

FORM U-7

DISCLOSURE DOCUMENT

A manual has been prepared to help you complete this Disclosure Document. The manual contains instructions for completing each Item. If you do not have a SCOR Manual, contact your State or Provincial securities regulator or the North American Securities Administrators Association.

(www.nasaa.org)

THIS BOX IS NOT PART OF THE SCOR FORM AND SHOULD BE REMOVED BEFORE THE COMPLETED FORM IS GIVEN TO PROSPECTIVE INVESTORS

Cover Page - Page 1

Place Company Logo (if any) here or to left or right of Company Name

_____ **Open Source Ecology Sustainable Investment Group LLC** _____
(OSE SIG)

(Exact name of Company as set forth in Articles of Incorporation or Organizational Documents)

Street address of principal office: 4013 Meyer Ave.

Madison, WI 53711

Company Telephone Number: 608-236-2895

Person(s) to contact at Company with respect to offering: Marcin Jakubowski, Ph.D.

Telephone Number (if different from above):

Type of securities offered:

Price per security: \$1-\$750,000

Sales commission, if any: 0%

Minimum number of securities offered: 1

Maximum number of securities offered: 100

Total proceeds: If minimum sold: \$100

If maximum sold: \$750,000

Investment in a small business is often risky. You should not invest any funds in this offering unless you can afford to lose your entire investment. See Item 1 for a discussion of the risk factors that management believes present the most substantial risks to you.

The date of this Disclosure Document is 1.5.05.

Executive Summary

The Company

Describe the business of the Company.

The Company is a financing and land holding mechanism for supporting its non-profit affiliate, Open Source Ecology, Inc. (OSE), and for providing assistance in developing its physical infrastructure.

Describe how the Company plans to carry out its activities.

The Company will raise money through this offering to acquire land and build a hydroponic lettuce greenhouse. The Company will sell greenhouse produce and sustainably-harvested lumber. The Company will also engage in marketing of other sustainable products from its affiliates.

This Company:

- ☐ Has never conducted operations.
- ☒ Is in the development stage.
- ☐ Is currently conducting operations.
- ☐ Has shown a profit in the last fiscal year.
- ☒ Other (Specify): OSE SIG has just incorporated. OSE, Inc., (nonprofit branch) has been in existence for over a year
(Check at least one, as appropriate)

Jurisdiction and date of formation: Madison 12.26.04_____

Fiscal year end: March 4
(month) (day)

How the Company Will Use Your Money

Describe how the Company intends to use the proceeds of this offering.

The proceeds will be used to acquire a 645 acre parcel of real estate for \$560,000. The remaining \$190,000 will be used to build the OSE, Inc., education and research campus on this property, including a \$100,000 productive greenhouse for generating revenue. If the minimum number of shares is sold, a smaller parcel of real estate will be acquired using funds from backup sources, or leased at zero cost from collaborators. Please see full business plan for the education/research center at <http://sourceopen.org/proposal/proposal.html>, and additional information at <http://sourceopen.org/ose.html> For more information about how the Company will use your

money, see Item 30.

The Principal Officers of the Company

The Principal Officers of the Company and their titles are:

Chief Executive Officer: Marcin Jakubowski, Ph.D.

Chief Operating Officer: to be selected as required

Chief Financial Officer: Bob Malphurs, marketing director

For more information about these Officers, see Item 77.

The Offering

Name of Sales Person(s): Marcin Jakubowski, Ph.D.

Address: 4013 Meyer Ave., Madison, WI, 53711

Telephone Number: (608) 236-2895

Is there an impound of proceeds until the minimum is obtained? ☐ Yes ☒ No
(See Items 73 - 76)

Is this offering limited to certain purchasers? ☐ Yes ☒ No (See Item 72)

Is transfer of the securities restricted? ☐ Yes ☒ No (See Item
53)

This offering is available for sale in the following states: WI

You should consider the terms and risks of this offering before you invest. No government regulator is recommending these securities. No government regulator has verified that this document is accurate or determined that it is adequate. It is a crime for anyone to tell you differently.

The Company has included in this Disclosure Document all of its representations about this offering. If anyone gives you more or different information, you should ignore it. You should rely only on the information in this Disclosure Document.

TABLE OF CONTENTS

	<u>Page</u>
Risk Factors.....	6
Business and Properties	6
General Description of the Business	
Suppliers	
Customer Sales and Orders	
Competition	
Marketing	
Employees	
Properties	
Research and Development	
Governmental Regulation	
Company History and Organization	
Milestones.....	11
Use of Proceeds.....	13
Selected Financial Information.....	14
General	
Capitalization	
Dilution	
Management's Discussion and Analysis of Certain Relevant Factors.....	17
Description of Securities Offered.....	19
General	
Preferred Stock	
Debt Securities	
Ratio of Earnings to Fixed Charges	
How These Securities Will Be Offered and Sold.....	22
Company Salespersons	
Other Salespersons and Finders	
Purchaser Limitations	
Impound of Offering Proceeds	
Management	25
Officers and Key Persons of the Company	
Directors of the Company	
Consultants	
Arrangements with Officers, Directors, and Key Persons	
Compensation	
Prior Experience	
Certain Legal Proceedings	

Outstanding Securities.....	31
General	
Dividends, Distributions, and Redemptions	
Options and Warrants	
Sales of Securities	
Principal Stockholders.....	32
Management Relationships and Transactions.....	33
Family Relationships	
Management Transactions	
Litigation.....	35
Tax Aspects.....	35
Other Material Factors.....	36
Additional Information.....	36
Signatures.....	37
List of Exhibits	38

RISK FACTORS

1. List in the order of importance the factors that the Company considers to be the most significant risks to an investor.

The most significant risk is assuring a market for the hydroponic lettuce.

BUSINESS AND PROPERTIES

GENERAL DESCRIPTION OF THE BUSINESS

2. Describe the business of the Company, including its products or services.
The business of the Company is hydroponic greenhouse lettuce production. Additional income will be will be generated from producing sustainable lumber and marketing of other products from collaborating affiliates (see collaborative group at <http://www.sourceopen.org/goals.jpg>)

3. Describe how the Company produces or provides these products or services and how and when the Company intends to carry out its activities.

Construction of the greenhouse will commence May 1, 2005. Intensive hydroponic lettuce production will be carried out in a 10,000 square foot greenhouse. Sustainable forestry operations will begin at the same time under the auspices of OSE, Inc., with a labor pool of 12 work-study students who participate in the building and operation of greenhouse production and sustainable forestry as part of their curriculum. On-site wood resources will be utilized for greenhouse heating. The operation is expected to be in full production in 6-9 months from May 1.

SUPPLIERS

4. Does the Company have any major supply contracts? ☐ Yes ☒ No
If yes, describe.

5. (a) Is the Company dependent upon a limited number of suppliers?
☐ Yes ☒ No If yes, describe.

5. (b) Does the Company expect to be dependent upon a limited number of suppliers?
☐ Yes ☒ No If yes, describe.

CUSTOMER SALES AND ORDERS

6. Does the Company have any major sales contracts? ☐ Yes ☒ No

If yes, describe.

We will line up a number of lettuce sales contracts from among the 200+ restaurants in the Springfield, MO, area, and the 200+ restaurants in the Branson, MO, area, both within an hour's drive. We will also line up supermarkets and wholesalers if we cannot find sufficient markets in restaurants.

7. State the total amount of the Company's sales of products or services for the most recent 12 month financial reporting period.

0

8. State the dollar amount of a typical sale.

\$100 per delivery, with about 100 heads of lettuce per delivery

9. Are the Company's sales seasonal or cyclical? ☐ Yes ☒ No- year-round production

If yes, explain.

10. State the amount of foreign sales as a percent of total sales for last fiscal year. 0%.
Explain the nature of these sales, including any anticipated changes.

11. Name any customers that account for, or based upon existing orders will account for, a major portion (20% or more) of the Company's sales.

none

12. State the dollar amount of firm orders.

none

COMPETITION

13. (a) Describe the market area in which the business competes or will compete.

We will compete with other lettuce suppliers. We are not aware of any major hydroponic lettuce producers in the state of Missouri. Competitions is mainly California growers and distributors, Mexican growers, major national and global fresh produce distributors.

13. (b) Name the Company's principal competitors and indicate their relative size and financial and market strengths.

SYSCO and ADM are major produce distributors with international operations in the multi-billion dollar range. Their strengths are size, experience, and penetration into mainstream markets.

14. (a) Does the Company compete, or expect to compete, by price?

☒ Yes ☐ No If yes, describe its competitive strategy.

We will match or beat the price of the competitors via direct sales to restaurants, low overhead operation, and year-round production via full climate control. Low overhead is provided by the labor-saving floating-raft hydroponic method. Full environmental control for year-round production is obtained cost-effectively using SolaRoof greenhouse technology and utilization of low-bolting lettuce varieties, such as Ideal Cos and Paris Island Cos, allowing us provide a consistent supply.

14. (b) Does the Company compete, or expect to compete, by service?

☒ Yes ☐ No If yes, describe its competitive strategy.

We will offer on-demand, next-day shelf placement with a day's notice, compared with a week from other producers, such as in California.

14. (c) Does the Company compete, or expect to compete, on some other basis?

☒ Yes ☐ No

If yes, state the basis and describe the Company's competitive strategy.

We have a sustainability mission embodied in our practice of local, pure food production. We also have an education mission, which is funded by the sales. Our education and sustainability mission may favor us to ecologically-conscious customers (~5% of buyers) who are interested in investing in a sustainable future.

MARKETING

15. (a) Describe how the Company plans to market its products or services during the next 12 months, including who will perform these marketing activities.

Company officers will develop guaranteed, flexible sales contracts with restaurants located within a 1 hour driving radius, particularly in Springfield and Branson, MO. Upon significant increase in production levels, as projected within 6 months of operation, the BMD Consulting Group (<http://bmdhome.com/aboutus.html>) may be hired for marketing assistance.

15. (b) State how the Company will fund these marketing activities.

Initial marketing involves time spent on the phone with restaurant owners. A percentage of profits will be allocated to outsourcing the marketing function to the BMD Group.

EMPLOYEES

16. (a) State the number of the Company's present employees by type of employee (i.e., clerical, operations, administrative, etc.).

1 full time executive officer

16. (b) State the number of employees the Company anticipates it will have within the next 12 months by type of employee (i.e., clerical, operations, administrative, etc.).

1 full time executive officer, 12 part time interns who spend 1.5 hours daily in greenhouse management and operations.

17. Describe the Company's labor relations.

We operate in partnership with OSE, Inc., who provides student interns for a work-study program.

18. Indicate any benefits or incentive arrangements the Company provides or will provide to its employees.

The Company aims to provide a full range of participation in the planning, design, research, financing, building, operations, marketing, and expansion aspects of the greenhouse operations, thereby providing the integrated know-how for replication upon the work-study participants' graduation. Financial assistance will be given in the form of free or at-cost land lease of SIG land holdings, as well as guaranteed loans for facility construction, and construction assistance.

PROPERTIES

19. (a) Describe generally the principal properties that the Company owns or leases.

Part of the income (\$560,000) from this Offering will go to the land acquisition of 645 acres (<http://sourceopen.org/valley.html>) in Missouri. We have the contingency of purchasing or leasing a smaller property if funding (including external funding) does not allow us to purchase the 645 acres.

19. (b) Indicate what properties the Company intends to acquire or lease.

After the initial 645 acre acquisition, we plan on acquiring significant other land holdings from income generated by expanding our operations.

RESEARCH AND DEVELOPMENT

20. Indicate the amounts that the Company spent for research and development during its last fiscal year.

OSE spent \$15,000 for its research program. OSE SIG spent 0 because we are a startup.

21. (a) Will the Company expend funds on research and development during the current fiscal year? ☒ Yes ☐ No

21 (b) If yes, how much does the Company plan to spend on research and development during the current fiscal year?

\$90,000 will be allocated to the infrastructure for research and development, including funding for the educational infrastructure of OSE, Inc.

21. (c) How does the Company intend to fund these research and development costs?
This offering will fund the research program until the point where ongoing research costs will be funded from income generated by the greenhouses, by sustainable forestry, and other operations. We are also partnering with ANPRC.org, through whom we may be getting an additional \$1.2M for research facility development in sustainable agriculture and housing (see http://www.sourceopen.org/ANPRC_Budget.doc)

GOVERNMENTAL REGULATION

22. (a) Is the Company's business subject to material regulation by any governmental agency? ☐ Yes ☒ No

22. (b) Are the Company's products or services subject to material regulation by any governmental agency? ☐ Yes ☒ No

22. (c) Are the Company's properties subject to material regulation by any governmental agency? ☐ Yes ☒ No

22. (d) Explain in detail any "yes" answer to Item 22(a), 22(b), or 22(c), including the nature and extent of the regulation and its effect or potential effect upon the Company.

23. (a) Is the Company required to have a license or permit to conduct business?
☐ Yes ☒ No
23. (b) If yes, does the Company have the required license or permit?
☐ Yes ☐ No
23. (c) If the answer to Item 23(b) is “yes,” describe the effect on the Company and its business if it were to lose the license or permit.
23. (d) If the Company has not yet acquired a required license or permit, describe the steps the Company needs to take to obtain the license or permit. Estimate the time it will take to complete each step.

COMPANY HISTORY AND ORGANIZATION

24. Summarize the material events in the development of the Company.
OSE, Inc., was formed as a non-profit education and research organization. Given our need for long-term, uninterrupted funding, management has decided to create a for-profit affiliate that would generate the requisite funding.
25. Describe any recent stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.
none
26. Discuss any pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization.
none
27. State the names of any parent, subsidiary, or affiliate of the Company. For each, indicate its business purpose, its method of operation, its ownership, and whether it is included in the Financial Statements attached to this Disclosure Document.
Open Source Ecology, Inc. – non-stock education and research corporation in the State of WI, currently in process of applying for federal tax-exempt status. Its purpose is to educate future

stewards in natural resource management and sustainable business, thereby creating an infrastructure for a sustainable way of living. It is a public-interest education and research institution. See http://www.sourceopen.org/ANPRC_Budget.doc for our other collaborations.

MILESTONES

28. Describe in chronological order the steps management intends to take to achieve, maintain, or improve profitability during the 12 months following receipt of the offering proceeds.

If management does not expect the Company to achieve profitability during that time period, describe the business objectives for that period and the steps management intends to take to achieve those objectives.

Indicate the probable timing of each step and the approximate cost to complete it.

January-March 4, 2005: finding and securing marketing contracts; 80 contracts for a total of 8000 heads of lettuce by March 4. Cost: \$100 for printing sales literature. Also, sustainable lumber harvesting contract secured.

January-March 4, 2005: Recruiting of students.

March 4 – financing for land acquisition secured via this Offering, or a secured mortgage, or external funding

March 4 – April 21: Acquisition of building materials, construction equipment, workshop equipment, sustainable forestry equipment, other hardware. \$89,000.

May 1- July 1, 2005: construction of hydroponic lettuce greenhouse. \$100,000

July 30: first harvest, sales of approximately \$500, increasing by approximately \$250 week as production ramps up

August 15: second and third harvest, additional sales of \$1000

August 30: additional sales of \$1,500

October 30: facility brought up to full production- 8000 heads of lettuce or \$8000+ of gross income per week (\$400,000+ gross per year)

29. (a) State the anticipated consequences to the Company if any step is not completed as scheduled.

Anticipated consequence of not meeting marketing goals is that we may need to work with wholesalers instead of marketing our produce directly to restaurants. This reduces profits by 25%, but still allows us to generate sufficient profits (\$300,000+ gross per year). Anticipated consequence is a delay in the shakedown period until full production. We are allowing 2 months for

construction and additional 4 months until full production, but we are allowing up to an additional 7 months for full production (total of 9 months from beginning of construction) while retaining our ability to deliver the return on investment in this offering (5% of \$750,000 is \$37,500, which may be earned in 3 months of operation). Assuming \$300,000+ gross and a 25% overhead, that still yields \$225,000 in net revenue per year solely from the greenhouse operation. In this case, the principal may be sunk in as little as 3.3 years. Overhead costs are: the 12 student stipends associated with the 1.5 hour/day labor in the greenhouse total \$36,000 for the entire year, \$5,000 goes for energy, and \$34,000 for supplies, packaging, and transportation. (see business plan).

29. (b) Describe how the Company will deal with these consequences.

If 12 students working 1.5 hours each per day are not sufficient to run the operation, additional help will be hired, extending the sinking time. If production levels cannot be brought up to the predicted level, then the allocation to fund OSE research will be decreased. However, we are bringing in additional revenue from: (1) marketing of Hydrogen Innovations on-demand hydrogen generators for vehicles (see business plan), (2) sustainable forestry (see business plan), and the Affordable Housing Program (see <http://www.sourceopen.org/OBP.doc>), which have earning predictions of (1) \$100,000/year, (2) \$20,000/year, and (3) one-time \$100,000, which are also part of the OSE SIG revenue streams.

NOTE: After reviewing management's discussion of the steps it intends to take, potential investors should consider whether achievement of each step within the estimated time frame is realistic. Potential investors should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

USE OF PROCEEDS

30. Show how the Company intends to use the proceeds of this offering:

	If Minimum Sold		If Maximum Sold	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Total Proceeds	\$ 100	100%	\$ 750,000	100%
Less: Offering Expenses				
Commissions and Finders Fees	0			
Legal & Accounting	0			
Copying & Advertising	0			
Other (Specify):	0			
Net Proceeds from Offering	<u>\$ 100</u>	<u>100%</u>	<u>\$750,000</u>	<u>100%</u>
Use of Net Proceeds				
land acquisition	\$100	100%	\$561,000	73.8%
greenhouse system construction	\$	%	\$100,000	13.3%
education and research infrastructure	\$	%	\$89,000	11.9%
	\$	%	\$	%
	\$	%	\$	%
Total Use of Net Proceeds	<u>\$100</u>	<u>100%</u>	<u>\$750,000</u>	<u>100%</u>

31. (a) Is there a minimum amount of proceeds that must be raised before the Company uses any of the proceeds of this offering? ☐ Yes ☒ No

31. (b) If yes, describe how the Company will use the minimum Net Proceeds of this offering.

Minimum proceeds will go towards land acquisition.

31. (c) If the answer to Item 31(a) is "yes," describe how the Company will use the Net Proceeds of this offering that exceed the amount of the minimum offering proceeds.

These proceeds will be dedicated first towards the down payment on land to secure its acquisition, then for the greenhouse facility, and finally for the research and education infrastructure, such that any generated income will provide the necessary allocations proposed by this Offering.

31. (d) If the answer to Item 31(a) is “no,” describe how the Company will use the Net Proceeds of this offering.

A smaller land parcel will be acquired instead, with rest of funding from external sources.

32. (a) Will the Company use other funds, together with the offering proceeds, to fund any project or activity identified in Item 31? ☒ Yes ☐ No

Yes, if funding from the Offering is insufficient for the proposed deliverables.

32. (b) If yes, state the amounts and sources of the other funds.

(1) marketing of Hydrogen Innovations on-demand hydrogen generators for vehicles - \$100,000/year (see business plan)

(2) sustainable forestry - \$20,000/year (see business plan), and the Affordable Housing Program, one-time \$100,000 (see <http://www.sourceopen.org/OBP.doc>),

(3) proceeds from student tuition (12 x \$2,000) will be used for initial stipends and living costs of the students

32. (c) Indicate whether the availability of the funds is firm or contingent. If contingent, explain. (1) firm. (2) contingent upon achievement of milestones. (3) contingent upon number of subscribers

(1) firm

(2) firm

(3) contingent

NOTE: See the answer to Item 70 for information about proceeds used to compensate sales agents. See the answer to Items 108 and 109 for information about proceeds used to purchase assets from Officers, Directors, key persons, or principal stockholders or their associates or to reimburse them for services previously provided or moneys borrowed.

SELECTED FINANCIAL INFORMATION

NOTE: The Company has adjusted all numbers in this section to reflect any stock splits or recapitalizations.

GENERAL

33. What were net, after-tax earnings for the last fiscal year? (If losses, show in parenthesis.)

Total \$0

Per share \$

34. If the Company had profits, show offering price as a multiple of earnings.

$$\frac{\text{Offering Price Per Share}}{\text{Net After-Tax Earnings Per Share for Last Fiscal Year}} = \text{(price/earnings multiple)}$$

CAPITALIZATION

35. Indicate the capitalization of the Company as of the most recent balance sheet date, and as adjusted to reflect the sale of the minimum and maximum amount of securities in this offering and the use of the net proceeds from this offering. N/A

	<u>Amount Outstanding</u>		
	<u>As of:</u> <u>// (date)</u>	<u>As Adjusted</u> <u>Minimum</u>	<u>Maximum</u>
Debt:			
Short-term debt (average interest rate ____%)	\$	\$	\$
Long-term debt (average interest rate ____%)	\$	\$	\$
Total debt	\$	\$	\$
Stockholders equity (deficit):			
Preferred stock - par or stated value (by class of preferred – in order of preferences)			
_____	\$	\$	\$
_____	\$	\$	\$
_____	\$	\$	\$
Common stock - par or stated value	\$	\$	\$
Additional paid in capital	\$	\$	\$
Retained earnings (deficit)	\$	\$	\$
Total stockholders equity (deficit)	\$	\$	\$
Total Capitalization	<u>\$</u>	<u>\$</u>	<u>\$</u>

Number of preferred shares authorized to be outstanding:

<u>Class of Preferred</u>	<u>Number of Shares Authorized</u>	<u>Par Value Per Share</u>
		\$
		\$
		\$

Number of common shares authorized: shares.

Par or stated value per share, if any: \$

Number of common shares reserved to meet conversion requirements or for issuance upon the exercise of options, warrants or rights: shares.

DILUTION – N/A

36. (a) The price of the securities in this offering has been arbitrarily determined.
☐ Yes ☒ No

36. (b) If no, explain the basis on which the price of the securities was determined.
Flexible price allows individuals to contribute based on their ability to do so.

37. (a) The net tangible book value per share before offering is: \$

37. (b) For the minimum offering:

The net tangible book value per share after the minimum offering will be: \$

The amount of increase in net tangible book value per share as a result
of receipt of cash from purchasers in this offering will be: \$

The dilution per share to purchasers will be: \$

37. (c) For the maximum offering:

The net tangible book value per share after the maximum offering will be: \$

The amount of increase in net tangible book value per share as a result
of receipt of cash from purchasers in this offering will be: \$

The dilution per share to purchasers will be: \$

38. For each share purchased in this offering a purchaser will pay \$ _____ but will receive a share representing only \$ _____ in net tangible book value, if the minimum offering is achieved, or \$ _____, if the maximum offering is achieved.

The difference between the amount a purchaser pays for a share and the amount of net tangible book value that share represents is the dilution to the purchaser.

39. In a table, compare the existing stockholders' percentage ownership in the Company and the consideration paid for that ownership with that of purchasers in this offering.

	Shares Purchased		Total Consideration		Average
	<u>Number</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Price</u> <u>Per Share</u>
Existing holders					
New Purchasers:					
Minimum offering					
Maximum offering					

40. Using the offering price of these securities, what value is the Company's management attributing to the entire Company before the offering?

\$ 10,000_____

NOTE: You should consider carefully whether the Company has this value at the present time. Some issues you should think about include: (1) the risks to which the Company is subject before it achieves success (see Item 1, Risk Factors); (2) the exercise prices of outstanding options (see Item 101); and (3) the prices that the Company's Officers, Directors, and principal stockholders paid for their shares (see Items 104 and 105).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF CERTAIN RELEVANT FACTORS

41. Is the Company having or does the Company anticipate having within the next 12 months any cash flow or liquidity problems? ☐ Yes ☒ No If yes, explain.

42. (a) Is the Company in default of the terms of any note, loan, lease, or other indebtedness or financing arrangement requiring the Company to make payments?

- ☐ Yes ☒ No
42. (b) If yes, explain. Identify the creditor, state the amount in default or the term that the Company has not complied with, and describe any consequences to the Company resulting from each default.
43. Are a significant amount of the Company's trade payables more than 90 days old?
☐ Yes ☒ No
44. Is the Company subject to any unsatisfied judgments, liens, or settlement obligations?
☐ Yes ☒ No If yes, state the amounts.
45. Describe how the Company will resolve the problems identified in Items 41 - 44.
46. (a) Do the Company's financial statements show losses from operations?
☐ Yes ☒ No
46. (b) If yes, explain the causes underlying these losses and what steps the Company has taken or is taking to address these causes.
47. (a) Describe any trends in the Company's historical operating results.
- na
47. (b) Indicate any changes now occurring in the underlying economics of the Company's business which, in the opinion of Management, will have a significant impact upon the Company's results of operations within the next 12 months.
47. (c) Describe the probable impact on the Company.
47. (d) Describe how the Company will deal with this impact.

48. (a) Will the proceeds from this offering and any available funds identified in Item 32 satisfy the Company's cash requirements for the 12 month period after it receives the offering proceeds? ☒ Yes ☐ No

48. (b) If no, explain how the Company will satisfy its cash requirements. State whether it will be necessary to raise additional funds. State the source of the additional funds, if known.

DESCRIPTION OF SECURITIES OFFERED

GENERAL

49. The securities being offered are:

- ☐ Common Stock
- ☐ Preferred or Preference Stock
- ☒ Notes, Debentures, or Bonds
- ☐ Limited Liability Company Membership Interests
- ☐ Units of two or more types of securities, composed of:

- ☐ Other (specify):

50. These securities have:

- | Yes | No | |
|-------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Cumulative voting rights |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Other special voting rights |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Preemptive rights to purchase any new issue of shares |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Preference as to dividends or interest |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Preference upon liquidation |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Anti-dilution rights |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Other special rights or preferences (specify): |

Explain any yes answer.

Right to sell the security to a willing buyer at the purchase price.

51. Are there any restrictions on dividends or other distributions? ☐ Yes ☒ No
If yes, describe.

52. Are the securities convertible? ☐ Yes ☒ No
If yes, state conversion price or formula.

Date when conversion becomes effective: ____/____/____
Date when conversion expires: ____/____/____

53. Describe any resale restrictions on the securities and when the restrictions will terminate.
The securities are active until they are bought out by the OSE SIG.

PREFERRED STOCK

If the securities being offered are Preference or Preferred stock:

54. Are unpaid dividends cumulative? ☐ Yes ☐ No

55. (a) Are the securities callable? ☐ Yes ☐ No If yes, describe.

55. (b) Are the securities redeemable? ☐ Yes ☐ No
If yes, describe, including redemption prices.

DEBT SECURITIES

If the securities being offered are notes or other types of debt securities:

56. What is the interest rate on the debt securities? ____2-10____%

If the interest rate is variable or there are multiple interest rates, describe.

57. What is the maturity date? ____/____/____

If the securities will have serial maturity dates, describe.

The maturity date is flexible, from 2 years up to a 7 year period from the time of purchase, with maturity determined by the availability of sinking funds.

58. Is there a sinking fund? ☒ Yes ☐ No If yes, describe.
Profits will be put into a sinking fund to buy out all securities within a 7 year period.

59. Is there a trust indenture? ☐ Yes ☒ No
If yes, state the name, address, and telephone number of Trustee.

60. (a) Are the securities callable? ☒ Yes ☐ No If yes, describe.
OSE SIG may buy out the securities if it gets additional funding from other sources.

60. (b) Are the securities redeemable? ☒ Yes ☐ No
If yes, describe, including redemption prices.
The rate of return is set at a simple 5% rate per year on the principal.

61. Are the securities secured by real or personal property? ☒ Yes ☐ No
If yes, describe.
Yes. If OSE SIG fails to redeem the security due to cash flow problems, as a last resort, its land holdings will be liquidated in portions of sufficient size to guarantee repayment.

62. (a) Are the securities subordinate in right of payment of principal or interest?
☐ Yes ☒ No If yes, explain the terms of the subordination.

62. (b) How much currently outstanding indebtedness of the Company is senior to the securities in right of payment of interest or principal? \$0

63. How much currently outstanding indebtedness ranks equally with the securities in right of payment? \$0

64. How much currently outstanding indebtedness is junior (subordinated) to the securities? \$0

RATIO OF EARNINGS TO FIXED CHARGES

65. (a) If the Company had earnings during its last fiscal year, show the ratio of earnings to fixed charges on an actual and pro forma basis for that fiscal year.

	<u>Actual</u>		<u>Pro Forma</u>
	<u>Last Fiscal</u>	<u>Interim</u>	<u>Minimum</u> <u>Maximum</u>
	<u>Year</u>	<u>Period</u>	
"Earnings" _____			
"Fixed Charges" _____			

65. (b) If no earnings, show "Fixed Charges" only

NOTE: See the Financial Statements and especially the Statement of Cash Flows. Exercise care in interpreting the significance of the ratio of earnings to fixed charges as a measure of the "coverage" of debt service. The existence of earnings does not necessarily mean that the Company will have cash available at any given time to pay its obligations. See Items 41 - 48. Prospective purchasers should not rely on this ratio as a guarantee that they will receive the stated return or the repayment of their principal.

HOW THESE SECURITIES WILL BE OFFERED AND SOLD

COMPANY SALESPERSONS

66. Provide the following information for each Officer, Director, or Company employee who intends to offer or sell the securities:

66. (a) Name:
Marcin Jakubowski, Ph.D.
Title:CEO

Address: 4013 Meyer Ave.
Madison, WI 53711

Telephone Number: (608) 236-2895

67. Describe any compensation that the Company will pay each person in addition to his or her customary salary and compensation.

none

OTHER SALESPERSONS AND FINDERS

68. Provide the following information for each salesperson who is not an Officer, Director, or employee of the Company:

68. (a) Name:

Company:

Address:

Telephone Number:

69. Provide the following information for each person who is a finder:

69. (a) Name:

Company:

Address:

Telephone Number:

70. Describe all compensation that the Company will pay to each person identified in Items 68 and 69.

71. Describe any material relationships between these sales persons or finders and the Company or its management.

PURCHASER LIMITATIONS

72. (a) Is the offering limited to certain purchasers? ☐ Yes ☒ No
72. (b) Is the offering subject to any other purchaser limitations? ☐ Yes ☒ No
72. (c) If the answer to either 72(a) or 72(b) is yes, describe the limitation.

IMPOUND OF OFFERING PROCEEDS

73. (a) Will the Company impound the proceeds of the offering until it raises the minimum offering proceeds? ☐ Yes ☒ No
73. (b) If yes, what is the minimum amount of proceeds that the Company must raise and place in an impound account before the Company can receive and use the proceeds?
\$
73. (c) If the answer to Item 73(a) is "yes," state the date on which the offering will end if the Company has not raised the minimum offering proceeds. _____
date
74. (a) Does the Company reserve the right to extend the impound period?
☐ Yes ☐ No
74. (b) If yes, describe the circumstances under which the Company might extend the impound period.
75. State the name, address, and telephone number of the bank or other similar depository institution acting as impound agent.
76. If the offering proceeds are returned to investors at the end of the impound period, will the Company pay any interest earned during the impound period to investors?

☐ Yes ☐ No

MANAGEMENT

OFFICERS AND KEY PERSONS OF THE COMPANY

77. Provide the following information for each Officer and key person. The term “key person” means a person, other than the chief executive officer, chief operating officer, and chief financial officer, who makes a significant contribution to the business of the Company. Identify who performs the functions of Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.

77. (a) Name: Marcin Jakubowski, Ph.D. Age: 32

Title: CEO

Office Street Address: 4013 Meyer Ave.
Madison, WI 53711

Telephone Number: (608) 236-2895

Names of employers, titles, and dates of positions held during past five years, with an indication of job responsibilities.

(1) U. Wisconsin, Madison, Research Assistant, 1996-2003, nuclear fusion research

(2) Open Source Ecology, Inc., Founder, CEO, 2003-present; strategic developer, treasurer, subsistence farmer, fund-raiser

Education (degrees, schools, and dates):

B.A. with honors, Chemistry, Princeton University, 1995

Ph.D., Physics, U. Wisconsin, Madison, 2003

Also a Director of the Company ☒ Yes ☐ No

Indicate amount of time to be spent on Company matters if less than full time:

DIRECTORS OF THE COMPANY

78. (a) Number of Directors: 2 at present; will increase to 3-5

78. (b) Are Directors elected annually? ☐ Yes ☒ No If no, explain.
Directors are to be selected from amongst our collaborators, and they will serve long-term periods.

78. (c) Are Directors elected under a voting trust or other arrangement?
☐ Yes ☒ No If yes, explain.

79. Provide the following information for each Director not described in Item 77:

79. (a) Name: Bob Malphurs Age: 75

Office Street Address: PO Box 1569
Alachua, FL 32616

Telephone Number: (352) 214-6079

Names of employers, titles, and dates of positions held during past five years, with an indication of job responsibilities.

Self-Employed, General Building Contractor, 1973-1999

National Association of Small Farmers, Inc. (Nasfinc), Founder, President and CEO, 1999-present. Developed a national marketing program for clean food; developed leasable greenhouse production units. Dedicated to the preservation of the moral values of the rural life style in America and the concept of healthy, safe food being produced on small family farms. Appointed to Agricultural Board of Advisors at Florida A&M University.

Education (degrees, schools, and dates):

Associate of Arts, Santa Fe Community College, 1967

B.Sc., Computer Science, Jones College of Business, June 1972

Insurance License , Andy Beverly School of Insurance, Tallahassee, FL, 1982

CONSULTANTS

80. (a) Are all key persons employees of the Company? ☐ Yes ☒ No

80. (b) If no, state the details of each contract or engagement.
Consultants and other collaborators will be engaged on an as-needed basis.

ARRANGEMENTS WITH OFFICERS, DIRECTORS, AND KEY PERSONS

81. Describe any arrangements to ensure that Officers, Directors, and key persons will remain with the Company and not compete with the Company if they leave.
Nasfinc and OSE SIG have complementary missions. Both organizations are collaborating on the development of productive, pure food enterprises countrywide.

82. (a) Describe the impact on the Company if it loses the services of any Officer, Director, or key person due to death or disability.
OSE SIG is connected to the OSE alliance (see <http://sourceopen.org/services.jpg>) through OSE. The work of OSE SIG will continue through these collaborating organizations.

82. (b) Has the Company purchased key person life insurance on any Officer, Director, or key person? ☐ Yes ☒ No

82. (c) Has the Company made any arrangements to replace any Officer, Director, or key person it loses due to death or disability? ☒ Yes ☐ No

82. (d) If the answer to either Item 82(b) or 82(c) is "yes," describe.
If any key person is lost, a concerted effort will be made to find a replacement from our alliance of collaborating organizations.

COMPENSATION

83. List all compensation that the Company paid to its Officers, Directors, and key persons for the last fiscal year:

	<u>Cash</u>	<u>Other</u>
Chief Executive Officer	\$	\$
Chief Operating Officer		
Chief Financial Officer		
Key Persons:		

Total: \$ 0 \$ 0

Officers as a group
(number of persons ____)

\$ \$

Directors as a group
(number of persons ____)

\$ \$

Key Persons as a group
(number of persons ____)

\$ \$

84. (a) Has compensation been unpaid in prior years? ☐ Yes ☒ No

84. (b) Does the Company owe any Officer, Director, or employee any compensation for prior years? ☐ Yes ☒ No

84. (c) Explain any "yes" answer to Item 84(a) or 84(b).

85. Is compensation expected to change within the next year? ☒ Yes ☐ No
If yes, explain.
Officers will be paid for their time if proceeds allow.

86. (a) Does the Company have any employment agreements with Officers, Directors, or key persons? ☐ Yes ☒ No If yes, describe.

86. (b) Does the Company plan to enter into any employment agreements with Officers, Directors, or key persons? ☐ Yes ☒ No If yes, describe.

PRIOR EXPERIENCE

87. Has any Officer or Director worked for or managed a company (including a separate subsidiary or division of a larger enterprise) in the same type of business as the Company?

☒ Yes

☐ No

If yes, explain in detail, including relevant dates.

Dr. Jakubowski has been the CEO of another sustainability organization, OSE, since its formation in 2003. Mr. Malphurs has 30 years of business experience, including marketing, finance, construction, distribution, and investment.

88. (a) If the Company has never conducted operations or is otherwise in the development stage, has any Officer or Director managed another company in the start-up or development stage?

☒ Yes

☐ No

88. (b) If yes, explain in detail, including relevant dates.

Dr. Jakubowski is the founder and CEO of OSE since 2003. Mr. Malphurs has been involved in the startup of Nasfinc in 1999, and has secured 150 orders to date for transportable farm workers' quarters building structures.

CERTAIN LEGAL PROCEEDINGS

Insolvency

89. Has a petition for bankruptcy, receivership, or a similar insolvency proceeding been filed by or against any Officer, Director, or key person within the past five years, or any longer period if material?

☐ Yes

☒ No

90. Was any Officer, Director, or key person an executive officer, a director, or in a similar management position for any business entity that was the subject of a petition for bankruptcy, receivership, or similar insolvency proceeding within the past five years, or any longer period if material?

☐ Yes

☒ No

91. Explain in detail any "yes" answer to Item 89 or 90.

Criminal Proceedings

92. (a) Has any Officer, Director, or key person been convicted in a criminal proceeding, excluding traffic violations or other minor offenses? ☐ Yes ☒ No
92. (b) Is any Officer, Director, or key person named as the subject of a pending criminal proceeding, excluding traffic violations or other minor offenses? ☐ Yes ☒ No
92. (c) Explain in detail any "yes" answer to Item 92(a) or 92(b).

Civil Proceedings

93. (a) Has any Officer, Director, or key person been the subject of a court order, judgment or decree in the last five years related to his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No
93. (b) Is any Officer, Director, or key person the subject of a pending civil or action related to his or her involvement in any type of business, securities, or banking activity?
☐ Yes ☒ No
93. (c) Has any civil action been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity?
☐ Yes ☒ No
93. (d) Explain in detail any "yes" answer to Item 93(a), 93(b), or 93(c).

Administrative Proceedings

94. (a) Has any government agency, administrative agency, or administrative court imposed an administrative finding, order, decree, or sanction against any Officer, Director, or key person in the last five years as a result of his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No
94. (b) Is any Officer, Director, or key person the subject of a pending administrative proceeding related to his or her involvement in any type of business, securities, or banking activity?
☐ Yes ☒ No

94. (c) Has any administrative proceeding been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No

94. (d) Explain in detail any "yes" answer to Item 94(a), 94(b), or 94(c).

Self-Regulatory Proceedings

95. (a) Has a self-regulatory agency imposed a sanction against any Officer, Director, or key person in the last five years as a result of his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No

95. (b) Is any Officer, Director, or key person the subject of a pending self-regulatory organization proceeding related to his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No

95. (c) Has any self-regulatory organization proceeding been threatened against any Officer, Director, or key person related to his or her involvement in any type of business, securities, or banking activity? ☐ Yes ☒ No

95. (d) Explain in detail any "yes" answer to Item 95(a), 95(b), or 95(c).

NOTE: After reviewing the background of the Company's Officers, Directors and key persons, potential investors should consider whether or not these persons have adequate background and experience to develop and operate this Company and to make it successful. In this regard, the experience and ability of management are often considered the most significant factors in the success of a business.

OUTSTANDING SECURITIES

GENERAL

96. Describe all outstanding securities.

none

97. Describe any resale restrictions on outstanding securities and when those restrictions will terminate, if this can be determined.

98. Describe any anti-dilution rights of outstanding securities.

DIVIDENDS, DISTRIBUTIONS, AND REDEMPTIONS

99. (a) Has the Company paid any dividends on its stock, made any distributions of its stock, or redeemed any securities within the last five years? ☐ Yes ☒ No
If yes, describe each transaction.

99. (b) Does the Company have any plans or commitments to pay dividends on its stock, make distributions of its stock, or redeem its outstanding securities in the future?
☒ Yes ☐ No If yes, explain.

The Company has a commitment to redeem its securities and pay 2-10% profit within a 2-7 year period, depending on the Company's sinking fund. See material exhibits.

OPTIONS AND WARRANTS

100. (a) State the number of shares subject to issuance under outstanding stock purchase agreements, stock options, warrants or rights. _____0_____ shares

100. (b) The shares identified in Item 100(a) are _____% of the total shares to be outstanding after the minimum offering.

100. (c) The shares identified in Item 100(a) are _____% of the total shares to be outstanding after the maximum offering.

101. In a table, describe these stock purchase agreements, stock options, warrants, and rights. State the basic terms of these securities, including the expiration dates, the exercise prices, who holds them, whether they are qualified or non qualified for tax purposes, and whether they have been approved by stockholders.

102. State the number of shares reserved for issuance under existing stock purchase or option plans but not yet subject to outstanding purchase agreements, options, or warrants.
_____0_____ shares

103. Does the Company have any plans or commitments to issue or offer options in the future?
☐ Yes ☒ No If yes, explain.

SALES OF SECURITIES

104. (a) Has the Company sold or issued securities during the last 12 months?
☐ Yes ☒ No

104. (b) If yes, in a table, provide the following information for each transaction: the date of the transaction; the amount and type of securities sold or issued; the number of purchasers to whom the securities were sold or issued; any relationship of the purchasers to the Company at the time of sale or issuance; the price at which the securities were sold or issued; and a concise description of any non-cash consideration.

PRINCIPAL STOCKHOLDERS

105. In the following table, provide the name and office street address of each person who beneficially owns at least 10% of the common or preferred stock of the Company.

<u>Class of Shares</u>	Average	No. of Shares Now Held	% of Total	No. of Shares Held After Offering if	% of Total
	Price Per Share			All Securities Sold	

106. Number of shares beneficially owned by all Officers and Directors as a group:

106. (a) Before offering: _____ shares (_____% of total outstanding)

106. (b) After offering: Assuming minimum securities sold: _____ shares
(_____% of total outstanding)

106. (c) After offering: Assuming maximum securities sold: _____ shares
(_____% of total outstanding)

NOTE: These calculations assume that all outstanding options have been exercised and all convertible securities have been converted.

MANAGEMENT RELATIONSHIPS AND TRANSACTIONS

FAMILY RELATIONSHIPS

107. Is there a family relationship between any Officer, Director, key person, or principal stockholder? ☐ Yes ☒ No If yes, describe.

MANAGEMENT TRANSACTIONS

108. (a) Will the Company use any offering proceeds to acquire assets from any Officer, Director, key person, or principal stockholder? ☐ Yes ☒ No

108. (b) Will the Company use any offering proceeds to acquire assets from an associate of any Officer, Director, key person, or principal stockholder? ☐ Yes ☒ No

108. (c) If the answer to Item 108(a) or (b) is "yes," provide detailed information about each transaction. Include the name of the person, the cost to the Company, the method used to determine the cost, and any profit to the seller.

109. (a) Will the Company use any offering proceeds to reimburse any Officer, Director, key person, or principal stockholder for services already rendered, assets previously transferred, or moneys loaned or advanced, or otherwise? ☐ Yes ☒ No

109. (b) If yes, provide detailed information about each transaction. Include the name of the person, the cost to the Company, the method used to determine the cost, and any profit to the person.

110. (a) Has the Company made loans to any Officer, Director, key person, or principal stockholder within the last two years? ☐ Yes ☒ No

110. (b) Does the Company plan to make loans to its Officers, Directors, key persons, or principal stockholders in the future? ☐ Yes ☒ No

If yes, describe any policies the Company has adopted to deal with the conflicts of interest in these transactions:

111. (a) Has the Company done business with any Officer, Director, key person, or principal stockholder within the last two years? ☐ Yes ☒ No

111. (b) Is the Company currently doing business with any Officer, Director, key person, or principal stockholder? ☐ Yes ☒ No

111. (c) Does the Company plan to do business with its Officers, Directors, key persons, or principal stockholders in the future? ☒ Yes ☒ No

If yes, describe any policies the Company has adopted to deal with the conflicts of interest in these transactions:

112. Explain any "yes" answers to Items 110(a), 111(a), or 111(b). State the principal terms of any significant loans, agreements, leases, financing, or other arrangements.

113. (a) Has any Officer, Director, key person, or principal stockholder guaranteed or co-signed the Company's bank debt or other obligations? ☐ Yes ☒ No

113. (b) If yes, explain the terms of each transaction and describe the Company's plans for repayment.

LITIGATION

114. Describe any recent or pending litigation or administrative action which has had or may have a material effect upon the Company's business, financial condition, or operations. State the names of the principal parties, the nature and current status of the matters, and the amounts involved.

115. Describe any threatened litigation or administrative action that may have a material effect upon the Company's business, financial condition, or operations. State the names of the principal parties, and the nature and current status of the matters.

TAX ASPECTS

116. Describe any material tax consequences to investors in this offering. The income from this investment may be treated as any other investment income on individuals' tax returns.

OTHER MATERIAL FACTORS

117. Describe any other material factors, either adverse or favorable, that will or could affect the Company or its business or which are necessary to make any other information in this Disclosure Document not misleading or incomplete.

ADDITIONAL INFORMATION

118. (a) Describe the types of information that the Company will provide to security holders in the future.

The Company will inform security holders of the progress of SIG and the research developments of OSE.

118. (b) Describe the schedule for providing this information.

Semiannual progress reports will be provided to security holders.

118. (c) Attach the Company's financial statements to the Disclosure Document.

The Company's Chief Executive Officer, Chief Financial Officer, and its Directors must sign this Disclosure Document. When they sign this Disclosure Document, they represent that they have diligently attempted to confirm the accuracy and completeness of the information in the Document.

Chief Executive Officer:

Directors:

Chief Financial Officer:

LIST OF EXHIBITS

	Page
Security Note of 1/7/05	45
Transfer Form for Security Note of 1/7/05	46
APPENDIX A: Additional Conditions	47
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.....	
.....	
.....	



Sustainable Investment Group LLC

4013 Meyer Ave.
Madison, WI 53711
Telephone/Fax: (608) 236-2895
E-mail: marcin@sourceopen.org
<http://sourceopen.org/ose.html>

SECURITY NOTE OF 1/7/05

This note is an agreement between _____ (name of security holder) and the Open Source Ecology Investment Group LLC (OSE SIG¹) for investing _____ (investment amount, \$100-\$750,000 US\$) at a return-on-investment (ROI) of _____ (2-10%). These Proceeds are deposited into the OSE SIG business account, and are part of an integrated funding package for the OSE, Inc. education and research facility (<http://sourceopen.org/ose.html>). The principal is redeemable in 2-7 years, depending on the OSE SIG sinking fund, and the ROI shall be paid yearly. This agreement may be terminated at any time by OSE SIG for a full refund of the principal and pro-rated ROI, if OSE SIG secures external funding.

This offering is for a total of up to 100 shares totaling any amount up to \$750,000, and will be used for acquiring land and building the OSE, Inc., facility.²

OSE SIG has filed a Small Corporate Offering Registration (SCOR form U-7 from the Securities and Exchange Commission) with the Wisconsin Department of Financial Institutions on January 7, 2005. This disclosure document is available at <http://sourceopen.org/disclosure.doc>.

Signature of security holder: _____
Address: _____
Telephone/Fax: _____
E-mail and website: _____
Date: _____
Principal received on (date): _____

Signature: _____
Marcin Jakubowski, CEO, Open Source Ecology Sustainable Investment Group LLC

¹ <http://www.dfi.org/>

² Please view business plan at <http://sourceopen.org/proposal.html>.



Sustainable Investment Group LLC

4013 Meyer Ave.
Madison, WI 53711
Telephone/Fax: (608) 236-2895
E-mail: marcin@sourceopen.org
<http://sourceopen.org/ose.html>

TRANSFER FORM FOR SECURITY NOTE OF 1/7/05

This note is an agreement to transfer the principal of _____ (amount of initial principal, US\$) from the original owner _____ (name of original security holder) of the Security Note of 1/7/05 to _____ (new security holder) for a price agreed upon by the old and new holders. The ROI of _____ % shall remain the same as in the original agreement. The original security holder gives up the ROI for this period to the new security holder.

OSE SIG has filed an original Small Corporate Offering Registration (SCOR form U-7 from the Securities and Exchange Commission) with the Wisconsin Department of Financial Institutions on January 7, 2005 with respect to this offering. This disclosure document is available at <http://sourceopen.org/disclosure.doc>.

Proceeds from the original offering are part of an integrated funding package for the OSE, Inc. education and research facility (<http://sourceopen.org/ose.html>). The principal is redeemable in 2-7 years from the date of the original offering, depending on the OSE SIG sinking fund, and the ROI shall be paid yearly. OSE SIG may opt to redeem this investment at any time for a full value of the principal and pro-rated ROI, if OSE SIG secures additional funding.

Signature of old security holder:

Address: _____

Telephone/Fax: _____

E-mail: _____

Date: _____

Signature of new security holder:

Address: _____

Telephone/Fax: _____

E-mail: _____

Preference of mailed or e-mailed semiannual Progress Report: _____
Signature: _____
Marcin Jakubowski, CEO and Fund Manager, OSE Sustainable Investment Group LLC

APPENDIX A: Additional Conditions

1. OSE SIG shall have the right to redeem the Security Note of 1/7/05 at any time if it obtains external funding.
2. The ROI determined in the Security Note shall be compounded on a yearly basis.
3. Security holders (Investors) may redeem their notes in 2-7 years, depending on availability of funds in the OSE SIG Sinking Fund.
4. Security holders will be considered for redemption of principal upon communicated interest thereof, after a minimum of 2 (two). OSE SIG shall redeem all investments after no longer than 7 (seven) years.
5. Funds shall be allocated into the Sinking Fund, if possible, at a yearly rate of (total proceeds from the Security Note of 1/7/05 divided by 7), such that all notes are redeemed within a period of 7 years. For example, a total of \$107,143 per year will be allocated into the sinking fund if total proceeds of \$750,000 are collected.
6. If OSE SIG fails to collect sufficient redemption monies in its Sinking Fund by the end of 7 years, then either of the two following options may be taken: (1) OSE SIG may seek additional investors to redeem the original Investors, (2) OSE SIG may liquidate its assets to repay the remaining principal and interest.
7. ROI shall be paid yearly via check mailed to Investors.
8. Semiannual progress reports will be mailed or emailed to Investors. Requests for redemption will be taken at any time in writing (e-mail is ok), and shall be granted in a timely fashion if the Sinking Fund allows. Request forms will be provided in the semiannual report. Investors will be able to view the real time Sinking Fund balance on-line at <http://sourceopen.org/sinking.html>.
9. Investors may sell their Security Note of 1/7/05 for equivalent value at any time to an interested buyer (Buyer). This shall be done by signing an OSE SIG Transfer Form for Security Note of 1/7/05, and submitting a signed copy by mail or electronically to the OSE SIG Fund Manager. The original Investor shall forego all of their involvement with OSE SIG. Upon such transfer, OSE SIG shall treat the Buyer as the replacement security holder of the Security Note of 1/7/05. Replacement security holders are entitled to the same ROI as the initial Investor, and to all the agreements, conditions, and disclosures as the original Offering.