mr. Ustian's business experience led to the decision to appoint Mr. Ustian to the board.

Family relationships

There are no family relationships among any of our officers or directors.

Involvement in legal proceedings

Other than described above in "Legal Proceedings", there are no legal proceedings that have occurred within the past ten years concerning our directors, or control persons which involved a criminal conviction, a criminal proceeding, an administrative or civil proceeding limiting one's participation in the securities or banking industries, or a finding of securities or commodities law violations, except for one of our directors, Daniel Ustian.

Mr. Ustian was Chairman and CEO of Navistar International Corporation from 2003 to 2012. The SEC filed a claim against Navistar and Mr. Ustian in March 2016 regarding proper disclosure of the difficulty Navistar was having in meeting emissions regulations on one of their truck models.

Navistar chose to settle this claim, without admitting or denying the charges, by paying a penalty. Mr. Ustian disagrees with the claims and decided not to settle.

The complaint alleges that Ustian violated Section 10(b) of the Exchange Act and Rules 10b-5 and 13a-14 thereunder and Section 17(a) of the Securities Act and that he is liable as a control person under Section 20(a) of the Exchange Act and for aiding and abetting Navistar's uncharged violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Section 17(a)(1) of the Securities Act, and its separately charged violations set forth in a settled order with Navistar.

Mr. Ustian is contesting all of these claims. Discovery on this civil action has been set to conclude in May 2018. A trial date has not been set.

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Committees of the Board of Directors

The Company does not have an audit committee. We are not a "listed company" under SEC rules and are therefore not required to have an audit committee comprised of independent directors.

We do not currently have a "financial expert" within the meaning of the rules and regulations of the SEC.

The Company has no nominating or compensation committees at this time. The entire Board participates in the nomination and audit oversight processes and considers executive and director compensation. Given the size of the Company and its stage of development, the entire Board is involved in such decision making processes. Thus, there is a potential conflict of interest in that our directors and officers have the authority to determine issues concerning management compensation, nominations, and audit issues that may affect management decisions. We are not aware of any other conflicts of interest with any of our executive officers or directors.

Board of Advisors

The Company has a Board of Advisors which currently consists of eight members. Scott Van Dorn (appointed March 18, 2014), currently engineering director at Navistar Corporation, has more than 20 years of experience in global engineering and management in vehicles, engines electronics and design. Richard Schul (appointed December 31, 2013) is a veteran of the motor/generator industry. The other members include: Bill Finley (appointed July 7, 2014), Chief Technology Officer of Siemens Industry Drive Technology; Dan Ustian (appointed September 10, 2014), a former chief executive officer of Navistar; Chris McKee (appointed June 1, 2014), executive vice president and general counsel of GTT; Roman Kuropas (appointed September 17, 2014), founder and CEO of Inverom Corporation; Andrew Scherr (appointed May 21, 2014), an investor, entrepreneur and strategic consultant; and Gurminder Bedi (appointed January 1, 2016), managing partner at Compass Acquisitions, LLC.

Upon the signing of an Advisory Board Agreement, the Company issues a non-qualified 30-month warrant to purchase 200,000 shares of the Company's common stock at an exercise price that has varied from \$0.35 to \$0.80 per share depending on the Company's current share price. The warrant is immediately exercisable.

Code of Ethics

The Company has adopted a Code of Ethics that establishes the standards of ethical conduct applicable to all directors, officers and employees of the Company, including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. A copy of our Code of Ethics is available on our web site at www.cooltechnologiesinc.com. We will provide a copy of our Code of Ethics free of charge to any person who requests a copy. Requests should be directed to the Secretary at Cool Technologies, Inc., 8875 Hidden River Parkway, Suite 300, Tampa, Florida 33637, or by telephone at (813) 975-7467.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our executive officers and directors, and persons who beneficially own more than 10% percent of our equity securities ("Reporting Persons") to file reports of ownership and changes in ownership with the SEC. Based solely on our review of copies of such reports and representations from the Reporting Persons, we believe that during the fiscal year ended December 31, 2016, Timothy Hasset failed to timely file one Forms 4 to report to the purchase of 625,000 shares of common stock and failed to file a Form 4 to report the assignment of 25,000 shares of common stock to a third party. Quentin Ponder failed to file one Form 4 to report the purchase of 400,000 shares of common stock. Theodore Banzhaf, our former President, failed to timely file one Form 4 to report the purchase of 500,000 shares of common stock. Judson Bibb failed to timely file one Form 4 to report the purchase of 750,000 shares of common stock. Richard Schul failed to timely file one Form 4 to report the purchase of 100,000 shares of common stock. Richard Schul, Daniel Ustian, Chris McKee and Donald Bowman, each failed to file a Form 3 reporting their appointment as directors of the Company. Daniel Ustian failed to file three Forms 4 to report the purchase of 909,090 shares of our Series B Stock, the purchase of 309,091 shares of our Series B Stock and the purchase of 1,000,000 shares of our common stock. Spirit Bear, when a 10% shareholder, failed to timely file two Forms 4 to report the sale of 40,146 shares of common stock and to report the conversion of 14 shares of Series A Stock, and assignment of 3 shares of Series A Stock to an unrelated third party. KHIC, LLC failed to timely file a Form 3 to report the acquisition of 14,914,144 shares of common stock based upon the conversion of a senior convertible note.

Table of Contents**Changes in Nominating Process**

There are no material changes to the procedures by which security holders may recommend nominees to our Board.

Item 11. Executive Compensation.**Summary Compensation Table**

The following table provides certain information regarding compensation awarded to, earned by or paid to persons serving as our Chief Executive Officer during fiscal 2016 and 2015 and our two other most highly compensated officers who had total compensation exceeding \$100,000 for fiscal 2016 (each a "named executive officer").

Name and Principal Position	Fiscal Year Ended 12/31	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(1)	All Other (\$)	Total (\$)
Timothy Hassett C E O and Chairman	2016	210,000(4)	--	--	--	10,315(1)	225,433
	2015	210,000(5)		--		15,433(1)	225,433
Judson Bibb Vice President, Secretary and Director	2016	120,000(6)	--	--		10,315(1)	130,315
T h e o d o r e Banzhaf, F o r m e r President(8)	2016	180,000(7)	--	--	--	26,700(2)	206,700
	2015	240,000		--		32,753(3)	272,753
M a r k Hodowanec, Chief Technical Officer	2016	175,000(9)	--	--	--	10,315(1)	184,715
	2015	174,000				15,433(1)	189,833

- (1) Represents health care insurance premiums paid by the Company.
- (2) Represents (i) automobile insurance of \$2,729 and (ii) health insurance of \$10,315 paid by the Company and (iii) \$13,656 for Company car.
- (3) Represents (i) automobile insurance of \$3,664 and (ii) health insurance of \$15,433 paid by the Company and (iii) \$13,656 for Company car.
- (4) Mr. Hassett was paid \$152,927 with the balance of \$57,073 being earned and accrued.
- (5) Mr. Hassett was paid \$107,000 with the balance of \$103,000 being earned and accrued.
- (6) Mr. Bibb was paid \$34,250 with the balance of \$85,750 being earned and accrued.
- (7) Mr. Banzhaf was paid \$65,500.
- (8) Pursuant to a Resignation, Waiver and Release (the "Resignation") with the Company, Mr. Banzhaf resigned as President of the Company, effective October 1, 2016, and was paid \$10,000 as full and final payment for any amounts owed to him by the Company. The Resignation contains a release of the Company by Mr. Banzhaf for any liabilities and contains an 18-month non-competition provision. Mr. Banzhaf waived any rights and claims resulting from his employment with and/or service to the Company, including any amounts owing as salary or incentive compensation of any kind including stock options and severance.
- (9) Mr. Hodowanec was paid \$85,800 with the balance of \$89,200 being earned and accrued.

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Employment Agreement

We entered into an employment agreement, dated March 5, 2014, with Timothy Hassett to serve as our Chief Executive Officer for an initial annual salary of \$210,000, to be paid in equal monthly installments. If the Company is cash flow positive for three consecutive months, the monthly compensation will increase to \$25,000 per month. If the Company maintains profitability for four consecutive quarters, the monthly compensation will increase to \$30,000 per month. The Company also agreed to reimburse Mr. Hassett for his healthcare costs until the Company adopts a healthcare plan (As of June 15, 2014, the company contracted with United Healthcare to provide a healthcare plan for its employees. Consequently, the company is no longer reimbursing Mr. Hassett for his healthcare costs). If Mr. Hassett's employment is terminated without cause, he will be entitled to severance in the amount of two years' salary in effect at such time to be paid by the Company in one payment or in four equal installments at the end of each quarter following termination, at the Company's discretion. Such severance obligation shall accelerate and become immediately payable upon change of control of the Company. The Company will also pay any excise tax on Mr. Hassett's behalf that may be triggered under the Internal Revenue Code as a result. Mr. Hassett will not compete with the Company during the term of the agreement.

We entered into an employment agreement, dated February 10, 2014, with Mark Hodowanec to serve as our Chief Technical Officer for an initial annual salary of \$175,000, to be paid in equal monthly installments. Mr. Hodowanec's annual salary shall be increased to \$210,000 upon commercialization of the 25/50 kW mobile generators; to \$240,000 upon the Company generating \$100,000 in revenues or \$1,000,000 in new financing; to \$300,000 upon the Company achieving profitability; and to \$360,000 upon the Company maintaining profitability for four consecutive quarters. The Company also agreed to reimburse Mr. Hodowanec for his healthcare costs until the Company adopts a healthcare plan (As of June 15, 2014, the company contracted with United Healthcare to provide a healthcare plan for its employees. Consequently, the company is no longer reimbursing Mr. Hodowanec for his healthcare costs). If Mr. Hodowanec's employment is terminated without cause, he will be entitled to severance in the amount of two years' salary in effect at such time to be paid by the Company in one payment or in four equal installments at the end of each quarter following termination, at the Company's discretion. Such severance obligation shall accelerate and become immediately payable upon change of control of the Company. The Company will also pay any excise tax on Mr. Hodowanec's behalf that may be triggered under the Internal Revenue Code as a result. Mr. Hodowanec will not compete with the Company during the term of the agreement.

On August 9, 2016, we entered into an employment agreement with Judson Bibb to serve as our Vice President for an initial annual salary of \$120,000, to be paid in equal monthly installments. Mr. Bibb's annual salary shall be increased to \$150,000 upon the Company remaining cash flow positive for three consecutive months and to \$180,000 upon the Company maintaining profitability for four consecutive quarters. The Company also agreed to include Mr. Bibb on its healthcare plan (As of June 15, 2016, the company contracted with Freedom Life Insurance Company of America to provide a healthcare plan for its employees.). If Mr. Bibb's employment is terminated without cause, he will be entitled to severance in the amount of two years' salary in effect at such time to be paid by the Company in one payment or in four equal installments at the end of each quarter following termination, at the Company's discretion. Such severance obligation shall accelerate and become immediately payable upon change of control of the Company. The Company will also pay any excise tax on Mr. Bibb's behalf that may be triggered under the Internal Revenue

Code as a result. Mr. Bibb will not compete with the Company during the term of the agreement.

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Consulting Agreements

We entered into a consulting agreement with Summit Management in April 2011 for services provided by Quentin Ponder to the Company for a consulting fee of \$5,000 per month which was increased to \$7,500 per month effective January 1, 2012. During 2012, Mr. Ponder agreed to forgo four months' payment under the consulting agreement due to the financial condition of the Company. Mr. Ponder was paid \$7,500 per month from January 2013 through July 2013 and accrued \$2,500 during those months (except for the first month in which he accrued \$1,250); was paid \$10,000 per month from August 2013 through April 2014; and was paid \$12,000 per month from May 2014 through December 2015. On December 28, 2016, the contract was renewed with Summit Management Consulting, Inc., to provide the services of Quentin Ponder for a monthly consulting fee of \$12,000.

We entered into a consulting agreement with Timothy Hassett in April 2011 pursuant to which he received \$5,000 per month. The consulting fee was increased to \$10,000 per month effective January 1, 2012. During 2012, Mr. Hassett agreed to forgo four months' payment on the agreement due to the financial condition of the Company. Mr. Hassett was paid \$10,000 per month from January 2013 through July 2013 and accrued \$3,500 during those months (except for the first month in which he accrued \$1,750) and was paid \$13,500 per month from August 2013 through October 2013. Such consulting agreement terminated on November 1, 2013, the date Mr. Hassett became a full-time, salaried employee of the Company.

On May 1, 2012, we entered into a consulting agreement with Bibb Productions & Consulting for Judson Bibb's services for a monthly consulting fee of \$6,000 conditional upon the financial ability of the Company. Mr. Bibb's monthly consulting fee under this agreement was accrued but unpaid from May 2012 through April 2013 and was paid to Mr. Bibb for the months of May, June, July and August 2013. Such consulting agreement terminated on January 1, 2014, the date Mr. Bibb became a full-time, salaried employee of the Company and was paid \$8,000 per month. Mr. Bibb's compensation increased to \$10,000 per month in May 2014.

Outstanding Equity Awards

The table below reflects all outstanding equity awards made to any named executive officer that were outstanding at December 31, 2016.

OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2016

Name	Grant Date	Option Awards		Option Exercise Price (\$)	Option Expiration Date
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable		
Timothy Hassett	3/31/14	1,000,000	--	2.00	(1)
Judson Bibb	3/31/14	2,000,000	--	2.00	(1)
Mark Hodowanec	3/31/14	1,000,000	--	2.00	(1)

(1) No expiration date.

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Compensation of Officers

On January 13, 2014, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), and Section 14A of the Securities Exchange Act of 1934, as amended, our stockholders voted, on an advisory basis, to approve the compensation of the management team. This proposal, commonly known as a "say-on-pay" proposal, gave the Company's stockholders the opportunity to express their views on the compensation of the Chairman and Chief Executive Officer, Timothy Hassett, and the rest of the management team.

The compensation of the management team was approved by 77.46% of the shares voted.

On February 20, 2013, the Board approved the following compensation for its officers: (i) \$13,500 per month for Timothy Hassett, as Chief Executive Officer, (ii) \$10,000 per month for Quentin Ponder, as Chief Financial Officer and Treasurer, (iii) \$12,500 per month for Theodore Banzhaf, as President, (iv) \$14,500 per month for a still undesignated Chief Technical Officer and (v) \$8,000 per month for Judson Bibb, as Vice-President and Secretary. Such compensation accrued commencing January 15, 2013 until July 2013 when the Company raised \$1 million.

On February 20, 2013, the Board also approved increased compensation if and when the Company achieves certain milestones as follows: (1) generating \$1 million in additional funding, (2) generating \$100,000 in revenue or an additional \$1 million in funding, (3) achieving profitability (being cash flow positive for three consecutive months) and (4) maintaining profitability for four consecutive quarters. With the achievement of the first milestone, the compensation for the President and the Chief Technical Officer will increase to \$17,500 per month. With the achievement of the second milestone, the compensation for the Chief Executive Officer shall increase to \$17,500 per month, the compensation for the Chief Financial Officer and Treasurer shall increase to \$12,000 per month, the compensation for the President and the Chief Technical Officer shall increase to \$20,000 per month, and the compensation for the Vice President and Secretary shall increase to \$10,000 per month. With the achievement of the third milestone, the compensation for the Chief Executive Officer shall increase to \$25,000 per month, the compensation for the Chief Financial Officer and Treasurer shall increase to \$18,000 per month, the compensation for the President shall increase to \$24,000 per month, the compensation for the Chief Technical Officer shall increase to \$25,000 per month, and the compensation for the Vice President and Secretary shall increase to \$12,000 per month. With the achievement of the fourth milestone, the compensation for the Chief Executive Officer shall increase to \$30,000 per month, the compensation for the Chief Financial Officer and Treasurer shall increase to \$24,000 per month, the compensation for the President shall increase to \$29,000 per month, the compensation for the Chief Technical Officer shall increase to \$30,000 per month, and the compensation for the Vice President and Secretary shall increase to \$15,000 per month. The validity of the compensation is no longer an issue as litigation with Spirit Bear has been settled as described above in Item 3. Legal Proceedings.

In addition, the Board authorized the Chief Executive Officer to make quarterly bonuses of \$50,000 and/or 50,000 shares of, or options for Common Stock available for each officer in addition to performance payments from 5% of the Company's net income to be given for individual contributions, such as the awarding of patents or the signing of major customer contracts.

The Board also approved the decrease in the exercise price of the five outstanding options to purchase 1,000,000 shares held by Theodore Banzhaf, and to provide for cashless exercise of these options. The milestone stock prices were reduced to \$2.00, \$3.00, \$4.00, \$4.50 and \$5.00 for 20 consecutive trading days each. These milestone stock prices had been changed from \$2.00, \$3.00, \$5.00, \$7.50 and \$10.00. Once the stock has traded at these prices for 20 consecutive trading days, Mr. Banzhaf has the right to exercise an option to purchase 1,000,000 shares of common stock at each milestone stock price. These options expire one year after Mr. Banzhaf has been terminated without cause. In connection with Mr. Banzhaf's resignation as President of the Company on October 1, 2016, he waived all rights to such options.

On March 31, 2014, the Board approved the grant of options to Judson Bibb to purchase 2,000,000 shares of common stock at an exercise price of \$2.00 per share and the grant of options to purchase 1,000,000 shares of common stock at \$2.00 per share to each of Messrs. Hassett, Hodowanec and Banzhaf. In connection with Mr. Banzhaf's resignation as President of the Company on October 1, 2016, he waived all rights to such options.

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Compensation of Directors

The Company has not yet established a compensation plan for its directors. Consequently, none of our directors received compensation for services rendered in their capacities as directors. However, Messrs. Hassett, Ponder and Bibb were compensated for services rendered in their capacities as officers of the Company. No arrangements are presently in place regarding compensation to directors for their services as directors.

In 2011, Judson Bibb received a gift of 5,000,000 shares from PPEG. For accounting purposes, the shares are being classified as compensation. The shares were subsequently returned on April 13, 2012 and no financial benefit was accrued.

On February 20, 2013, the Board granted Judson Bibb an option to purchase 2,000,000 shares of common stock, at a purchase price of par value, or \$0.001 per share. The option was not exercised and on March 21, 2013, the Company and Judson Bibb signed an agreement rescinding such option grant.

On March 8, 2015, Christopher McKee was granted a 2.5 year warrant to purchase 200,000 shares of the Company's common stock at \$0.80 per share for his participation on the Company's Board of Advisors. On February 3, 2016, Mr. McKee was granted a three-year warrant to purchase 100,000 shares of the Company's common stock at purchase price of \$0.27 per share for his assistance in the Company's business development. The warrant may be exercised on a cashless basis.

Richard J. "Dick" Schul was granted a warrant to purchase 200,000 shares of the Company's common stock at \$0.50 per share for his participation on the Company's Board of Advisors. On February 22, 2016, Mr. Schul was granted a three-year warrant to purchase 100,000 shares of the Company's common stock at purchase price of \$0.27 per share for his assistance in the Company's business development. The warrant may be exercised on a cashless basis.

Dan Ustian was granted a warrant to purchase 200,000 shares of the Company's common stock at \$0.80 per share for his participation on the Company's Board of Advisors. On February 3, 2016, Mr. Ustian was granted a three-year warrant to purchase 100,000 shares of the Company's common stock at purchase price of \$0.27 per share for his assistance in the Company's business development. The warrant may be exercised on a cashless basis.

Don Bowman was granted a five-year warrant to purchase 250,000 shares of the Company's common stock at \$0.60 per share for legal services provided to the Company. The warrant may be exercised on a cashless basis.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table lists, as of April 12, 2017, the number of shares of common stock beneficially owned by (i) each person, entity or group (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934) known to the Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each of our named executive officers and (iii) all officers and directors as a group. Information relating to beneficial ownership of common stock by our principal stockholders and management is based upon information furnished by each person using "beneficial ownership" concepts under the rules of the SEC. Under these rules, a person is deemed to be a beneficial owner of a security if that person directly or indirectly has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to dispose or direct the disposition of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the SEC rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary interest. Except as noted below, each person has sole voting and investment power with respect to the shares beneficially owned and each stockholder's address is c/o Cool Technologies, Inc., 8875 Hidden River Parkway, Suite 300, Tampa, Florida 33637.

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The percentages below are calculated based on 116,572,312 issued and outstanding shares of common stock and 73 issued and outstanding shares of Series A Stock (each such share of Series A Stock has the voting right of 50,000 shares of Common Stock) as of April 12, 2017.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage
5% or Greater Stockholders	9,500,000(2)	7.79%
Spirit Bear Limited (1)		
1470 First Avenue, No. 4a		
New York, NY 10075		
Gemini Master Fund, Ltd. (3)	14,471,379(4)	11.11%.
c/o Gemini Strategies, Inc.		
619 Vulcan Avenue, Suite 203		
Encinitas, CA 92024		
Mark Hodowanec	7,100,000(5)	6.04%
Eric Paul Brown	2,588,180(6)	66.66%(7)
1877 S. Wiesbrook Road		
Wheaton, IL 60189		
Christopher J. Jones	3,043,634(8)	66.66%(7)
1314 E. Forest Avenue		
Wheaton, IL 60189		
Inverom Corporation (9)	1,818,181(10)	66.66%(7)
16W235 83 rd St., Suite A		
Burr Ridge, IL 60527		
KHIC, Inc. (11)	24,444,914(12)	17.35%

120 West 45th Street

New York, NY 10036

Directors and named executive officers

Timothy Hassett	7,976,500(13)	6.75%
Quentin Ponder	2,800,000(14)	2.39%
Daniel C. Ustian	5,180,806(15)	66.66%(7)
Judson Bibb	3,869,300(16)	3.24%
Christopher McKee	744,444(17)	*
Richard J. "Dick" Schul	500,000(18)	*
Donald Bowman	250,000(19)	*
All executive officers and directors as a group (8 persons)(20)	28,421,050	22.50%

* less than 1%

- (1) Jay Palmer, President of Spirit Bear, has sole voting and disposition power over shares held by Spirit Bear.
- (2) Includes (i) 3,500,000 shares of common stock underlying 70 of Series A Stock (having voting rights to 50,000 shares of common stock for each share of the Series A Stock) and (ii) currently exercisable warrants to purchase an aggregate of 5,400,000 shares of common stock.
- (3) Steven Winters, President of Gemini Strategies Inc., investment manager of Gemini Master Fund, Ltd. has sole voting and dispositive power over shares held by Gemini Master Fund, Ltd.
- (4) Includes currently exercisable warrants to purchase an aggregate of 13,671,379 shares of common stock.
- (5) Includes options to purchase 1,000,000 shares of common stock at \$2.00 per share. Excludes 80,000 shares held by Mr. Hodowanec's minor children and 110,000 shares held by his spouse.

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- (6) Includes (i) 1,218,181 shares of Series B Stock which are convertible by the Series B stockholder into Common Stock on a one to one basis and automatically convert into Common Stock on a one to one basis if the Common Stock trades in excess of \$2.25 for any consecutive 20 day period, (ii) a warrant to purchase 1,218,181 shares of Common Stock at \$0.07 per share and (iii) a warrant to purchase 60,909 shares of Common Stock at \$0.75 per share.
- (7) The Series B Stock votes together as a single class with the holders of the Common Stock, with the holders of Series B Stock being entitled to 66 2/3% of the total votes.
- (8) Includes (i) 1,218,181 shares of Series B Stock which are convertible by the Series B stockholder into Common Stock on a one-to-one basis and automatically convert into Common Stock on a one-to-one basis if the Common Stock trades in excess of \$2.25 for any consecutive 20 day period, (ii) a warrant to purchase 1,218,181 shares of Common Stock at \$0.07 per share and (iii) a warrant to purchase 243,636 shares of Common Stock at \$0.75 per share.
- (9) Roman Kuropas, President of Inverom Corporation, has sole voting and dispositive power over the shares held by Inverom Corporation
- (10) Includes (i) 909,090 shares of Series B Stock which are convertible into Common Stock on a one-to-one basis and automatically convert into Common Stock on a one-to-one basis if the Common Stock trades in excess of \$2.25 for any consecutive 20day period and (ii) a warrant to purchase 909,090 shares of Common Stock at \$0.07 per share. Excludes warrants to purchase 200,000 shares of Common Stock at \$0.80 per share held by Roman Kuropas, President of Inverom.
- (11) Eric Hess, member and Secretary of KHIC, LLC, has sole voting and dispositive power over the shares held by KHIC, LLC.
- (12) Represents (i) 150,000 shares of common stock underlying 3 shares of Series A Stock (having voting rights to 50,000 shares of common stock for each share of Series A Stock), (ii) a currently exercisable warrant to purchase 4,000,000 shares of common stock at \$0.06 per share, (iii) 14,994,914 shares of Common Stock issuable upon the conversion of a convertible promissory note at a conversion price of \$0.025 per share, (iv) a currently exercisable warrant to purchase 650,000 shares of common stock at \$0.15 per share, (v) a currently exercisable warrant to purchase 650,000 shares of common stock at \$0.12 per share and (vi) the call right to purchase 4,000,000 shares of common stock until May 8, 2017.
- (13) Includes (i) options to purchase 1,000,000 shares of common stock at \$2.00 per share and (ii) a currently exercisable warrant to purchase 625,000 shares of Common Stock at \$0.22 per share. Does not include an aggregate of 90,000 shares held by Mr. Hassett's minor children.
- (14) Includes a currently exercisable warrant to purchase 400,000 shares of Common Stock at \$0.22 per share.
- (15) Includes (i) 1,218,181 shares of Series B Stock which are convertible by Mr. Ustian into Common Stock on a one-to-one basis and automatically convert into Common Stock on a one-to-one basis if the Company's common stock trades in excess of \$2.25 for any consecutive 20 day period, (ii) a currently exercisable warrant to purchase 1,218,181 shares of Common Stock at \$0.07 per share, (iii) a currently exercisable warrant to purchase 222,222 shares of Common Stock at \$0.45 per share (iv) a currently exercisable warrant to purchase 200,000 shares of Common Stock at \$0.80 per share, (v) a currently exercisable warrant to purchase 100,000 shares of Common Stock at \$0.27, and (vi) a currently exercisable warrant to purchase 1,000,000 shares of Common Stock at \$0.22 per share.
- (16) Includes (i) options to purchase 2,000,000 shares of common stock at \$2.00 per share, and (ii) a currently exercisable warrant to purchase 750,000 shares of Common Stock at \$0.22 per share. Includes (i) a currently exercisable warrant to purchase 222,222 shares of common stock at \$0.45 per share and
- (17) (ii) a currently exercisable warrant to purchase 200,000 shares of Common Stock at \$0.80, and (iii) currently exercisable warrant to purchase 100,000 shares of Common Stock at \$0.27 per share.
- (18)

Represents (i) a currently exercisable warrant to purchase 200,000 shares of common stock at \$0.50 per share, and (ii) a currently exercisable warrant to purchase 100,000 shares of common stock at \$0.27 per share, and (iii) a currently exercisable warrant to purchase 100,000 shares of common stock at \$0.22.

(19) Represents a currently exercisable warrant to purchase 250,000 shares of common stock at \$0.60 per share.

(20) Includes Mark Hodowanec, Chief Technology Officer.

Change-in-Control Agreements

The Company does not have any change-in-control agreements with any of its executive officers, except that severance payments, if any, to which Messrs. Hodowanec, Hassett and Bibb may be entitled under their employment agreements, accelerate in the event of a change of control.

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Item 13. Certain Relationships and Related Transactions and Director Independence.

Certain Relationships and Related Transactions

UPT leases its Largo, Florida premises from Dennis Campbell, the managing member of PGC, a significant contractor running our UPT operations, under the Largo Lease for \$2,140 per month. The current lease term commenced on July 1, 2014, expires on June 30, 2017 and is renewable for two additional 36-month terms, subject to rent adjustments.

In May 2014, Alfred Cullere, a selling stockholder, and 5% owner of UPT, made advanced payments to us of an aggregate of \$400,000 by companies controlled by Mr. Cullere on purchase orders that have not yet been fulfilled by the Company. On January 5, 2015, Mr. Cullere also loaned UPT \$250,000.

On March 31, 2014, the Board approved the grant of options to Judson Bibb, our Vice President and Secretary and a director, to purchase 2,000,000 shares of common stock at an exercise price of \$2.00 per share and the grant of options to purchase 1,000,000 shares of common stock at \$2.00 per share to each of Messrs. Hassett (Chairman and Chief Executive Officer), Hodowanec (Chief Technical Officer) and Banzhaf (former President). Mr. Banzhaf waived his rights to such option upon his resignation as President of the Company on October 1, 2016.

On March 3, 2015, we issued 288,968 shares of common stock to Spirit Bear, a 5% stockholder, upon the cashless exercise of 591,054 warrants.

On April 29, 2015, Mr. McKee, a director, purchased 222,222 shares of common stock and a five-year warrant to purchase 222,222 shares of common stock at an exercise price of \$0.57 per share. We received \$100,000 for the sale of such securities.

On May 1, 2015, Mr. Ustian, a director, purchased 222,222 shares of common stock and a five-year warrant to purchase 222,222 shares of common stock at an exercise price of \$0.57 per share. We received \$100,000 for the sale of such securities.

On August 12, 2015, we issued 200,000 shares of common stock to Spirit Bear, a 5% stockholder, upon the conversion of 4 shares of Series A Stock.

On February 3, 2016, we issued three-year warrants to purchase 100,000 shares of common stock at an exercise price of \$0.27 per share to each of Richard Schul (a director and an advisory board member), Daniel Ustian (a director and advisory board member), Christopher McKee (a director and advisory board member) and Scott Van Dorn (an advisory board member) and a three-year warrant to purchase 200,000 shares of common stock to Gurminder Bedi (an advisory board member) at an exercise price of \$0.31 per share, for serving on our board of advisors. The warrants may be exercised on a cashless basis.

On March 2, 2016, we issued 700,000 shares of common stock to Spirit Bear, a 5% stockholder, upon conversion of 14 shares of our Series A Stock.

June 24, 2016, we issued to our Chief Executive Officer, Timothy Hassett, 625,000 shares of our common stock and a five-year warrant to purchase 625,000 shares of our common stock at an exercise price of \$0.22 for accrued salary. The warrant may be exercised on a cashless basis.

On June 24, 2016, we issued to our former president, Theodore Banzhaf, 500,000 shares of our common stock and a five year warrant to purchase 500,000 shares of our common stock at an exercise price of \$0.22 per share, for accrued salary. The warrant may be exercised on a cashless basis. Mr. Banzhaf waived his rights to these warrants upon his resignation from the Company on October 1, 2016.

On June 24, 2016, we issued to Summit Management Consulting, Inc., a company owned by Quentin Ponder, our Chief Financial Officer, 400,000 shares of our common stock and a five-year warrant to purchase 400,000 shares of our common stock at an exercise price of \$0.22 for accrued consulting fees of \$64,000. The warrant may be exercised on a cashless basis.

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On June 24, 2016, we issued to our vice president, Judson Bibb, 750,000 shares of our common stock and a five year warrant to purchase 750,000 shares of our common stock at an exercise price of \$0.22 per share, in payment for loans in the amount of \$22,910 and accrued salary of \$97,090. The warrant may be exercised on a cashless basis.

On June 24, 2016, for consideration of \$16,000, we sold to a director, Richard Schul, 100,000 shares of our common stock and a five year warrant to purchase 100,000 shares of our common stock at an exercise price of \$0.22. The warrant may be exercised on a cashless basis.

On June 24, 2016, for consideration of \$160,000, we sold to a director, Daniel Ustian, 1,000,000 shares of our common stock and a five-year warrant to purchase 1,000,000 shares of our common stock at an exercise price of \$0.22. The warrant may be exercised on a cashless basis.

On July 11, 2016, we issued 100,000 conversion shares of our common stock upon conversion of 2 shares of our Series A Stock to Spirit Bear, a 5% stockholder, which transaction was subsequently rescinded.

On August 12, 2016, for consideration of \$50,000, we sold 909,090 shares of our Series B Stock and a five-year warrant to purchase 909,090 shares of our common stock at an exercise price of \$0.07 to Daniel Ustian, a director. Each share of Series B Stock may be converted into common stock on a one-to-one basis and automatically converts into common stock on a one-to-one basis if the Company's common stock trades in excess of \$2.25 for any consecutive 20 day period and a currently exercisable warrant to purchase 909,090 shares of common stock at an exercise price of \$0.07 per share.

On August 24, 2016, the Company issued KHIC, LLC, a 5% stockholder, a senior convertible promissory note in the principal amount of \$400,000. The note accrues interest at 3% and matures on August 24, 2018. The note is convertible into shares of common stock of the Company at a conversion price of \$0.025 per share and is senior to all other indebtedness of the Company and its subsidiaries. The conversion shares have registration rights. \$368,703 is currently outstanding under the note.

On September 30, 2016, the Company issued Gemini Master Fund, Ltd., a 5% stockholder, a secured promissory note in the original principal amount of \$180,000. The note accrues interest at 5% (18% in the event of an event of default) and matures on June 30, 2017. On November 10, 2016, we issued 800,000 shares of our common stock as partial consideration for the note to Gemini Master Fund, Ltd.

On October 7, 2016, we issued 5,469,113 shares of our common stock upon complete conversion of a warrant originally issued in connection with \$400,000 of principal and interest of convertible debt to Gemini Master Fund, Ltd., a 5% stockholder.

On October 31, 2016, the Company received \$17,000 from Dan Ustian on the same terms and conditions as his previous investment on August 12, 2016. 309,091 warrants were issued on October 31st. 309,090 shares of Series B Preferred stock have yet to be issued.

On November 7, 2016, we issued 300,000 shares of common stock to Sprit Bear upon the conversion of 6 shares of Series A Stock.

On December 23, 2016, we entered into a Securities Purchase Agreement with KHIC, LLC, a 5% stockholder, pursuant to which KHIC, LLC purchased for \$65,000, 650,000 shares of common stock and a five-year warrant to purchase 650,000 shares of common stock at \$0.12 per share and 650,000 shares of common stock at \$0.15 per share.

On December 28, 2016, the consulting agreement with Summit Management Consulting Inc. for the services of Quentin Ponder, our chief financial officer, was renewed until such time as Quentin Ponder's services are no longer needed for a monthly consulting fee of \$12,000. Mr. Ponder is the sole owner and director of Summit Management.

On January 17, 2017, we issued 800,000 shares of common stock to Sprit Bear, a greater than 5% stockholder, upon the conversion of 16 shares of Series A Stock.

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On March 20, 2017, we issued 750,000 shares of common stock to Spirit Bear, a greater than 5% stockholder upon the conversion of 15 shares of Series A Stock.

Spirit Bear Limited

See "Item 3. Legal Proceedings" above for a description of the legal proceedings between the Company and Spirit Bear.

Insider Transactions Policies and Procedures

The Company does not currently have an insider transaction policy.

Director Independence

We currently do not have any independent directors as the term "independent" is defined by the rules of the American Stock Exchange.

While four of our seven directors, do not receive on-going consideration from the company for their service as directors or officers, three of the four have received consideration for their service on the Company's Board of Advisors. As the entire Board of Directors has yet to affirm that the respective individual directors do not have relationships that would interfere with the exercise of independent judgement in carrying out their directors' responsibilities, none of our directors can be defined as "independent".

Item 14. Principal Accounting Fees and Services.

Audit Fees

Audit fees consist of fees for professional services rendered for the audit of the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K and the review of financial statements included in the Company's Quarterly Reports on Form 10-Q. The aggregate fees billed for professional services rendered by our principal accountant, Anton and Chia, LLP, for audit and review services for the fiscal years ended December 31, 2016 and December 31, 2015 were \$77,613 and \$55,105, respectively.

We incurred no non-audit related fees, tax fees or other fees for professional services rendered by our principal accountant for the years ended December 31, 2016 and 2015.

Administration of the Engagement; Pre-Approval of Audit and Permissible Non-Audit Services

We have not yet established an audit committee. Until then, there are no formal pre-approval policies and procedures. Nonetheless, the auditors engaged for these services are required to provide and uphold estimates for the cost of services to be rendered. The percentage of hours expended on Anton and Chia, LLP's respective engagement to audit our financial statements for the most recent fiscal year that were attributed to work performed by persons other than the principal accountant's full-time, permanent employees was 0%.

Table of Contents**PART IV****Item 15. Exhibits, Financial Statement Schedules.****Exhibit****Number Description of Exhibit**

3.1	Articles of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Form SB-2 filed with the SEC on August 9, 2007)
3.2	Certificate of Amendment to the Articles of Incorporation (incorporated by reference to Exhibit 2.1 to the Company's Form 8-K filed with the SEC on September 9, 2010)
3.3	Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Form SB-2 filed with the SEC on August 9, 2007)
3.4	Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on April 11, 2012)
3.5	Certificate of Amendment to the Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.3 to the Company's Form 10-Q filed with the SEC on May 15, 2012)
3.6	Bylaws, dated February 20, 2013 (incorporated by reference to Exhibit 3.6 to the Company's Form 10-K filed with the SEC on April 15, 2013)
3.6.1	Amendment to Article VII of the Bylaws (incorporated by reference to Exhibit 3.6.1 to the Company's Form 8-K filed with the SEC on June 27, 2013)
3.7	Amendment to Article II, Section 2 of the Bylaws (incorporated by reference to Exhibit 3.7 to the Company's Form 8-K filed with the SEC on January 17, 2014)
3.8	Certificate of Designation of the Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2012)
3.9	Amendment to the Certificate of Designation of the Series A Convertible Preferred Stock (incorporated by reference to Exhibit 4.1.1 to the Company's Current Report on Form 8-K filed with the SEC on June 27, 2013)
3.11	Amendment to Articles of Incorporation, dated March 20, 2017 (incorporated by reference to Exhibit 3.11 to the Company's Current Report on Form 8-K filed with the SEC on March 24, 2017)
10.12	Consulting Agreement dated April 1, 2011 between Summit Management and HPEV, Inc. (incorporated by reference to Exhibit 10.12 to the Company's Form 10-K filed with the SEC on April 2, 2012)
10.13	Consulting Agreement dated April 1, 2011 between Timothy Hassett and HPEV, Inc. (incorporated by reference to Exhibit 10.13 to the Company's Form 10-K filed with the SEC on April 2, 2012)
10.14	Addendum to Summit Management Consulting Agreement dated January 2, 2012. (incorporated by reference to Exhibit 10.14 to the Company's Form 10-K filed with the SEC on April 2, 2012)
10.15	Addendum to Timothy Hassett Consulting Agreement dated January 2, 2012 (incorporated by reference to Exhibit 10.15 to the Company's Form 10-K filed with the SEC on April 2, 2012)
10.16	Consulting Agreement dated February 13, 2012 between Lagoon Labs, LLC and HPEV, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q filed with the SEC on May 15, 2012)
10.17	Warrant issued to McMahon, Serepca LLP for financial accommodations dated June 4, 2012 (incorporated by reference to Exhibit 10.2 to the Company's Form 10-Q filed with the SEC on November 19, 2012)

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- 10.18 Spirit Bear Note and Warrant Purchase Agreement dated August 9, 2012 (incorporated by reference to Exhibit 10.3 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.19 Spirit Bear Promissory Note B-1 issued pursuant to the Note and Warrant Purchase Agreement and dated April 27, 2012 (incorporated by reference to Exhibit 10.4 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.20 Spirit Bear Promissory Note B-2 issued pursuant to the Note and Warrant Purchase Agreement and dated May 22, 2012. (incorporated by reference to Exhibit 10.5 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.21 Spirit Bear Promissory Note B-3 issued pursuant to the Note and Warrant Purchase Agreement and dated June 28, 2012 (incorporated by reference to Exhibit 10.6 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.22 Spirit Bear Promissory Note B-4 issued pursuant to the Note and Warrant Purchase Agreement and dated July 11, 2012 (incorporated by reference to Exhibit 10.7 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.23 Spirit Bear Loan Extension Agreement for Note B-1 dated October 26, 2012 (incorporated by reference to Exhibit 10.8 to the Company's Form 10-Q filed with the SEC on November 19, 2012)
- 10.24 Securities Purchase Agreement, dated December 14, 2012, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2012)
- 10.25 Registration Rights Agreement dated December 14, 2012, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2012)

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10.26	Form of Common Stock Purchase Warrant, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Company's Current Registration Statement on S-1 filed with the SEC on January 11, 2013)
10.27	Form of Common Stock Purchase Warrant, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Company's Current Registration Statement on S-1 filed with the SEC on January 11, 2013)
10.28	Form of Common Stock Purchase Warrant, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Company's Current Registration Statement on S-1 filed with the SEC on January 11, 2013)
10.29	Patent and Security Agreement dated December 14, 2012, between Spirit Bear Limited and HPEV, Inc. (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on December 20, 2012)
10.30	Debt Settlement Agreement, dated December 11, 2012, by and among HPEV, Inc., Phoenix Productions and Entertainment Group and Action Media Group, LLC (incorporated by reference to Company's Current Registration Statement on S-1 filed with the SEC on January 11, 2013)
10.32	Loan Agreement dated March 7, 2012 between HPEV and Action Media Group LLC (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2013)
10.33	Warrant issued to McMahon, Serepca, LLP for financial accommodation dated August 6, 2012 (incorporated by reference to Exhibit 10.33 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2013)
10.34	Rescission Letter dated March 21, 2013 between Judson Bibb and the Company (incorporated by reference to Exhibit 10.34 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2013)
10.35	Rescission Letter dated March 24, 2013 between Theodore Banzhaf and the Company (incorporated by reference to Exhibit 10.32 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2013)
10.36	Settlement Agreement dated April 12, 2013 between Spirit Bear Limited and the Company (incorporated by reference to Exhibit 10.36 to the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2013)
10.38	Form of Subscription Agreement and Warrant Agreement (incorporated by reference to Exhibit 10.38 to the Company's Current Report on Form 8-K filed with the SEC on February 10, 2014)
10.39	Employment Agreement, dated February 14, 2014, between the Company and Mark Hodowanec (incorporated by reference to Exhibit 10.40 to the Company's Current Report on Form 8-K filed with the SEC on February 20, 2014)
10.40	Purchase Agreement, dated February 19, 2014, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.40 to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2014)
10.41	Registration Rights Agreement, dated February 19, 2014, between the Company and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.41 to the Company's Current Report on Form 8-K filed with the SEC on February 24, 2014)
10.42	Consulting Agreement, dated May 1, 2012 with Bibb Productions & Consulting (incorporated by reference to Exhibit 10.42 to the Company's Annual Report on Form 10-K/A filed with the SEC on April 23, 2014)
10.43	Employment Agreement, dated March 31, 2012 with Theodore Banzhaf (incorporated by reference to Exhibit 10.43 to the C 10.43 to the Company's Annual Report on Form 10-K/A filed with the SEC on April 23, 2014)
10.46	Placement Agent and Advisory Services Agreement (incorporated by reference to Exhibit 10.44 to the Company's Annual Report on Form 10-K/A filed with the Sec on April 23, 2014)
10.47	

Letter Agreement, dated May 28, 2014 between the Company and Cranshire Capital Master Fund Ltd. and Equitec Specialists, LLC (incorporated by reference to Exhibit 10.45 to the Company's Registration Statement on Form S-1 filed with the SEC on July 3, 2014)

10.48 Settlement and Release Agreement effective as of May 1, 2015 by and between Spirit Bear Limited and its assignees, and the Company (incorporated by reference to Exhibit 10.48 to the Company's Current Report on Form 8K filed with the SEC on May 5, 2015)

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10.49	First Amendment to Settlement Agreement effective as of May 1, 2015 between Spirit Bear Limited and its assignees and the Company (incorporated by reference to Exhibit 10.48 to the Company's Current Report on Form 8K filed with the SEC on June 4, 2015)
10.50	Settlement Agreement with Peak Finance LLC (incorporated by reference to Exhibit 10.49 to the Company's Current Report on Form 8K filed with the SEC on April 26, 2016)
10.51	Second Amendment to Settlement Agreement (incorporated by reference to Exhibit 10.52 to the Company's Current Report on Form 8K filed with the SEC on May 10, 2016)
10.52	Form of Subscription Agreement for Series B Stock (incorporated by reference to Exhibit 10.58 to the Company's Current Report on Form 8K filed with the SEC on November 11, 2016)
10.53	Form of Warrant for Series B Stock purchasers (incorporated by reference to Exhibit 10.59 to the Company's Current Report on Form 8K filed with the SEC on November 11, 2016)
10.54	Resignation, Waiver and Release of Theodore Banzhaf (incorporated by reference to Exhibit 10.60 to the Company's Current Report on Form 8K filed with the SEC on November 11, 2016)
10.55	Securities Purchase Agreement, dated December 6, 2016, between the Company and Bellridge Capital, LP (incorporated by reference to Exhibit 10.61 to the Company's Current Report on Form 8K filed with the SEC on December 12, 2016)
10.56	5% Convertible Promissory Note issued to Bellridge Capital, LP (incorporated by reference to Exhibit 10.62 to the Company's Current Report on Form 8K filed with the SEC on December 12, 2016)
10.57	Securities Purchase Agreement, dated December 6, 2016, between the Company and Bellridge Capital, LP for the Equity Line (incorporated by reference to Exhibit 10.63 to the Company's Current Report on Form 8K filed with the SEC on December 12, 2016)
10.58	Registration Rights Agreement, dated December 6, 2016, between the Company and Bellridge Capital, LP (incorporated by reference to Exhibit 10.64 to the Company's Current Report on Form 8K filed with the SEC on December 12, 2016)
10.59	Employment Agreement, dated July 13, 2016, between the Company and Judson Bibb (incorporated by reference to Exhibit 10.59 to the Company's Registration Statement on Form S-1 filed with the SEC on December 22, 2016)
10.60	Form of Advisory Board Agreement (incorporated by reference to Exhibit 10.60 to the Company's Registration Statement on Form S-1 filed with the SEC on December 22, 2016)
10.61	Independent Contractor Agreement, dated July 1, 2014 with PGC Investments LLC (incorporated by reference to Exhibit 10.61 to the Company's Registration Statement on Form S-1 filed with the SEC on December 22, 2016)
10.62	5% Convertible Promissory Note, dated December 28, 2016 issued to Bellridge Capital, LP (incorporated by reference to Exhibit 10.62 to the Company's Registration Statement on Form S-1/ A filed with the SEC on January 25, 2017)
10.63	<u>Letter, dated November 4, 2016, between the Company and Spirit Bear.</u>
10.64	<u>Agreement of Principal Terms, dated February 21, 2017, between Craftsmen Industries, Inc. and the Company</u>
10.65	<u>Securities Purchase Agreement, dated March 14, 2017, between the Company and Bellridge Capital, LP.</u>
10.66	<u>5% Convertible Promissory Note, dated March 14, 2017, issued to Bellridge Capital, LP</u>
21.1*	Subsidiaries of the registrant
31.1*	<u>Certification of Chief Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Chief Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>Certifications of Chief Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certifications of Chief Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>

* Filed herewith

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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.

Cool Technologies, Inc.

Date: April 17, 2017

By: */s/ Timothy Hassett*
Timothy Hassett

Chairman and Chief Executive Officer,

(Principal Executive Officer)

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

Signature	Capacity	Date
<i>/s/ Timothy Hassett</i> Timothy Hassett	Chairman and Chief Executive Officer (Principal Executive Officer)	April 17, 2017
<i>/s/ Quentin Ponder</i> Quentin Ponder	Vice-Chairman, Chief Financial Officer, Treasurer and director (Principal Financial and Accounting Officer)	April 17, 2017
<i>/s/ Judson Bibb</i> Judson Bibb	Vice-President, Secretary and director	April 17, 2017
<i>/s/ Donald Bowman</i> Donald Bowman	Director	April 17, 2017
<i>/s/ Christopher McKee</i> Christopher McKee	Director	April 17, 2017
<i>/s/ Richard Schul</i> Richard Schul	Director	April 17, 2017

/s/ Daniel Ustian
Daniel Ustian

Director

April 17, 2017