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

FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the year ended September 30, 2008.
or

☐ **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 000-31355

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada	**81-0438093**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1961 Bishop Lane, Louisville, KY	**40218**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code (502) 657-3500

Securities registered pursuant to Section 12(b) of the Act:
None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
(Do not check if a smaller reporting company)	

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 voting and non-voting common equity held by non-affiliates was $3,139,900 based on the price of Beacon Enterprise Solutions Group, Inc.'s common stock as of January 5, 2009, as reported on the OTC Bulletin Board.

The number of shares outstanding of Beacon Enterprise Solutions Group, Inc.'s common stock as of January 5, 2009 was 13,235,120.

DOCUMENTS INCORPORATED BY REFERENCE

Documents	**Form 10-K Reference**
None	Not Applicable

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PART I

Item 1. Business

Beacon Enterprise Solutions Group, Inc. and subsidiaries (collectively the *"Company"*) is a unified, single source information technology and telecommunications enterprise that provides professional services and sales of information technology and telecommunications products to mid-market commercial businesses, state and local government agencies, and educational institutions. In this report, the terms "Company," "Beacon," "we," "us" or "our" mean Beacon Enterprise Solutions Group, Inc. and all subsidiaries included in our consolidated financial statements.

General

Beacon was formed for the purpose of acquiring and consolidating regional telecom businesses and service platforms into an integrated, national provider of high quality voice, data and VOIP communications to small and medium-sized business enterprises (the "SME Market"). The Company's business strategy is to acquire companies that will allow it to serve the SME Market on an integrated, turn-key basis from system design, procurement and installation through all aspects of providing network service and designing and hosting network applications.

Beacon generated revenue of approximately $6.0 million for the year ended September 30, 2008 all of which was derived from companies acquired on December 20, 2007, representing approximately nine months of actual operating revenue. For the year ended September 30, 2008 Beacon recognized a net loss of approximately ($4.6) million. Total assets were approximately $9.4 million as of September 30, 2008.

Share Exchange Transaction

Until December 20, 2007, Beacon Enterprise Solutions Group, Inc., an Indiana corporation ("Beacon (IN))" was a development stage enterprise with no operating history until the completion of the share exchange in which the shareholders of Beacon (IN) became the majority owners of Suncrest Global Energy Corp. ("Suncrest"), a Nevada corporation. Suncrest was incorporated in the State of Nevada on May 22, 2000. Prior to the Share Exchange Transaction, Suncrest was a publicly-traded corporation with nominal operations of its own.

Pursuant to a Securities Exchange Agreement, Suncrest acquired all of the outstanding no par value common stock of Beacon (IN) on December 20, 2007. Suncrest, in exchange for such Beacon (IN) common stock issued 1 share of its own $0.001 par value common stock directly to Beacon (IN)'s stockholders for each share of their common stock (the "Share Exchange Transaction"). Following the Share Exchange Transaction, the existing stockholders of Suncrest retained 1,273,121 shares of Suncrest's outstanding common stock and Beacon's stockholders became the majority owners of Suncrest. Beacon paid a $305,000 fee to the stockholders of Suncrest in connection with completing the Share Exchange Transaction which is included as a component of selling, general and administrative expense in the accompanying consolidated statement of operations.

After the Share Exchange Transaction, Suncrest was the surviving legal entity and Beacon was its wholly-owned subsidiary. Suncrest changed its name to Beacon Enterprise Solutions Group, Inc. on February 15, 2008 and continued to carry on the operations of Beacon

(IN). The Share Exchange Transaction has been accounted for as a reverse merger and recapitalization transaction in which the original Beacon is deemed to be the accounting acquirer. Accordingly, the accompanying consolidated financial statements present the historical financial position, results of operations and cash flows of Beacon (IN), adjusted to give retroactive effect to the recapitalization of Beacon (IN) into Suncrest.

Business Combinations

Phase I Acquisitions

On December 20, 2007, Beacon acquired the substantially all of the assets and assumed certain liabilities of Advance Data Systems, Inc., CETCON Inc., and Strategic Communications, Inc. under the terms of three separate asset purchase agreements. In

addition, Beacon acquired substantially all of the assets and certain liabilities of Bell-Haun Systems Inc. in a stock purchase agreement. These acquisitions are referred to as the "Phase I Acquisitions."

Since December 20, 2007, Beacon has focused on the consolidation of various operational elements of the Phase I Acquisitions into a single core infrastructure. Beacon merged the four distinct payroll systems of the Phase I Acquisitions into one payroll system; launched a company-wide intranet and human resource information system; centralized the Company's marketing, advertising and promotional programs; and introduced a company-wide Customer Relationship Management (CRM) system. We have also hired new sales executives in our primary markets; launched a network circuit sales group; rebranded our customer facing sales and support material; merged five financial systems into one unified financial system; and attempted to capitalize on cross-selling opportunities among our different product and service groups. In addition, we refinanced certain outstanding financial obligations of the Phase I Acquisitions into a new, single five year note payable. Finally, in addition to moving into three centralized office, merging two of the offices into a single location, we reorganized our service and installation operations with our sales organizations to provide greater cross selling opportunities to our diverse customer base.

Advance Data Systems, Inc.

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "ADSnetcurve Agreement"), our acquisition of Advance Data Systems, Inc. ("ADSnetcurve") became effective. The ADSnetcurve Agreement was entered into between us, ADSnetcurve and the shareholders of ADSnetcurve, whereby Beacon acquired substantially all of the assets and assumed certain of the liabilities of ADSnetcurve. Contemporaneously with the acquisition of ADSnetcurve, certain employees of ADSnetcurve entered into employment agreements with us, effective upon the closing of the acquisition.

ADSnetcurve technology solutions. Specifically, these services include web application development, IT management and hosting services (for scalable infrastructure solutions); and support services. The Company acquired ADSnetcurve because the business provides the software development and support infrastructure that is needed to develop custom applications for clients' information technology systems, and to provide management, hosting and technical support services with respect to those systems. For further information regarding this acquisition, please see Note 4 to the consolidated financial statements.

Bell-Haun Systems Inc.

On December 20, 2007, pursuant to an Agreement and Plan of Merger (the "Bell-Haun Agreement"), our acquisition of Bell-Haun Systems, Inc. ("Bell-Haun") became effective. The Bell-Haun Agreement was entered into between Beacon, BH Acquisition Sub, Inc. (the "Acquisition Sub"), Bell-Haun and Thomas Bell and Michael Haun, whereby, Bell-Haun merged with and into the Acquisition Sub, with the Acquisition Sub surviving the merger.

Bell-Haun specialized in the installation, maintenance and ongoing support of business telephone systems, wireless services, voice messaging platforms and conference calling services to businesses throughout its region. The Company acquired Bell-Haun because the business provided it with (i) a customer base and presence in the greater Columbus, Ohio region and (ii) an established presence in the market for products and services needed to design telecommunications infrastructures and implement such design plans and systems. For further information regarding this acquisition, please see Note 4 to the consolidated financial statements.

CETCON, Inc.

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "CETCON Agreement"), our acquisition of CETCON, Inc. ("CETCON") became effective. The CETCON Agreement was entered into between Beacon, CETCON and the shareholders of CETCON, whereby we acquired substantially all of the assets and assumed certain of the liabilities of CETCON. Contemporaneously with acquisition of CETCON, certain employees of CETCON entered into employment agreements with us, effective upon the closing of the acquisition.

CETCON provided engineering consulting services to commercial and government entities with respect to the design and implementation of their voice, data, video, and security infrastructures and systems. The Company acquired CETCON because the business provided systems design and engineering services that include evaluating information technology needs (including voice, data, video, and security needs) and also designed and engineered systems (i.e., hardware) and infrastructure (i.e., cabling and

connectivity) to meet those needs at the enterprise level. For further information regarding this acquisition, please see Note 4 to the consolidated financial statements.

Strategic Communications, Inc.

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "Strategic Agreement"), our acquisition of selected assets of Strategic Communications, LLC ("Strategic") became effective. The Strategic Agreement was entered into between Beacon, Strategic and the members of Strategic, whereby we acquired substantially all of the assets and assumed certain of the liabilities of Strategic. Contemporaneously with the Strategic Agreement, Beacon, RFK Communications, LLC ("RFK") (co-owner of Strategic Communications, Inc.) and the members of RFK entered into an Asset Purchase Agreement, whereby we acquired substantially all of the assets and assumed certain of the liabilities of RFK.

Strategic was a voice, video and data communication systems solutions provider. Strategic specifically provided procurement for carrier services (including voice, video, data, Internet, local and long distance telephone applications), infrastructure services (including cabling and equipment); routers, servers and hubs; telephone systems, voicemail, general technology products and maintenance support. The Company acquired certain Strategic assets because the business provided it with a customer base and presence in the greater Louisville, Kentucky region and an established presence in the market for products and services needed to design and implement these types of systems. For further information regarding this acquisition, please see Note 4 to the consolidated financial statements.

Operations

Services

Beacon provides information technology and telecommunications services, from software development and infrastructure design to interconnect voice/data and systems integration. We employ industry experts who provide design and implementation of information technology and telecommunications systems. Our RCDD's, LAN specialists, network engineers, project managers, AutoCAD specialists, software developers and technicians, are certified in an array of technologies and platforms, provide custom solutions to our customers. We employ a good, better, best offering strategy that provides our customers with multiple options to fulfill their telecommunications and information technology requirements at prices that meet their budgeting requirements to achieve returns on investment that, in many cases, pay for themselves through cost savings that provide positive returns on investment. We also offer leasing options through several lease and/or finance company partnerships.

We provide procurement and professional services in eight distinct disciplines including: Voice Systems and Services, Structured Wiring Services, Physical Security Services, Infrastructure Audio/Video Services, Application Development Services, IT Management – Hosting Services, Infrastructure Design Services, and Network Services. Beacon partners with technology and telecommunications manufacturers and vendors to offer the solution the best solution for the customer within our good, better, best strategy. We partner with Cisco, Altigen, Microsoft, Iwatsu, Commscope and NEC to provide the appropriate solution to the customer at price points that meet their needs. Beacon has entered into authorized supplier agreements with those partners that require such agreements.

In addition to offering procurement and installation of new systems, we provide repair and maintenance services for a wide range of technology and telecommunications systems. Many customers have systems that are perfectly adequate today and represent significant investment that has not been fully depreciated. We will maintain their systems on a contract basis or on a time and materials basis as needed. While we maintain the system we are able to better understand the needs of the customer and determine when a system replacement is either necessary or would provide a significant improvement in capabilities that would allow the customer to reap a return on investment from improved productivity through implementing newer technology. At the same time, we continue to seek additional opportunities each customer through the potential of providing additional services to the customer from our diverse menu of service offerings. Currently the majority of our repairs and maintenance calls are performed on a time and materials basis with a limited number of service contracts. We plan on expanding our contract service offerings through a focus on selling a contract with every installation and incentive programs for our service personnel to identify such opportunities with customers not already under contract.

Customers

Through the Phase I Acquisitions, Beacon acquired a client base that consisted of approximately 4,000 customers, which were predominantly small and medium sized business enterprises with 25-2,500 end users each, as well as approximately 50 larger customers. Beacon has not concentrated on specific industries as every industry requires the services that we offer. Our customers include small and medium sized enterprises, non-profits, government agencies and Fortune 500 companies. Our service offerings are not geographically restricted. Although our small and medium sized business enterprise and non-profit customers generally fall within our geographic footprint of Kentucky, Ohio and Indiana, we provide services to multi-national companies and provide international services based on the needs of our customers.

Suppliers

Beacon has accounts with various suppliers that provide products and materials necessary to fulfill our services and the needs of our customers. Such products are typically available from more than one supplier and we routinely review our supplier relationships to determine the most responsive or least expensive source. We use multiple criteria to evaluate our suppliers and purchase with those that provide us with the best service. We manage our vendor relationships with the same care we provide our customers. Although we have significant outstanding balances with a number of vendors, we have been successful in negotiating payment plans and concessions from our vendors to continue the flow of materials to support our customers and we believe this will continue. However, we can give no assurance that we will be successful in our negotiations in the future.

Seasonality

Our business typically follows the capital expenditure budgets of our customers. Our First Fiscal Quarter ended December 31 is typically a very good quarter as customers are utilizing the remaining balance of their capital expenditure budget for the year. The Second Fiscal Quarter ended March 31 is not as strong as the other quarters of the year as capital budgets are being reviewed and developed for the year but we typically will be in the process of completing projects that begun prior to the calendar year end. The Third and Fourth Fiscal

Quarters are typically better than the Second. However, we continue to add recurring revenue streams from various sources to support the overall business with revenue streams that are more consistent throughout the year such as our Network Services commissions from reselling data and voice circuits.

Working Capital

Beacon has operated in a working capital deficit position during the year ended September 30, 2008. We have raised operating capital through private offerings in order to provide working capital for the business as we ramp up our revenue to achieve a cash flow positive position. Our net working capital deficiency was approximately ($1.1) million as of September 30, 2008, an improvement of approximately $0.4 million from the December 31, 2007 working capital deficiency.

On June 14, 2007, we signed a non-exclusive engagement agreement with Laidlaw & Company (UK) Ltd. ("Laidlaw") in which Laidlaw agreed to provide us with certain corporate finance advisory services including (i) raising capital under the Private Placement transaction; (ii) structuring our Share Exchange Transaction; and (iii) assisting us with identifying the public company in the Share Exchange Transaction. These transactions were completed on December 20, 2007. We raised $4.0 million in the private placement in three separate closings on December 20, 2007, January 15, 2008, and February 12, 2008 and an additional $0.8 million on or about March 7, 2008 in a follow-on placement resulting from an oversubscription of the original private placement.

We received $500,000 of gross proceeds ($278,000 prior to September 30, 2007 and $222,000 during the three months ended December 31, 2007) under a bridge financing facility furnished by two of our founding stockholders, who are also members of the Board of Directors. We also raised $200,000 of additional capital through the issuance of bridge notes in a second bridge note transaction completed on November 15, 2007. These bridge notes, recorded in current liabilities, are convertible into common stock and the note agreements provide for vesting of additional warrants to purchase shares of common stock should the holders continue to hold the debt and immediate vesting of the additional warrants upon conversion.

On December 28, 2007, we entered into an equity financing arrangement with two of our directors that provided up to

$300,000 of additional funding, the terms of which provided each for compensation of warrants to purchase 10,000 shares of common stock at $1.00 per share, the period the financing arrangement is in effect. The warrants have a five-year term. The financing arrangement was terminated by Beacon in conjunction with the final close of the Series A-1 Preferred Stock Private Placement offering and the two directors each earned warrants to purchase 25,000 shares of common stock at $1.00 per share under the financing arrangement.

On March 14, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $600,000 at a 6.25% annual interest rate with monthly payments of $11,696 over a 60 month term that matures on March 12, 2013. The first payment is due in April, 2008. The proceeds of the note were used to repay the three previously outstanding notes assumed in the Phase I Acquisitions, two of which were in default due to change in control provisions.

On May 15, 2008, we entered into an equity financing arrangement with one of our directors that provided up to $500,000 of additional funding, the terms of which provided for compensation of warrants to purchase 33,333 shares of common stock at $1.00 per share, the period the financing arrangement is in effect. The warrants have a five-year term. On August 19, 2008 this equity financing arrangement was increased to $3.0 million in exchange for additional warrants to purchase 100,000 shares of common stock at $1.00 per share, the commitment will be reduced on a dollar for dollar basis as we raise additional equity capital in private offerings, described below, and terminating upon completion of equity financing of $3 million, upon mutual agreement or December 31, 2008. As of September 30, 2008, we raised $1.3 million in equity financing reducing the obligation under the equity financing arrangement to $1.7 million.

On June 11, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $200,000 at a 6.00% annual interest rate the principal and interest of which were due and payable on August 11, 2008. The proceeds of the note were used to pay certain ongoing expenses with the balance used for working capital. The note was paid in full on the due date.

On July 25, 2008, Beacon engaged a registered broker-dealer in a private placement of Common Stock and Warrants and raised approximately $1.6 million prior to terminating the offer on October 24, 2008.

On November 12, 2008, Beacon engaged a registered broker-dealer in a private placement of Common Stock and Warrants to raise $3.0 million of equity financing. As of January 5, 2009 we have raised $620,000 pursuant to this offer.

As widely reported, financial markets have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in securities prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Among other risks we face, the current tightening of credit in financial markets may adversely affect our ability to obtain financing in the future, including, if necessary, to fund a strategic acquisition, and/or ability to refinance our debt as it comes due.

On January 9, 2009, we entered into an equity financing arrangement with one of our directors that provided up to $2.2 million of additional funding, the terms of which provide for compensation of a one time grant of warrants to purchase 100,000 shares of common stock at $1.00 per share and ongoing grants of warrants to purchase 33,333 shares of common stock at $1.00 per share each month that the financing arrangement is in effect. The warrants have a five year term. The commitment will be reduced on a dollar for dollar basis as we raise additional equity capital in private offerings, described above, and terminating upon completion of equity financing of $2.2 million, upon mutual agreement or on January 1, 2010.

The Company believes that its currently available cash, the proceeds of its equity financing activities, the equity financing arrangement and funds it expects to generate from operations will enable it to effectively operate its business and pay its debt obligations as they become due within the next twelve months through October 1, 2009. We require additional capital in order to execute its current business plan. If the Company is unable to raise additional capital, it will be required to take various measures to conserve liquidity, which could include,

but not necessarily be limited to, curtailing its business development activities, suspending the pursuit of its business plan, and controlling overhead expenses. The Company cannot provide any assurance that it will raise additional capital. The Company has not secured any commitments for new financing at this time, nor can it provide any assurance that new financing will be available to it on acceptable terms, if at all.

Customer Concentration

For the year ended September 30, 2008, our largest customer accounted for approximately 19% of sales. Although we expect we will continue to have a high degree of customer concentration our customer engagements are typically covered by multi-year contracts or master service agreements under which we and our predecessor companies have been operating for a number of years. In addition, current economic conditions could harm the liquidity of financial position of our customers or suppliers, which could in turn cause such parties to fail to meet their contractual or other obligations to us.

Backlog

Backlog as of September 30, 2008 was approximately $2.3 million. Backlog represents signed contracts for work that will occur within the next twelve months.

Competition

While Beacon will encounter numerous competitors in our service areas, many of which will be substantially better capitalized, have more employees, have a longer operating history and are better known in the industry, we are not aware of any other single operator currently positioned to offer services to the small to medium sized business enterprise market on a fully integrated basis. We believe that consolidating our service capabilities in regional operating hubs will provide a significant and distinct competitive advantage to gain market penetration in the regions where we will be already established to offer such services.

The following are among the better known competitors involved in portions of the business that we serve Qwest, Level 3, Broadwing, Covad, BellSouth, Vonage, Packet8, Cisco, Datacomm Solutions, Dell, Sun Microsystems, Trigent, Inventa Technologies, and AAlpha. None of these companies provide the menu of services that Beacon provides from a single source.

Employees

Beacon has three locations in the United States and an application development office in Mangalore, India. Beacon has 20 hourly and 55 salaried employees in the United States and 18 hourly employees in Mangalore, India.

Available Information

Our Internet address is *www.askbeacon.com*, where we make available, free of charge, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to those reports, as soon as practicable after such reports are electronically filed with, or furnished to, the SEC. The SEC reports can be accessed through the “SEC Reports” link in “Investor Relations” section of our website. Other information found on our website is not part of this or any other report we file with, or furnish to, the Securities and Exchange Commission, or the SEC.

Code of Ethics

We have adopted a Code of Ethics that applies to all of our directors, officers and employees. The Code is available on our website. If any waivers of the Code are granted, the waivers will be disclosed in an SEC filing on Form 8-K. Our website also includes the Charters of the Audit Committee and the Compensation Committee. Stockholders may request free copies of these documents by writing to Robert R. Mohr, 1961 Bishop Lane, Louisville, KY 40218, by calling 502-657-3500 or sending an email request to robert.mohr@askbeacon.com.

The public may also read and copy any materials we file with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, at *www.sec.gov*.

Item 1A. Risk Factors

You should carefully consider the risks described below together with all of the other information included in this report before making an investment decision with regard to our securities. The statements contained in or incorporated into this report that are not historic facts are forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in or implied by forward-looking statements. If any of the following risks actually occurs, our business, financial condition or results of operations could be harmed. In that case, the trading price of Beacon Common Stock could decline, and you may lose all or part of your investment.

Risks Relating to the Business

In this discussion of the “Risks Relating to the Business,” unless otherwise noted or required by the context, references to “ us ,” “ we ,” “ our ,” “ Beacon ” and similar terms refer to Beacon, as defined above, which is comprised of the operating business of Beacon, as described above, after the consummation of the Share Exchange.

Beacon has had a history of losses.

Beacon has incurred losses since its inception. While we expect to achieve a positive cash flow basis after the consolidation of our operations, there can be no assurance that this will occur. Our ability to operate profitably is dependent upon our ability to operate the businesses in the Phase I Acquisitions in an economically successful manner but, no assurances can be given that we will be able to do this. Our prospects must be considered in light of the numerous risks, expenses, delays and difficulties frequently encountered in the intensely competitive and high risk telecommunications and IT services industry, as well as the risks generally inherent in the acquisition of companies and successfully integrating them. There can be no assurance that we will ever achieve sustained recurring revenue and profitability on a consistent and growing basis.

Beacon's success depends upon making and integrating acquisitions.

There can be no assurance that we will be successful in identifying, negotiating, closing, integrating and adding value with respect to any further acquisitions. Failure to either augment the revenue and profit of companies acquired or acquire new companies on an accretively valued basis would constitute a failure of our business plan and could mean that investors will fail to realize any return of their investment in Beacon.

Beacon will require additional financing.

Beacon will require substantial additional capital to implement its long-term business plan and make further acquisitions. There can be no assurance that such financing will be available to Beacon or, if it is, that it will be available on terms and at a valuation that would be accretive to the interests of current stockholders. In this regard, failure by Beacon to secure additional financing on favorable terms could have severe adverse consequences relative to Beacon's ability to grow Beacon substantially through the additional acquisitions it contemplates, which ultimately could mean that Beacon may not be viable.

Rapid technological change and obsolescence could affect Beacon's business.

Our business is subject to rapid technological innovation, with old technologies superseded by innovative ones. Such developments could adversely affect the business and operations of Beacon in the future.

Beacon's success depends upon agreements with third parties.

Our proposed business plan contemplates working with third party vendors in multiple aspects of the business. The success of our plan assumes successful relationships with third party vendors for network access as well as hardware and software products and services which Beacon seeks to offer and sell. If Beacon is unable to attract competent corporate partners, or if such partners' efforts are inadequate, Beacon's business could be harmed.

Beacon does not manufacture the equipment that it relies upon.

Beacon does not and will not have any of its own equipment or manufacturing capacity and must rely on agreements with third parties to supply all products used in Beacon's business. An interruption in the supply of such equipment could harm the business of Beacon.

Beacon's business is subject to inherent risks including those arising from customer acceptance, lost customers, market competition, customer liability and increasing expenses.

Customer Acceptance. Beacon's intended customers may be unfamiliar with the services and technologies offered by Beacon for any number of reasons and therefore hesitant to use Beacon's products and services. As a result, the sales cycle involved in obtaining

new customers could be slower and more expensive than initially budgeted. Beacon will need to educate customers as to the benefits of its products and services, which education is costly and time consuming. Thus, Beacon cannot accurately forecast the timing and recognition of revenue from marketing of its products and services to new customers. Delays in market acceptance of Beacon's products and services could harm Beacon.

Lost Customers. There is no guarantee that customers will continue to use the products and services of Beacon. The business is inherently very competitive on a price and service basis and there can be no assurance that Beacon, as a new entrant, will be successful with its business model in attracting and retaining customers.

Competition. There are many companies operating in Beacon's basic market niche that have longer operating histories and greater financial, technical, marketing, sales, or other resources when compared to Beacon. While Beacon intends to enter into relationships with third parties to offset these competitive factors, there is no guarantee that Beacon will respond more effectively than its competitors to new or emerging products or changes in customer requirements. Increased competition, either from individual firms or collaborative ventures may harm Beacon's ability to sell products and services on favorable terms, which in turn could lead to price cuts, reduced gross margins, or loss of market share. These factors could seriously harm Beacon's business.

Liability. Beacon's business involves providing customers with mission-critical communications products and services on a 24/7 basis. Failure by Beacon to maintain delivery of these services could place Beacon at risk of litigation and judgments for consequential and punitive damages.

Expense. Beacon plans to grow the businesses it acquires, which will involve incurring increased costs. Beacon will, as a result of such expansion, incur significant expenses arising from multiple necessary activities including attending marketing trade shows and conferences, hiring full-time professional sales and marketing management, consultants, attorneys, and expanding day-to-day operations. There can be no assurance that the incurrence of these costs will have the desired result of increasing revenue to the degree needed to achieve and

maintain profitability.

Beacon depends on its key employees.

Beacon is highly dependent on certain officers and employees. The loss of any of their services or Beacon's inability to attract and retain other qualified employees or consultants would have an adverse impact on Beacon's business and its ability to achieve its objectives. Beacon currently intends to attempt to enter into employment and non-compete agreements with all key personnel. These agreements however will permit the employee to resign without cause at any time. There can be no assurance that Beacon will be able to retain existing employees or that it will be able to find, attract and retain other skilled personnel on acceptable terms.

Beacon has no patent protection for its products and services.

None of Beacon's products or services is proprietary to Beacon and, as a result, Beacon enjoys no patent protection. As a result, Beacon has a limited ability to protect what it does against infringement by others, including competitors who are larger and better capitalized than Beacon.

Economic conditions could materially adversely affect us.

Our operations and performance depend significantly on national and worldwide economic conditions. Uncertainty about current national and global economic conditions poses a risk as consumers and businesses may postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which could have a material negative effect on the demand for our products and services. Other factors that could influence demand include continuing increases in fuel and other energy costs, conditions in the residential real estate and mortgage markets, labor and healthcare costs, access to credit, consumer confidence, and other macroeconomic factors affecting consumer spending behavior. These and other economic factors could have a material adverse effect on demand for our products and services and on our financial condition and operating results.

The current financial turmoil affecting the banking system and financial markets and the possibility that financial institutions may consolidate or go out of business have resulted in a tightening in the credit markets, a low level of liquidity in many

financial markets, and extreme volatility in fixed income, credit, currency and equity markets. There could be a number of follow-on effects from the credit crisis and current economic environment on our business, including insolvency of key customers and suppliers and the inability for us to raise additional working capital to support the growth of our operations.

Changes in regulations, the laws or court rulings could adversely affect Beacon.

Our telecommunications and IT products and services are highly regulated and subject to governmental actions at myriad levels. Changes to laws affecting the telecommunications industry or the economic climate for telecommunications businesses could have a material adverse effect on Beacon's ability to conduct business.

Beacon's quarterly operating results may fluctuate significantly and will be difficult to predict.

Our results of operations will fluctuate significantly from quarter to quarter as a result of a number of factors, including our product development timeline and the rate at which customers accept our products. Accordingly, our future operating results are likely to be subject to variability from quarter to quarter and could be adversely affected in any particular quarter. It is possible that our operating results will be below the expectations of investors. As indicated above, Beacon has incurred losses since its inception.

Past activities of Suncrest Global Energy Corp. and its affiliates may lead to future liability for Beacon.

Before the Share Exchange, Suncrest Global Energy Corp. engaged in businesses unrelated to that of Beacon's new operations. Any liabilities relating to such prior business may have a material adverse effect on Beacon. We have performed a review of in connection with our FIN 48 compliance and identified no material uncertain tax positions (Please refer to Note 15 of the consolidated financial statements). Although we have not identified or been notified of any such liabilities as of December 17, 2008, we can give no assurances as to the existence of any such liabilities.

Catastrophic events or geo-political conditions may disrupt our business.

A disruption or failure of our systems or operations in the event of a major earthquake, weather event, cyber-attack, terrorist attack, or other catastrophic event could cause delays in completing sales, providing services or performing other mission-critical functions. A catastrophic event that results in the destruction or disruption of any of our critical business or information technology systems could harm our ability to conduct normal business operations and our operating results. Abrupt political change, terrorist activity, and armed conflict pose a risk of general economic disruption in affected countries, which may increase our operating costs. These conditions also may add uncertainty to the timing and budget for technology investment decisions by our customers.

Risks Relating to Ownership of Beacon Common Stock

No Assurances of a Public Market; Restrictions on Resale.

Although Beacon Common Stock is eligible for quotation on the NASD Bulletin Board, there is not and has never been a trading market for the Beacon Common Stock. There can be no assurances that any trading market will ever develop in the Beacon Common Stock at any time in the future. Investors must be prepared to bear the economic risk of holding the securities for an indefinite period of time.

Significant number of outstanding convertible notes, options and warrants could interfere with Beacon's ability to raise capital.

Beacon has outstanding convertible notes, options and warrants that are convertible into or exercisable for shares of our common stock. To the extent that outstanding options or warrants are exercised, dilution to the percentage ownership of Beacon's shareholders will occur. In addition, the terms on which Beacon will be able to obtain additional equity capital may be adversely affected if the holders of outstanding options and warrants exercise them at a time when Beacon is able to obtain additional capital on terms more favorable to Beacon than those provided in the outstanding options and warrants.

The price of Beacon Common Stock may fluctuate significantly.

Stock of public companies can experience extreme price and volume fluctuations. These fluctuations often have been unrelated or out of proportion to the operating performance of such companies. Beacon expects its stock price to be similarly volatile. These broad market fluctuations may continue and could harm Beacon's stock price. Any negative change in the public's perception of the prospects of Beacon or companies in Beacon's industry could also depress Beacon's stock price, regardless of Beacon's actual results. Factors affecting the trading price of Beacon's common stock may include:

» variations in operating results;

» announcements of technological innovations, new products or product enhancements, strategic alliances or significant agreements by Beacon or by competitors;

» recruitment or departure of key personnel;

» litigation, legislation, regulation or technological developments that adversely affect Beacon's business; and

» market conditions in Beacon's industry, the industries of their customers and the economy as a whole.

Further, the stock market in general, and securities of microcap companies in particular, can experience extreme price and volume fluctuations. Continued market fluctuations could result in extreme volatility in the price of the Beacon Common Stock, which could cause a decline in the value of Beacon Common Stock. You should also be aware that price volatility might be worse if the trading volume of the Beacon Common Stock is low.

Although our Common Stock is currently quoted on the OTC Bulletin Board ("OTC.BB "), trading may be extremely sporadic. There can be no assurance that a more active market for our common stock will develop.

The SEC may limit the number of shares of Beacon Common Stock that may be registered for resale at any one time.

The Federal securities laws distinguish between a primary offering made by an issuer and a secondary offering made by an issuer on behalf of a selling shareholder. Recently, the SEC has made public statements indicating the SEC's Division of Corporation Finance will question the ability of issuers to register shares for resale in a secondary offering where the number of shares offered exceed an estimated one-third of the total number of shares held by non-affiliates prior to the underlying private transaction. Although this position is not written or settled law, it is possible the SEC staff will view any resale offering by investors as an offering by Beacon and deem it a primary offering if the number of shares Beacon seeks to register exceeds the estimated one-third threshold. Even if the number of shares Beacon seeks to register is below the estimated one-third threshold, the SEC staff may still take the position that the offering is a primary offering rather than a secondary offering. In that event, Beacon may seek to register only a portion of its Common Stock at any one time and will only be able to register additional Common Stock after the passage of time and the sale of substantially all of the Registrable Securities subject to the previous registration statement.

Beacon Common Stock may be subject to Penny Stock Rules, which could affect trading.

Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain rules adopted by the SEC. Penny stocks generally are equity securities with a price of less than $5.00, subject to exceptions. The rules require that a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, deliver a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in connection with the transaction and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the rules generally require that prior to a transaction in a penny stock the broker-dealer must make a special

written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the liquidity of penny stocks. If the Beacon Common Stock becomes subject to the penny stock rules, holders of Beacon Common Stock or other Beacon securities may find it more difficult to sell their securities.

Beacon's operation as a public company subjects it to extensive corporate governance and disclosure regulations that will result in additional operating expenses.

As a public company, Beacon will incur significant legal, accounting and other expenses. Beacon will incur costs associated with its public company reporting requirement and certain requirements under the Sarbanes-Oxley Act of 2002. Like many smaller public companies, Beacon faces a significant impact from required compliance with Section 404 of the Sarbanes-Oxley Act of 2002. Section 404 requires management of public companies to evaluate the effectiveness of internal control over financial reporting and the independent

auditors to attest to the effectiveness of such internal controls and the evaluation performed by management. The SEC has adopted rules implementing Section 404 for public companies as well as disclosure requirements. The Public Company Accounting Oversight Board, or PCAOB, has adopted documentation and attestation standards that the independent auditors must follow in conducting its attestation under Section 404. Beacon is currently preparing for compliance with Section 404; however, there can be no assurance that it will be able to effectively meet all of the requirements of Section 404 as currently known to us in the currently mandated timeframe. Any failure to implement effectively new or improved internal controls, or to resolve difficulties encountered in their implementation, could harm Beacon's operating results, cause it to fail to meet reporting obligations or result in management being required to give a qualified assessment of its internal control over financial reporting or its independent auditors providing an adverse opinion regarding management's assessment. Any such result could cause investors to lose confidence in Beacon's reported financial information, which could have a material adverse effect on its stock price.

If Beacon fails to maintain the adequacy of our internal control, our ability to provide accurate financial statements and comply with the requirements of the Sarbanes-Oxley Act of 2002 could be impaired, which could cause our stock price to decrease substantially.

Beacon has taken and will continue to take measures to address and improve its financial reporting and compliance capabilities and it is in the process of instituting changes to satisfy its obligations in connection with joining a public company, when and as such requirements become applicable to it. Beacon plans to obtain additional financial and accounting resources to support and enhance its ability to meet the requirements of being a public company. Beacon will need to continue to improve its financial and managerial controls, reporting systems and procedures, and documentation thereof. If Beacon's financial and managerial controls, reporting systems or procedures fail, it may not be able to provide accurate financial statements on a timely basis or comply with the Sarbanes-Oxley Act of 2002 as it applies to us. Any failure of Beacon's internal controls or its ability to provide accurate financial statements could cause the trading price of Beacon common stock to decrease substantially.

Item 2. Properties

Beacon's executive offices are located at 1961 Bishop Lane, Louisville, KY 40218 in 8,150 square feet of office space leased through December 31, 2010. We have offices in Cincinnati, OH consisting of 3,675 square feet of office space leased through October 31, 2010 and Columbus, OH consisting of 7,018 square feet leased through December 31, 2009. We believe our facilities are adequate for the continuing operations of our existing business.

Item 3. Legal Proceedings

We are subject to various legal proceedings in the normal course of business, none of which is required to be disclosed under this Item 3.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended September 30, 2008.

Part II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases for Equity Securities

Market Information

Our common stock, par value $.001 per share, has been traded on the OTC Bulletin Board, first under the symbol "BESG.OB" subsequently changed to the symbol "BEAC.OB," since January 7, 2008. Prior to that time, our common stock was traded on the OTC Bulletin Board under the symbol "SGEG.OB."

The public market for our stock is limited and sporadic. The following table sets forth, for the period indicated, the high and low last sale price for our common stock as reported on the OTC Bulletin Board:

Quarter Ended	High	Low
Fiscal 2008		
December 31, 2007	$ -	$ -
March 31, 2008	$ 1.90	$ 1.04
June 30, 2008	$ 1.20	$ 0.95
September 30, 2008	$ 1.50	$ 0.51
Fiscal 2007		
December 31, 2006	$ -	$ -
March 31, 2007	$ -	$ -
June 30, 2007	$ -	$ -
September 30, 2007	$ -	$ -

Holders

As of January 5, 2009, we had approximately 154 stockholders of record.

Dividends

We have not paid cash dividends on shares of our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on shares of our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant.

Under our Articles of Incorporation and the Certificate of Designation of Series B Preferred Stock, without the consent of holders of a majority of each series of the Series A, A-1 and B Preferred Stock, we may not pay any dividends upon shares of Common Stock until we have paid the aggregate accrued dividends upon such preferred stock and such amounts that the holders of such preferred stock would receive if they were to convert their shares of preferred stock into shares of common stock.

Recent Sales of Unregistered Securities

Information related to sales of unregistered securities has been included in our Quarterly Reports on Form 10-Q for the periods ended December 31, 2007, March 31, 2008 and June 30, 2008, as well as our Current Reports on Form 8-K filed on December 28, 2007, January 11, 2008, January 22, 2008, February 19, 2008, March 13, 2008, March 18, 2008, July 16, 2008, August 6, 2008, August 13, 2008, August 25, 2008, September 8, 2008, September 22, 2008, October 7, 2008, October 9, 2008, October 14, 2008, October 30, 2008, December 9, 2008, January 5, 2009 and incorporated herein by reference.

Securities Authorized for Issuance Under Compensation Plans

On March 26, 2008, our Board of Directors reserved and authorized 1,000,000 shares of our Common Stock under the 2008 Long-Term Incentive Compensation Plan. As this plan awaits shareholder approval, no shares have been issued under said plan.

Issuer Purchases of Equity Securities

None.

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

Beacon Enterprise Solutions Group, Inc. and subsidiaries (collectively *the "Company"*) is a unified, single source information technology and telecommunications enterprise that provides professional services and sales of information technology and telecommunications products to mid-market commercial businesses, state and local government agencies, and educational institutions. In this report, the terms "Company," "Beacon," "we," "us" or "our" mean Beacon Enterprise Solutions Group, Inc. and all subsidiaries included in our consolidated financial statements.

Cautionary Statements - Forward Outlook and Risks

Certain statements contained in this annual report on Form 10-K, including, without limitation, statements containing the words "believes," "anticipates," "intends," "expects," "assumes," "trends" and similar expressions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based upon our current plans, expectations and projections about future events. However, such 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, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others, the following:

- Our business may be materially adversely affected by the current economic environment. The recent disruptions in both domestic and global financial and credit markets have significantly impacted domestic and global economic activity and lead to an economic recession. As a result of these disruptions, our customers and markets have been adversely affected. If we experience reduced demand because of these disruptions in the macroeconomic environment, our business, results of operation and financial condition could be materially adversely affected. If we are unable to successfully anticipate changing economic and financial conditions, we may be unable to effectively plan for and respond to these changes and our business could be adversely affected;

- effects of competition in the markets in which we operate;

- liability and other claims asserted against us;

- ability to attract and retain qualified personnel;

- availability and terms of capital;

- loss of significant contracts or reduction in revenue associated with major customers;

- ability of customers to pay for services;

- business disruption due to natural disasters or terrorist acts;

- ability to successfully integrate the operations of acquired businesses and achieve expected synergies and operating efficiencies from the acquisitions, in each case within expected time-frames or at all;

- changes in, or failure to comply with, existing governmental regulations; and

• changes in estimates and judgments associated with critical accounting policies and estimates.

For a detailed discussion of these and other factors that could cause our actual results to differ materially from the results contemplated by the forward-looking statements, please refer to Item 1(A) Risk Factors in this annual report on Form 10-K. The reader is encouraged to review the risk factors set forth therein. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this report. Except as required by law, we assume no responsibility for updating forward-looking statements to reflect unforeseen or other events after the date of this report.

Overview

We were formed for the purpose of acquiring and consolidating regional telecom businesses and service platforms into an integrated, national provider of high quality voice, data and VOIP communications to small and medium-sized business enterprises (the "MBE Market"). Our business strategy is to acquire companies that will allow us to serve the MBE Market on an integrated, turnkey basis from system design, procurement and installation through all aspects of providing network service and designing and hosting network applications.

Beacon was a development stage enterprise with no operating history until the completion of the share exchange transaction in which the shareholders of Beacon become the majority owners of Suncrest ("Share Exchange Transaction") completed on December 20, 2007. Concurrent with the Share Exchange Transaction, we also completed the acquisition of four complementary information technology and telecommunications businesses (the "Phase I Acquisitions") described below.

Phase I Acquisitions

On December 20, 2007, Beacon acquired the substantially all of the assets and assumed certain liabilities of Advance Data Systems, Inc., CETCON Inc., and Strategic Communications, LLC under the terms of three separate asset purchase agreements. In addition, Beacon acquired substantially all of the assets and certain liabilities of Bell-Haun Systems Inc. in a stock purchase agreement. These acquisitions are referred to as the "Phase I Acquisitions."

Since December 20, 2007, Beacon has focused on the consolidation of various operational elements of the Phase I Acquisitions into a single core infrastructure. Beacon merged the four distinct payroll systems of the Phase I Acquisitions into one payroll system; launched a company-wide intranet and human resource information system; centralized the Company's marketing, advertising and promotional programs; and introduced a company-wide Customer Relationship Management (CRM) system. We have also hired new sales executives in our primary markets; launched a network circuit sales group; rebranded our customer facing sales and support material; merged five financial systems into one unified financial system; and attempted to capitalize on cross-selling opportunities among our different product and service groups. In addition, we refinanced certain outstanding financial obligations of the Phase I Acquisitions into a new, single five year note payable. Finally, in addition to moving into three centralized offices, merging two of the offices into a single location, we reorganized our service and installation operations with our sales organizations to provide greater cross selling opportunities to our diverse customer base.

Acquisition Growth Strategy

We will continue to integrate these operations into a single integrated organization and to develop the internal infrastructure to scale the business. Consistent with our operating plan, upon our successful integration of the Phase I Acquisitions and the development of organic growth described below, we expect to pursue our phase II acquisition strategy, financed by additional debt or equity financings, by exploring acquisition targets to build around our three state operating hub to grow Beacon into a large regional telecommunications provider with a strong Southeast/Midwest concentration and focus.

Organic Growth Strategy

With respect to our plans to increase revenue organically, we have identified, and are currently pursuing, several significant customer opportunities including an international design/service contract with an existing Fortune 100 client, a domestic service contract with an existing Fortune 500 client and several hardware/services contracts with the United States military. We believe these opportunities resulted, in part, from our ability to provide fully integrated voice and data communication services. In addition, subject

to securing additional capital, we intend to implement a Cisco-centric expansion strategy for a portion of our business. We have assessed the current market environment for the growth of our Cisco-centric business and believe that we can expand our Cisco business more efficiently and economically through organic growth rather than through acquisitions. Collectively, these opportunities could increase our annual revenue to over $25 million.

Our Cisco-centric initiative would have three elements:

- The first goal of our Cisco-expansion strategy will be to hire additional, highly skilled staff with the appropriate Cisco certifications and background. We would deploy these additional certified Cisco staff throughout all our facilities.

- The second goal is to achieve the Cisco "Silver" and then "Gold" certifications. The primary benefit of these additional certifications is that we achieve "trusted partner" status, which we believe would increase our access to the Cisco sales channel. In addition, we anticipate that a "Gold" certification would lower our cost of goods purchased from Cisco.

- The third goal is to incorporate a fully operational Cisco technology lab into our headquarters and operating facility in Louisville, Kentucky. Our goal is to create a lab superior to any Cisco demonstration facility within our region and to provide Cisco and Beacon sales executives the opportunity to bring large client accounts into the Beacon facility and demonstrate the high-definition

video conferencing capabilities otherwise known as “Telepresence” technology.

Following the creation of a Cisco technology lab, we would intend to offer similar Microsoft demonstration capabilities centered on Office Communications Server 2007 and Sharepoint. We believe the need for the Microsoft lab is driven by the future of “voice” within the Microsoft roadmap. Ultimately, we expect that voice will become an application that rides atop the MS Exchange environment and will not be a separate technology deployed as with a separate phone system.

By developing and housing these two “showcase” labs, we hope to establish a distinct competitive advantage within our primary markets and be at the forefront of Cisco’s and Microsoft’s efforts to reshape business communications.

Although our focus in the Cisco and Microsoft areas of our business will be on organic growth, we may explore Cisco-centric Microsoft-centric acquisition candidates in the future.

Results of Operations

For the period from June 6, 2007 (Date of Inception) to September 30, 2007

From the inception of the business on June 6, 2007 to September 30, 2007, the sole activities of Beacon were to execute our Phase I Acquisitions, our Private Placement and execute the Share Exchange. Through September 30, 2007, we generated no revenues and relied on the 2007 Bridge Facility to support our cash requirements.

During the period, we incurred compensation related expenses of approximately $79,000 and other administrative expenses of approximately $52,000. Interest expense of approximately $2,000 was incurred in connection with the 2007 Bridge Facility.

Based on our limited operating experience, we did not record any income tax benefit because it is more likely than not that we will not realize the benefits of our deferred tax assets.

For the year ended September 30, 2008

Revenue for the year ended September 30, 2008 was approximately $6.0 million provided primarily by services performed by the Phase I Acquisitions consisting primarily of engineering and design, software development, business telephone system installations, and time and materials services for system maintenance. Revenue was recognized for the period December 21, 2007 through September 30, 2008 subsequent to the acquisition of the four target companies on December 20, 2007.

Cost of goods sold for the year ended September 30, 2008 amounted to approximately $3.3 million and consisted of equipment and materials used in business telephone system installations, parts used in services, direct labor and subcontractor fees incurred in providing all of our services.

Salaries and benefits of approximately $3.2 million for the year ended September 30, 2008 included approximately $116,000 of salaries expended in developing and executing the acquisition strategy, an accrual of $31,500 for the successful execution of the acquisitions, and accrued paid time off of approximately $129,000, $219,000 of non-cash share-based payments to one of our directors, non-cash share based compensation expense of approximately $280,000, approximately $71,000 of matching contributions to our 401(k) plan, and salaries and benefits of acquired company employees and employees added since inception for the period December 21, 2007 through September 30, 2008. The non-cash share-based payments to our directors related to compensatory stock warrants issued during the period. The non-cash share based compensation expense relates to the compensation earned related to a restricted stock award granted on the day of the Phase I Acquisitions and stock options subsequently granted to selected employees and represents the vested portion of the stock awards based on the fair market value on the date of grant.

Selling, general and administrative expense for the year ended September 30, 2008 of approximately $2.9 million consists primarily of fixed operating costs of the four acquired companies including $309,000 of expenses incurred in connection with the recapitalization, approximately $276,000 of accounting and professional fees associated with our September 30, 2007 annual audit and December 31, 2007, March 31, 2008, and June 30, 2008 quarterly reviews, approximately $124,000 of outside services assisting in the transition and integration of the four businesses, approximately $158,000 of expenses related to our India software development operation, and a restructuring charge of approximately $133,000 for the elimination of certain unnecessary positions in the realignment of our service organization with our sales and marketing plans and activities.

Interest expense of approximately $610,000 year ended September 30, 2008 includes interest related to our Bridge Notes in addition to the notes payable issued in connection with our Phase I Acquisitions. Non-cash interest expense related to the accretion of the Bridge Notes to face value, warrants issued in exchange for certain financing arrangements, and the vesting of contingent bridge warrants was $385,000 for the year ended September 30, 2008.

Contractual dividends on our Series A and A-1 Preferred Stock amounted to approximately $220,000 for the year ended September 30, 2008. These amounts are included in accrued expenses as of September 30, 2008. Deemed dividends related to the beneficial conversion feature embedded in our Series A, A-1 and B Preferred Stock of approximately $4.2 was recognized during the year ended September 30, 2008.

Liquidity and Capital Resources

Net cash used in operating activities of approximately $2.9 million consisted primarily of a net loss of approximately $4.6 million, a decrease in cash due to: (i) an increase in accounts receivable of approximately $866,000; (ii) an increase in inventory of approximately $175,000; and (iii) a decrease in customer deposits by approximately $242,000 primarily in our engineering division. These amounts were offset by increases in cash due to: (i) an increase in our accrued expenses and other current liabilities of approximately $935,000; (ii) an

increase in accounts payable of $403,000; (iii) a decrease in other assets of $123,000. Finally, cash used in operations was impacted by non-cash share based payments of approximately $884,000.

Cash used in investing activities of approximately ($2.4) million resulted primarily from proceeds of our Private Placement offering used to purchase the Phase I Acquisitions and approximately $154,000 of capital expenditures primarily to integrate our telecommunications and implement our converged data strategy.

Cash provided by financing activities of approximately $5.3 million was derived primarily from $4.3 million raised in our Private Placement offerings of Series A, A-1 and B preferred stock (gross proceeds of $5.2 million less placement costs of $0.9 million), approximately $1.0 million raised in our Private Placement offering of common stock (gross proceeds of $1.3 million less placement costs of approximately $0.3 million), $422,000 of proceeds from the issuance of convertible notes payable, $600,000 of proceeds from the issuance of a note payable and $400,000 of proceeds from issuance of a short-term notes and lines of credit, offset by note payments and payoffs of $1,449,000.

We incurred a net loss of approximately $4.6 million for the year ended September 30, 2008. At September 30, 2008, our accumulated deficit amounted to approximately $9.2 million. We had cash of $127,373 and a working capital deficit of approximately $1.1 million at September 30, 2008.

On June 14, 2007, we signed a non-exclusive engagement agreement with Laidlaw & Company (UK) Ltd. (“Laidlaw”) in

which Laidlaw agreed to provide us with certain corporate finance advisory services including (i) raising capital under the Private Placement transaction; (ii) structuring our Share Exchange Transaction; and (iii) assisting us with identifying the public company in the Share Exchange Transaction. These transactions were completed on December 20, 2007. We raised $4.0 million in the private placement in three separate closings on December 20, 2007, January 15, 2008, and February 12, 2008 and an additional $0.8 million on or about March 7, 2008 in a follow-on placement resulting from an oversubscription of the original private placement.

We received $500,000 of gross proceeds ($278,000 prior to September 30, 2007 and $222,000 during the three months ended December 31, 2007) under a bridge financing facility furnished by two of our founding stockholders, who are also members of the Board of Directors. We also raised $200,000 of additional capital through the issuance of bridge notes in a second bridge note transaction completed on November 15, 2007.

On December 28, 2007, we entered into an equity financing arrangement with two of our directors that provided up to $300,000 of additional funding, the terms of which provided for compensation of 10,000 warrants each to purchase common stock at $1.00 per share, the period the financing arrangement is in effect. The warrants have a five-year term. The financing arrangement was terminated by Beacon in conjunction with the final close of the Series A-1 Preferred Stock Private Placement offering and the two directors earned 25,000 warrants each under the financing arrangement.

On March 14, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $600,000 at a 6.25% annual interest rate with monthly payments of $11,696 over a 60 month term that matures on March 12, 2013. The first payment was due and paid in April, 2008. The proceeds of the note were used to repay the three previously outstanding notes assumed in the Phase I Acquisitions, two of which were in default due to change in control provisions.

On May 15, 2008, we entered into an equity financing arrangement with one of our directors that provided up to $500,000 of additional funding, the terms of which provided for compensation of 33,333 warrants each to purchase common stock at $1.00 per share, the period the financing arrangement is in effect. The warrants have a five-year term. On August 19, 2008 this equity financing arrangement was increased to $3.0 million in exchange for 100,000 additional warrants to purchase common stock at $1.00 per share, the commitment will be reduced on a dollar for dollar basis as we raise additional equity capital in private offerings, described below, and terminating upon completion of equity financing of $3 million, upon mutual agreement or on December 31, 2008. As of September 30, 2008, we raised $1.3 million in equity financing reducing the obligation under the equity financing arrangement to $1.7 million.

On June 11, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $200,000 at a 6.00% annual interest rate the principal and interest of which are due and payable on August 11, 2008. The proceeds of the note were used to pay certain ongoing expenses with the balance used for working capital. The note was paid in full on the due date.

On July 25, 2008, Beacon engaged a registered broker-dealer in a private placement of Common Stock and Warrants and raised approximately $1.6 million prior to terminating the offer on October 24, 2008.

On November 12, 2008, Beacon engaged a registered broker-dealer in a private placement of Common Stock and Warrants to raise $3.0 million of equity financing. As of January 5, 2009 we have raised $620,000 pursuant to this offering.

On January 9, 2009, we entered into an equity financing arrangement with one of our directors that provided up to $2.2 million of additional funding, the terms of which provide for compensation of a one time grant of warrants to purchase 100,000 shares of common stock at $1.00 per share and ongoing grants of warrants to purchase 33,333 shares of common stock at $1.00 per share each month that the financing arrangement is in effect. The warrants have a five year term. The commitment will be reduced on a dollar for dollar basis as we raise additional equity capital in private offerings, described above, and terminating upon completion of equity financing of $2.2 million, upon mutual agreement or on January 1, 2010.

As widely reported, financial markets have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in securities prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Among other risks we face, the current tightening of credit in financial markets may adversely affect our ability to obtain financing in the future, including, if necessary, to fund a strategic acquisition, and/or ability to refinance our debt as it comes due.

We believe that our currently available cash, the proceeds from equity financing, the equity financing arrangement and funds we expect to generate from operations will enable us to effectively operate our business and pay our debt obligations as they become due within the next twelve months through October 1, 2009. However, we will require additional capital in order to execute our current business plan. If we are unable to raise additional capital, we will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing our business development activities, suspending the pursuit of our business plan, and controlling overhead expenses. We cannot provide any assurance that we will raise additional capital. We have not secured any commitments for

new financing at this time, nor can we provide any assurance that new financing will be available to us on acceptable terms, if at all.

Off-Balance Sheet Arrangements

We have three operating lease commitments for real estate used for office space and production facilities.

Contractual Obligations as of September 30, 2008

The following is a summary of our contractual obligations as of September 30, 2008:

		Payment Due by Period			
Contractual Obligations	**Total**	**Year 1**	**Years 2-3**	**Years 4-5**	**Thereafter**
Long-term debt obligations	$ 1,812,072	$ 495,595	$ 850,347	$ 458,987	$ 7,143
Interest obligations (1)	283,501	107,962	130,872	44,572	95
Operating lease obligations (2)	313,367	170,544	142,823		
	$ 2,408,940	$ 774,101	$ 1,124,042	$ 503,559	$ 7,238

(1) Interest obligations assume Prime Rate of 5.00% at September 30, 2008. Interest rate obligations are presented through the maturity dates of each component of long-term debt.

(2) Operating lease obligations represent payment obligations under non-cancelable lease agreements classified as operating leases and disclosed pursuant to Statement of Financial Accounting Standards No. 13 “Accounting for Leases,” as may be modified or supplemented. These amounts are not recorded as liabilities of the current balance sheet date.

Dividends on Series A and A-1 Preferred Stock are payable quarterly at an annual rate of 10% and Series B Preferred Stock are payable quarterly at an annual rate of 6% in cash or the issuance of additional shares of Series A, A-1 and B Preferred Stock, at our option. If we were to fund dividends accruing during the year ending September 30, 2009 in cash, the total obligation would be $504,000 based on the number of shares of Series A, A-1 and B Preferred Stock outstanding as of September 30, 2008.

We currently anticipate the cash requirements for capital expenditures, operating lease commitments and working capital will likely be funded with our existing fund sources and cash provided from operating activities. In the aggregate, total capital expenditures are not expected to exceed $500,000 for the year ended September 30, 2009 and could be curtailed should we experience a shortfall in expected financing.

Working Capital

As of September 30, 2008, our current liabilities exceed current assets by approximately $1.1 million. The bridge notes recorded in non-current liabilities are convertible into common stock and the note agreements provide for vesting of additional warrants to purchase shares of common should the holders continue to hold the debt and immediate vesting of the additional warrants upon conversion. During the year ended September 30, 2008 we refinanced the line of credit obligation and a note payable that were in default as of December 31, 2007 that we assumed in the Phase I Acquisitions. In addition, certain vendors have agreed to defer payment or agreed to payment plans or to accept common stock in exchange for settlement of their outstanding balance. We have reduced our working capital deficit by approximately $0.4 million during the nine months since December 31, 2007. We can give no assurance that we will continue to be successful in our efforts to negotiate favorable terms with our vendors.

Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements of Beacon Enterprise Solutions Group, Inc.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the
Board of Directors and Stockholders
Beacon Enterprise Solutions Group, Inc.

We have audited the accompanying consolidated balance sheets of Beacon Enterprise Solutions Group, Inc. and subsidiaries (the "Company") as of September 30, 2007 and 2008, and the related consolidated statements of operations, changes in stockholders' (deficiency) equity and cash flows for period of June 6, 2007 (Date of Inception) to September 30, 2007 and for the year ended September 30, 2008. 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). 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 audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Beacon Enterprise Solutions Group, Inc. and subsidiaries, as of September 30, 2007 and 2008, and the consolidated results of their operations and their cash flows for the period of June 6, 2007 (Date of Inception) to September 30, 2007 and for the year ended September 30, 2008 in conformity with United States generally accepted accounting principles.

/s/ Marcum & Kliegman LLP

Marcum & Kliegman LLP
New York, New York

January 9, 2009

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Consolidated Balance Sheets

	September 30, 2007	September 30, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,211	$ 127,373
Accounts receivable, net	-	1,505,162
Inventory, net	-	597,794
Prepaid expenses and other current assets	22,153	44,745
Total current assets	84,364	2,275,074
Prepaid acquisition costs	111,387	-
Property and equipment, net	-	310,703
Goodwill	-	2,791,648
Other intangible assets, net	-	3,802,717
Inventory, less current portion	-	160,610
Security deposits	-	15,639
Total assets	$ 195,751	$ 9,356,391

LIABILITIES AND STOCKHOLDERS' (DEFICIENCY) EQUITY		
Current liabilities:		
Lines of credit	$ -	$ 200,000
Current portion of long-term debt	-	495,595
Current portion of capital lease obligations	-	11,928
Accounts payable	1,814	1,225,509
Accrued expenses	44,941	1,325,432
Customer deposits	-	95,767
Deferred tax liability	-	45,472
Total current liabilities	46,755	3,399,703
Long-term debt, less current portion	-	1,316,477
Bridge notes (net of $0 and $128,840 of discounts, respectively)	278,000	571,160
Total liabilities	324,755	5,287,340
Stockholders' (deficiency) equity		
Preferred Stock: $0.01 par value, 5,000,000 shares authorized, 5,200 shares outstanding in the following classes:		
Series A convertible preferred stock, $1,000 stated value, 4,500 shares authorized, 4,000 shares issued and outstanding, (liquidation preference $5,243,630)		4,000,000
Series A-1 convertible preferred stock, $1,000 stated value, 1,000 shares authorized, 800 shares issued and outstanding, (liquidation preference $1,031,813)		800,000
Series B convertible preferred stock, $1,000 stated value, 4,000 shares authorized, 400 shares issued and outstanding, (liquidation preference $500,000)		400,000
Common stock, $0.001 par value 70,000,000 shares authorized, 5,187,650 and 12,093,021 shares issued and issued and outstanding, respectively	5,188	12,093
Additional paid in capital	(812)	8,027,602
Accumulated deficit	(133,380)	(9,170,644)
Total stockholders' (deficiency) equity	(129,004)	4,069,051
Total liabilities and stockholders' (deficiency) equity	195,751	9,356,391

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

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Consolidated Statements of Operations

	From June 6, 2007 (Date of Inception) to September 30, 2007	For the year ended September 30, 2008
Net sales		$ 6,012,637
Cost of goods sold		3,296,850
Gross profit	-	2,715,787
Operating expense		
Salaries and benefits	79,216	3,199,378
Selling, general and administrative	51,726	2,944,373
Depreciation expense		70,110
Amortization of intangible assets		501,357
Total operating expense	130,942	6,715,218
Loss from operations	(130,942)	(3,999,431)
Other income (expenses)		
Interest expense	(2,438)	(610,051)
Interest income		7,416
Total other expenses	(2,438)	(602,635)

Loss before income taxes	(133,380)	(4,602,066)
Income tax expense	-	45,472
Net loss	(133,380)	(4,647,538)
Series A and A-1 Preferred Stock:		
Contractual dividends		(220,354)
Deemed dividends related to beneficial conversion feature		(4,169,372)
Net loss available to common stockholders	$ (133,380)	$ (9,037,264)
Basic and diluted net loss per share information:		
Net loss per share available to common stockholders - basic and diluted	$ (0.03)	$ (0.95)
Weighted average number of common shares outstanding - basic and diluted	3,883,683	9,466,764

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

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Consolidated Statements of Stockholders' (Deficiency) Equity

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series B Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total
	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$0.001 Par Value			
Issuance of common stock to founding stockholder							1,000	$ 1	$ -		$ 1
Stock dividend							2,999,000	2,999	(2,999)		-
Issuance of common stock to founding stockholders/directors							1,250,000	1,250	1,250		2,500
Issuance of common stock to founding stockholder for cash							937,650	938	937		1,875
Net loss										(133,380)	(133,380)
Balance at October 1, 2007							5,187,650	$ 5,188	$ (812)	$ (133,380)	$ (129,004)
Common stock granted to employee for services							782,250	782	(782)		-
Vested portion of common stock granted to employee for services									266,693		266,693
Shares of Suncrest outstanding at time of share exchange							1,273,121	1,273	(1,273)		-
Common stock issued as purchase consideration in business combinations							3,225,000	3,225	2,738,025		2,741,250
Series A Preferred Stock issued in private placement	4,000.0	4,000,000									4,000,000
Series A-1 Preferred Stock issued in private placement			800.0	800,000							800,000
Series B Preferred Stock issued in private placement					400	400,000					400,000
Common Stock issued in private placement							1,625,000	1,625	1,298,375		1,300,000
Private placement offering costs									(1,188,324)		(1,188,324)
Beneficial conversion feature - deemed preferred stock dividend									4,169,372	(4,169,372)	-
Bridge note warrants									72,000		72,000
Beneficial conversion feature - bridge notes									128,000		128,000
Vested contingent bridge warrants									77,980		77,980
Warrants issued for equity financing agreement									235,699		235,699
Compensatory warrants									219,000		219,000
Series A Preferred Stock contractual dividends										(194,904)	(194,904)

Series A-1 Preferred Stock contractual dividends											(25,450)	(25,450)
Issuance of Stock Options										13,649		13,649
Net loss											(4,647,538)	(4,647,538)
Balance at June 30, 2008 (unaudited)	4,000.0	$ 4,000,000	800	$ 800,000	400	$ 400,000	12,093,021	$ 12,093	$ 8,027,602		$ (9,170,644)	$ 4,069,051

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

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

	From June 6, 2007 (Date of Inception) to September 30, 2007	For the Year Ended September 30, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (133,380)	$ (4,647,538)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued to founding stockholders	2,500	
Change in reserve for obsolete inventory		35,058
Change in reserve for doubtful accounts		50,000
Depreciation and Amortization		571,467
Non-cash interest		384,839
Share based payments		499,342
Deferred income tax liability		45,472
Changes in operating assets and liabilities:		
Accounts receivable		(866,161)
Inventory		(174,861)
Prepaid expenses and other current assets	(22,153)	32,691
Accounts payable	1,814	403,365
Customer deposits		(241,866)
Other assets		131,227
Accrued expenses	44,941	935,132
NET CASH USED IN OPERATING ACTIVITIES	(106,278)	(2,841,833)
CASH FLOWS FROM INVESTING ACTIVITIES		
Prepaid acquisition costs	(111,387)	
Capital expenditures		(154,070)
Acquisition of businesses, net of acquired cash		(2,223,535)
NET CASH USED IN INVESTING ACTIVITIES	(111,387)	(2,377,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of bridge notes	278,000	422,000
Proceeds from issuance of common stock to founding stockholders	1,876	
Proceeds from sale of preferred stock, net of offering costs		4,276,460
Proceeds from sale of common stock, net of offering costs		1,035,216
Repayment of line of credit		(450,000)
Proceeds from lines of credit		400,000
Proceeds from note payable		600,000
Payments of notes payable		(985,514)
Payments of capital lease obligations		(13,562)
NET CASH PROVIDED BY FINANCING ACTIVITIES	279,876	5,284,600
NET INCREASE IN CASH AND CASH EQUIVALENTS	62,211	65,162
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	-	62,211
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 62,211	$ 127,373
Supplemental disclosures		
Cash paid for:		
Interest		$ 115,587
Income taxes		$ -

Acquisition of businesses	
Accounts receivable	$ 689,001
Inventory	618,601
Prepaid expenses and other current assets	55,283
Property and equipment	226,743
Goodwill	2,791,649
Customer relationships	3,874,074
Non-compete agreements	430,000
Security deposits	27,591
Line of credit	(250,000)
Accounts payable and accrued expenses	(932,276)
Customer deposits	(292,692)
Long-term debt assumed	(354,199)
Capital lease obligations	(25,490)
Other acquisition liabilities	(50,000)
Less: common stock issued as purchase consideration	(2,741,250)
Less: acquisition notes issued to sellers of acquired businesses	(1,843,500)
Cash used in acquisition of businesses (net of $148,283 of cash acquired)	$ 2,223,535
Bridge note warrants	$ 72,000

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

BEACON ENTERPRISE SOLUTIONS GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(amounts in thousands, except share and per share data)

NOTE 1 – ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

The consolidated financial statements presented are those of Beacon Enterprise Solutions Group, Inc., which was originally formed in the State of Indiana on June 6, 2007 and combined with Suncrest Global Energy Corp. a Nevada corporation, on December 20, 2007, as described in "Share Exchange Transaction," below. In these footnotes to the consolidate financial statements, the terms "Company," "Beacon," "we," "us" or "our" mean Beacon Enterprise Solutions Group, Inc. and all subsidiaries included in our consolidated financial statements.

Beacon is a unified, single source information technology and telecommunications enterprise that provides professional services and sales of information technology and telecommunications products to commercial businesses, state and local government agencies, and educational institutions.

We were formed for the purpose of acquiring and consolidating regional telecom businesses and service platforms into an integrated, national provider of high quality voice, data and VOIP communications to small and medium-sized business enterprises (the "SME Market") and also serve larger business enterprises. Our business strategy is to acquire companies that will allow us to serve the SME Market on an integrated, turn-key basis from system design, procurement and installation through all aspects of providing network service and designing and hosting network applications.

Beacon (IN) was a development stage enterprise with no operating history until completing the Share Exchange Transaction described below and simultaneous business combinations (the "Phase I Acquisitions") and Private Placement financing transaction described in Notes 4 and 14, respectively.

Share Exchange Transaction

Pursuant to a Securities Exchange Agreement, Suncrest acquired all of the outstanding no par value common stock of Beacon (IN) on December 20, 2007. Suncrest, in exchange for such Beacon (IN) common stock issued 1 share of Suncrest $0.001 par value common stock directly to Beacon (IN)'s stockholders for each share of Suncrest common stock (the "Share Exchange Transaction"). Following the Share Exchange Transaction, the existing stockholders of Suncrest retained 1,273,121 shares of Suncrest's outstanding common stock and Beacon (IN)'s stockholders became the majority owners of Suncrest. Suncrest was incorporated in the State of Nevada on May 22, 2000. Beacon paid a $305,000 fee to the stockholders of Suncrest in connection with completing the Share Exchange Transaction which is included as a component of selling, general and administrative expense in the accompanying consolidated statement of operations for the year ended September 30, 2008.

Prior to the Share Exchange Transaction, Suncrest was a publicly-traded corporation with nominal operations of its own. After the Share Exchange Transaction, Suncrest was the surviving legal entity and Beacon (IN) was its wholly-owned subsidiary and Suncrest changed its name to Beacon Enterprise Solutions Group, Inc. on February 15, 2008 and continued to carry on the operations of Beacon. The Share Exchange Transaction has been accounted for as a reverse merger and recapitalization transaction in which the original Beacon (IN) is deemed to be the accounting acquirer. Accordingly, the accompanying consolidated financial statements present the historical financial

position, results of operations and cash flows of Beacon, adjusted to give retroactive effect to the recapitalization of Beacon (IN) into Suncrest.

NOTE 2 – LIQUIDITY AND FINANCIAL CONDITION

Beacon incurred a net loss of approximately $4.6 million and used approximately $2.8 million of cash in our operating activities for the year ended September 30, 2008. At September 30, 2008, our accumulated deficit amounted to approximately $9.2 million. We had cash of $127,373 and a working capital deficit of approximately $1.1 million at September 30, 2008.

On June 14, 2007, we signed a non-exclusive engagement agreement with Laidlaw & Company (UK) Ltd. ("Laidlaw") in which Laidlaw agreed to provide us with certain corporate finance advisory services including (i) raising capital under the Private Placement transaction described in Note 14; (ii) structuring the business combinations described in Note 4; and (iii) assisting us with identifying the public company in the Share Exchange Transaction described in Notes 1 and 14. These transactions were completed on December 20, 2007. We raised $4.0 million in the private placement in three separate closings on December 20, 2007, January 15, 2008, and February 12, 2008. We closed on an additional $0.8 million follow-on placement referred to herein as the "Series A-1 Placement," completed on March 11, 2008. We assumed approximately $405,000 of debt obligations in which the sellers of one of the acquired businesses described in Note 4 triggered an acceleration of principal under certain change of ownership provisions that constituted an event of default under those agreements which was subsequently refinanced on March 14, 2008 (Note 10).

As described in Note 10, Beacon received $500,000 of gross proceeds ($278,000 prior to September 30, 2007 and $222,000 during the year ended September 30, 2008) under a bridge financing facility furnished by two of its founding stockholders, who are also members of the Board of Directors. We also raised $200,000 of additional capital through the issuance of bridge notes in a second bridge note transaction completed on November 15, 2007. The Bridge Noteholders agreed to defer payment of the principal to June 30, 2010. On August 20, 2008, Beacon entered into an open ended loan for $100,000 from one of our directors. On September 4, 2008, Beacon and First Savings Bank entered into a line of credit for $100,000 originally due September 29, 2008 but extended through February 2009. In addition, we entered into a $200,000 short-term note on June 11, 2008 due August 11, 2008 collateralized by certain fully executed contracts which was paid in full on its due date. On July 25, 2008, we engaged a registered broker-dealer to complete a private placement of Common Stock and Warrants under a financing transaction in which we raised approximately $1.0 million through September 30, 2008 and an additional $0.6 million through October 24, 2008 at which time the offering expired. Beacon engaged a broker dealer on November 12, 2008 to raise an additional $3.0 million in a new private placement of Common Stock and Warrants under which we have raised $620,000 as of January 5, 2009.

We believe that our currently available cash, the equity financing and funds we expect to generate from operations will enable us to effectively operate our business and pay our debt obligations as they become due within the next year through October 1, 2009. However, we will require additional capital in order to execute our current business plan. Although we commenced the private placement described above, we have not secured any commitments for new financing at this time other than a $2.2 million equity financing arrangement entered into with one of our directors on January 9, 2009. In addition, the availability of credit and/or the potential to raise capital in general has been adversely affected by the current national and global economic crisis. We are therefore unable to determine the duration of time it may take to raise additional capital in this environment. If we are unable to raise additional capital, we will be required to take various measures to conserve liquidity, which could include, but not necessarily be limited to, curtailing our business development activities, suspending the pursuit of our business plan, and controlling overhead expenses. We cannot provide any assurance that we will raise additional capital. We have not secured any commitments for new financing at this time, nor can we provide any assurance that new financing will be available to us on acceptable terms, if at all.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Beacon Enterprise Solutions Group, Inc., a Nevada corporation (formerly Suncrest) and its wholly-owned subsidiaries the original Beacon formed in Indiana in June 2007 and BH Acquisition Corp. All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates and assumptions include valuing equity securities and derivative financial instruments issued as purchase consideration in business combinations and/or in financing transactions and in share based payment arrangements, accounts receivable reserves, inventory reserves, deferred taxes and related valuation allowances, allocating the purchase price to the fair values of assets acquired and liabilities assumed in business combinations (including separately identifiable intangible assets and goodwill) and estimating the fair values of long lived assets to

assess whether impairment charges may be necessary. Certain of our estimates, including accounts receivable and inventory reserves and the carrying amounts of intangible assets could be affected by external conditions such as the current national and global economic crisis. It is at least reasonably possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We intend to re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments, when necessary; however, we are currently unable to determine whether adjustments due to changes in our estimates would be material.

Revenue and Cost Recognition

Beacon applies the revenue recognition principles set forth under the Securities and Exchange Commission's Staff Accounting Bulletin ("SAB") 104 with respect to all of our revenue. Accordingly, we recognize revenue when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the vendor's fee is fixed or determinable, and (iv) collectability is probable. We generated approximately $6.0 million of revenue during the year ended September 30, 2008 representing approximately nine months of results of operations of the consolidated Phase I Acquisitions. During the period from the Date of Inception to September 30, 2007 we were a development stage company and did not generate any revenue.

Business Telephone System and Computer Hardware Product Revenues - Beacon requires our hardware product sales to be supported by a written contract or other evidence of a sale transaction that clearly indicates the selling price to the customer, shipping terms, payment terms (generally 30 days) and refund policy, if any. Since our hardware sales are supported by a contract or other document that clearly indicates the terms of the transaction, and the selling price is fixed at the time the sale is consummated, we record revenue on these sales at the time at which we receive a confirmation that the goods were tendered at their destination when shipped "FOB destination," or upon confirmation that shipment has occurred when shipped "FOB shipping point."

For product sales, we apply the factors discussed in Emerging Issues Task Force ("EITF") issue 99-19 "Reporting Revenue Gross as a Principal vs. Net as an Agent," ("99-19"), in determining whether to recognize product revenues on a gross or net basis. In a substantial majority of these transactions, we act as principal because; (i) we have latitude in establishing selling prices; (ii) we take title to the products; and (iii) we have the risks and rewards of ownership, including the risk of loss for collection, delivery or returns. For these transactions, we recognize revenues based on the gross amounts billed to customers.

Professional Services Revenue - We generally bill our customers for professional telecommunications and data consulting services based on hours of time spent on any given assignment at its hourly billing rates. As it relates to delivery of these services, we recognize revenue under these arrangements as the work is completed and the customer has indicated their acceptance of services by approving a work order milestone or completion order. For certain engagements, we enter into fixed bid contracts, and recognize revenue as phases of the project are completed and accepted by the client. We generated approximately $2.9 million of professional services revenue during the year ended September 30, 2008.

Time and Materials Contracts – Revenues from time and materials contracts, which generally include product sales and installation services, are billed when services are completed based on fixed labor rates plus materials. A substantial majority of our services in this category are completed in short periods of time. We may, on occasion, enter into long-term contracts in which it would be appropriate to recognize revenue using long-term contract accounting such as the percentage of completion method. We generated revenues of approximately $3.1 million from short-term time and materials contracts for the year ended September 30, 2008.

Maintenance Contracts – Beacon, as a representative of various original equipment manufacturers, sells extended maintenance contracts on equipment we sell and also acts as an authorized servicing agent with respect to these contracts. These contracts, which are sold as separate agreements from other products and services, are individually negotiated and are generally not bundled with other products and services. For maintenance contract sales, we apply the factors discussed in "EITF" 99-19 in determining whether to recognize product revenues on a gross or net basis. Maintenance contracts are typically manufacturer maintenance contracts that are sold to the customer on a reseller basis. Based on an analysis of the factors set forth in EITF 99-19, we have determined that we act as an agent in these situations, and therefore recognize revenues on a net basis. Our share of revenue that we earn from originating these contracts is deferred and recognized over the life of the contract. Material and labor is charged for any service calls under these maintenance contracts on a time and materials basis which is charged to either the customer or manufacturer. We recognized less than $0.1 million of maintenance revenue during the year ended September 30, 2008.

We account for sales taxes collected on behalf of government authorities using the net method. Pursuant to this method, sales taxes are included in the amounts receivable and a payable is recorded for the amounts due to the government agencies.

Customer Concentration

For the year ended September 30, 2008, our largest customer accounted for approximately 19% of sales.

Advertising Expense

Advertising expense is expensed immediately as incurred. Advertising expense amounted to approximately $42,000 for the year ended September 30, 2008. We did not incur any advertising costs during the prior period of June 6, 2007 (date of inception) through September 30, 2007.

Cash and Cash Equivalents

Beacon considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents. Due to their short-term nature, cash equivalents, when they are carried, are carried at cost, which approximates fair value.

Accounts Receivable

Accounts receivable include customer billings on invoices issued by us after the service is rendered or the revenue earned. Credit is extended based on an evaluation of our customer's financial condition and advance payment for services is generally required for many of our services. Credit losses have been provided for in the financial statements and are within management's expectations.

We have established an allowance for doubtful accounts as an estimate of potential credit risk due to current market conditions. We perform ongoing credit evaluation of our customers' financial condition when we deem appropriate and we require no collateral from our

customers. Many of our contracts allow for the filing of a mechanics lien on equipment delivered and installed should the customer become delinquent in payment but we rarely are required to exercise this right. Beacon has a policy of reserving for uncollectible accounts based on our best estimate of the amount of probable credit losses based on, among other things, historical collection experience, a review of the current aging status of customer receivables, a review of specific information for those customers deemed to be higher risk and other external factors including the current economic environment and how the current crisis in the credit markets could affect the ability of our customers to make payments. We evaluate the adequacy of the allowance for doubtful accounts on at least a quarterly basis. Unfavorable changes in economic conditions might impact the amounts ultimately collected from our customers and therefore may result in changes to the estimated allowance and future results of operations could be materially affected. Account balances deemed to be uncollectible or otherwise settled with a customer are charged to the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. Historically, the companies acquired in the business combinations described in Note 4 have experienced minimal credit losses. We currently believe the majority of our receivables are collectible due to the nature of the industry and the substantial customer deposits initially received at contract inception. The allowance for doubtful accounts amounted to $50,000 as of September 30, 2008.

Inventory

Inventory, which consists of business telephone systems and associated equipment and parts, is stated at the lower of cost (first-in, first-out method) or market. In the case of slow moving items, we may write down or calculate a reserve to reflect a reduced marketability for the item. The actual percentage reserved will depend on the total quantity on hand, its sales history, and expected near term sales prospects. When we discontinue sales of a product, we will write down the value of inventory to an amount equal to

its estimated net realizable value less all applicable disposition costs. Slow moving items include spare parts for older phone systems that we use to repair or upgrade customer phone systems. A portion of these items, which are stated at their net realizable value, are likely to be used after the next year and are therefore presented as non-current inventory in the accompanying consolidated balance sheet. A portion of the inventory on hand at September 30, 2008 includes goods acquired in the business combinations completed on December 20, 2007. These goods are stated at the net realizable value established using the purchase method of accounting (Note 4) less a reserve for obsolete inventory as phone systems for which we carry spare parts are discontinued and diminish in the marketplace.

Property and Equipment

Property and equipment is stated at cost, including any cost to place the property into service, less accumulated depreciation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets which currently range from 3 to 5 years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the term of the lease. Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost of any assets sold or retired and related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting profit or loss is reflected in income or expense for the period.

Concentration of Credit Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and cash equivalents. We maintain our cash accounts at high quality financial institutions with balances, at times, in excess of federally insured limits. As of September 30, 2008, we had no deposits in excess of federally insured limits. Management believes that the financial institutions that hold our deposits are financially sound and therefore pose minimal credit risk.

Start Up Costs

All expenses incurred in connection with our formation and related start up activities have been expensed as incurred and are included in selling, general and administrative expenses in the accompanying consolidated financial statements. Start up costs, which principally include professional fees and other administrative costs amounted to approximately $127,000 for the year ended September 30, 2008.

Goodwill and Intangible Assets

We account for goodwill and intangible assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, “Goodwill and Other Intangible Assets,” (“SFAS 142”). SFAS 142 requires that goodwill and other intangibles with indefinite lives should be tested for impairment annually or on an interim basis if events or circumstances indicate that the fair value of an asset has decreased below its carrying value.

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in business combinations (Note 4). SFAS 142, requires that goodwill be tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis and between annual tests when circumstances indicate that the recoverability of the carrying amount of goodwill may be in doubt. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value. Beacon operates a single reporting unit. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, determining appropriate discount rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value and/or goodwill impairment.

We reviewed our single reporting unit for possible goodwill impairment by comparing the fair value of the reporting unit to the carrying value of the net assets. If the fair value exceeds the carrying value of the net assets, no goodwill impairment is deemed to exist. If the fair value of the reporting unit does not exceed the carrying value of net assets, goodwill is tested for impairment and written down to its implied value if it is determined to be impaired. Based on a review of the fair value of our business, no impairment is deemed to exist as of September 30, 2008. Given the current economic environment and the uncertainties regarding the potential impact on the Company’s

business, if forecasted revenue and margin growth rates of our reporting unit are not achieved, it is at least

reasonably possible that triggering events could arise that would require us to evaluate the carrying amount of our goodwill for possible impairment prior to the next annual review that we would perform as of September 30, 2009. If a triggering event causes an impairment review to be required before the next annual review, it is not possible at this time to determine if an impairment charge would result or if such charge would be material.

Our amortizable intangible assets include customer relationships and covenants not to compete. These costs are being amortized using the straight-line method over their estimated useful lives. The estimated fair values and useful lives of the customer relationships and non-compete agreements were originally recorded based on preliminary estimates that we made following the completion of our Phase I Acquisitions. As of September 30, 2008, we have completed our valuation of the assets acquired and liabilities assumed in the Phase I Acquisitions and have determined that the differences between the preliminary values we recorded for amortizable intangible assets and the final amounts derived from our valuations are insignificant. We are amortizing customer relationships on a straight line basis over a 15 year estimated useful life and covenants not to compete on a straight line basis over a twelve month estimated useful life. Amortization expense for the year ended September 30, 2008 was approximately $0.5 million.

In accordance with SFAS 144 “Accounting for the Impairment or Disposal of Long-Lived Assets,” we review the carrying value of intangibles and other long-lived assets for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by comparing the carrying amount of the asset or asset group to the undiscounted cash flows that the asset or asset group is expected to generate. If the undiscounted cash flows of such assets are less than the carrying amount, the impairment to be recognized is measured by the amount by which the carrying amount of the property, if any, exceeds its fair market value. No impairment was deemed to exist as of September 30, 2008. We intend to re-evaluate the carrying amounts of our amortizable intangibles at lease quarterly to identify any triggering events, including those that could arise from the current national and global economic crisis that would require us to conduct an impairment review. As described above, if triggering events require us to undertake an impairment review, it is not possible at this time to determine whether it would be necessary to record a charge or if such charge would be material.

Preferred Stock

We apply the guidance enumerated in SFAS No. 150 “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity” and EITF Topic D-98 “Classification and Measurement of Redeemable Securities,” when determining the classification and measurement of preferred stock. Preferred shares subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value in accordance with SFAS 150. All other issuances of preferred stock are subject to the classification and measurement principles of EITF Topic D-98. Accordingly we classify conditionally redeemable preferred shares (if any), which includes preferred shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within our control, as temporary equity. At all other times, we classify our preferred shares in stockholders’ equity. Our preferred shares do not feature any redemption rights within the holders control or conditional redemption features not within our control as of September 30, 2008. Accordingly all issuances of preferred stock are presented as a component of consolidated stockholders’ (deficiency) equity.

Convertible Instruments

We evaluate and account for conversion options embedded in convertible instruments in accordance with SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” (“SFAS 133”) and EITF 00-19, “Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company’s Own Stock” (“EITF 00-19”).

SFAS 133 generally provides three criteria that, if met, require companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments in accordance with EITF 00-19. These three criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under otherwise applicable generally accepted accounting principles with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument subject to the requirements of SFAS 133. SFAS 133 and EITF 00-19 also provide an exception to this rule when the host instrument is deemed to be conventional (as that term is described in the implementation guidance to SFAS 133 and further clarified in EITF 05-2, “The Meaning of “Conventional

Convertible Debt Instrument” in Issue No. 00-19”).

We account for convertible instruments (when we have determined that the embedded conversion options should not be bifurcated from their host instruments) in accordance with the provisions of EITF 98-5, “Accounting for Convertible Securities with Beneficial Conversion Features” (“EITF 98-5”) and EITF 00-27, “Application of EITF 98-5 to Certain Convertible Instruments” (“EITF 00-27”). Accordingly, we record when necessary discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt to their stated date of redemption. We also record when necessary deemed dividends for the intrinsic value of conversion options embedded in preferred shares based upon the differences between the fair value of the underlying common stock at the commitment date of the transaction and the effective conversion price embedded in the preferred shares.

We evaluated the conversion option featured in the Bridge Financing Facility and Bridge Notes that are more fully described in Note 10. These conversion options provided the noteholders, of whom three are also founding stockholders and/or directors of Beacon, with the right to convert any advances outstanding under the facility, into shares of our common stock at anytime upon or after the completion of the entire Series A Private Placement described in Note 14. The conversion options embedded in these notes would not have been exercisable unless and until we raised the full $4,000,000 of proceeds stipulated in the Series A Private Placement that was commenced during the three months ended December 31, 2007 and completed during the year ended September 30, 2008.

We had deemed the completion of the entire Private Placement to be an event that was not within our control. As described in Note 10, we completed our Private Placement on February 12, 2008 at which time the conversion options embedded in the Notes became exercisable at the option of the holders. Accordingly, we recorded a $72,000 discount to the face value of the Bridge Notes based on the relative fair values of the Bridge Warrants and the Notes measured as of the commitment date on November 15, 2007 and an additional $128,000 discount related to the beneficial conversion feature that is being accreted to interest expense over the contractual term of the Notes.

Common Stock Purchase Warrants and Other Derivative Financial Instruments

We account for the issuance of common stock purchase warrants and other free standing derivative financial instruments in accordance with the provisions of EITF 00-19. Based on the provisions of EITF 00-19, we classify as equity any contracts that (i) require physical settlement or net-share settlement or (ii) gives us a choice of net-cash settlement or settlement in our own shares (physical settlement or net-share settlement). We classify as assets or liabilities any contracts that (i) require net-cash settlement (including a requirement to net cash settle the contract if an event occurs and if that event is outside our control) or (ii) gives the counterparty a choice of net-cash settlement or settlement in shares (physical settlement or net-share settlement). We assess classification of our common stock purchase warrants and other free standing derivatives at each reporting date to determine whether a change in classification between assets and liabilities is required.

Our free standing derivatives consist of warrants to purchase common stock that were issued to three founding stockholders/directors and one independent qualified investor in connection with the Bridge Financing Facility and Bridge Notes described in Note 10, warrants issued pursuant to equity financing arrangements described in Note 12, warrants issued to the Series A and A-1 Preferred Stock stockholders, and warrants issued to the placement agent and its affiliates in connection with the Private Placements described in Note 14. We evaluated the common stock purchase warrants to assess their proper classification in the balance sheet as of September 30, 2007 and 2008 using the applicable classification criteria enumerated in EITF 00-19. We determined that the common stock purchase warrants do not feature any characteristics permitting net cash settlement at the option of the holders. Accordingly, these instruments have been classified in stockholders' equity in the accompanying consolidated balance sheet as of September 30, 2007 and 2008.

Share-Based Payments

We account for stock-based compensation using Statement of Financial Accounting Standards ("SFAS") No. 123(R), "Accounting for Stock-Based Compensation" ("SFAS 123(R)"), as amended, which results in the recognition of compensation

expense for stock-based compensation. The Company adopted SFAS 123(R) using the modified prospective method, which requires measurement of compensation cost for all stock-based awards at fair value on the date of grant and recognition of compensation over the service period for awards expected to vest. The fair value of stock options is determined using the Black-Scholes valuation model. The recognized expense is net of expected forfeitures. The fair value of restricted stock is determined based on the number of shares granted and the fair value of our common stock on date of grant.

Income Taxes

We account for income taxes under SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statements and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. SFAS 109 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized. Furthermore, SFAS 109 provides that it is difficult to conclude that a valuation allowance is not needed when there is negative evidence such as cumulative losses in recent years. Therefore, cumulative losses weigh heavily in the overall assessment. Accordingly, we have recorded a full valuation allowance against our net deferred tax assets. In addition, we expect to provide a full valuation allowance on future tax benefits until we can sustain a level of profitability that demonstrates our ability to utilize the assets, or other significant positive evidence arises that suggests our ability to utilize such assets. We will continue to reassess our reserves on deferred income tax assets in future periods on a quarterly basis.

Effective June 6, 2007 (Date of Inception), we adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48") – an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." FIN 48 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under FIN 48, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. FIN 48 also provides guidance on the de-recognition of income tax liabilities, classification of interest and penalties on income taxes, and accounting for uncertain tax positions in interim period financial statements. Our policy is to record interest and penalties on uncertain tax provisions as a component of our income tax expense.

As described in Note 15, we completed our preliminary assessment of uncertain tax positions in accordance with FIN 48 during the period of June 6, 2007 through September 30, 2007 and for the year September 30, 2008, including the effects of the Share Exchange Transaction described in Note 1 and business combinations completed as described in Note 4. Based on this preliminary assessment, we have determined that we have no material uncertain income tax positions requiring recognition or disclosure in accordance with FIN 48.

Net Loss Per Share

Net loss per share is presented in accordance with SFAS No. 128 "Earnings Per Share." ("SFAS 128") Under SFAS 128, basic net loss per share is computed by dividing net loss per share available to common stockholders by the weighted average shares of common stock outstanding for the period and excludes any potentially dilutive securities. Diluted earnings per share reflects the potential dilution that would occur upon the exercise or conversion of all dilutive securities into common stock. The computation of loss per share for the twelve month periods ended September 30, 2007 and 2008 excludes potentially dilutive securities because their inclusion would be anti-dilutive.

Shares of common stock issuable upon conversion or exercise of potentially dilutive securities at September 30, 2008 are as follows:

	Stock Options and Warrants	Common Stock Equivalents	Total Common Stock Equivalents
Series A Convertible Preferred Stock	2,666,666	5,593,205	8,259,871
Series A-1 Convertible Preferred Stock	533,333	1,100,601	1,633,934
Series B Convertible Preferred Stock	200,000	444,444	644,444
Common Stock Offering Warrants	812,500		812,500
Placement Agent	1,491,750		1,491,750
Affiliate Warrants	600,000		600,000
Bridge Financings	1,211,000	1,166,666	2,377,666
Compensatory	300,000		300,000
Equity Financing Arrangements	283,332		283,332
Employee Stock Options	115,900		115,900
	8,214,481	8,304,916	16,519,397

The table above includes 224,000 contingently exercisable common stock purchase warrants issued to the bridge financing participants (Note 10). Subsequent to September 30, 2008, 367,099 shares of common stock and warrants to purchase 238,615 shares of common stock were issued pursuant to the July Common Offering and 775,000 shares of common stock and warrants to purchase 503,751 shares of common stock were issued pursuant to the November Common Offering (Note 17).

Fair Value of Financial Instruments

The carrying amounts reported in the consolidated financial statements for cash, accounts receivable, prepaid expenses and other current assets, accounts payable and accrued expenses and other current liabilities approximate fair value based on the short-term maturity of these instruments. The carrying amounts of the bridge notes, long-term debt and capital lease obligations approximate fair value because the contractual interest rates or the effective yields of such instruments, which includes the effects of contractual interest rates taken together with the concurrent issuance of common stock purchase warrants, are consistent with current market rates of interest for instruments of comparable credit risk.

Recent Accounting Pronouncements

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 defines fair value, establishes a market based framework for measuring fair value and expands disclosure of fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements and accordingly, does not require any new fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007.

In February 2008, SFAS 157 was amended by FSP 157-2, "Effective Date of FASB Statement No. 157: Fair Value Measurements" ("FSP 157-2"). As such, SFAS 157 (as amended) is partially effective for measurements and disclosures of financial assets and liabilities for fiscal years beginning after November 15, 2007 and is fully effective for measurement and disclosure provisions on all applicable assets and liabilities for fiscal years beginning after November 15, 2008. The adoption of FSP 157-2 is not expected to have a material effect on our consolidated financial statements.

On February 15, 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). The guidance in SFAS 159 "allows" reporting entities to "choose" to measure many financial instruments and certain other items at fair value. The objective underlying the development of this literature is to improve financial reporting by providing reporting entities with the opportunity to reduce volatility in reported earnings that results from measuring related assets and liabilities differently without having to apply complex hedge accounting provisions, using the guidance in SFAS 133, as amended. The provisions of SFAS 159 are applicable to all reporting entities and are effective as of the beginning of the first fiscal year that begins subsequent to November 15, 2007. The adoption of SFAS 159 is not expected to have a material effect on our consolidated financial statements.

In June 2007, the EITF reached a consensus on EITF Issue No. 06-11, "Accounting for Income Tax Benefits on Dividends on Share-Based Payment Awards" ("EITF 06-11"). EITF 06-11 addresses share-based payment arrangements with dividend protection features that entitle employees to receive (a) dividends on equity-classified nonvested shares, (b) dividend equivalents on equity-classified nonvested share units, or (c) payments equal to the dividends paid on the underlying shares while an equity-classified share option is outstanding, when those dividends or dividend equivalents are charged to retained earnings under SFAS 123R and result in an income tax deduction for

the employer. A realized income tax benefit from dividends or dividend equivalents that are charged to retained earnings are paid to employees for equity-classified nonvested shares, nonvested equity share units, and outstanding equity share options should be recognized as an increase in additional paid in capital. The amount recognized in additional paid-in capital for the realized income tax benefit from dividends on those awards should be included in the pool of excess tax benefits available to absorb potential future tax deficiencies on share-based payments for fiscal years beginning after December 15, 2007. The adoption of this pronouncement is not expected to have a material impact on our consolidated financial statements.

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141R, "Business Combinations" ("SFAS 141R"), which replaces SFAS No. 141, "Business Combinations." SFAS 141R establishes principles and requirements for determining how an enterprise recognizes and measures the fair value of certain assets and liabilities acquired in a business combination, including noncontrolling interests, contingent consideration, and certain acquired contingencies. SFAS 141R also requires acquisition-related transaction expenses and restructuring costs be expensed as incurred rather than capitalized as a component of the business combination. SFAS 141R will be applicable prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS 141R will have an impact on the accounting for any businesses acquired after the effective date of this pronouncement.

In December 2007, the SEC staff issued SAB No. 110 ("SAB 110"), "Share-Based Payment," which amends SAB 107, "Share-Based Payment," to permit public companies, under certain circumstances, to use the simplified method in SAB 107 for employee option grants after December 31, 2007. Use of the simplified method after December 2007 is permitted only for companies whose historical data about their employees' exercise behavior does not provide a reasonable basis for estimating the expected term of the options. The adoption of this pronouncement did not have a material effect on our consolidated financial statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as minority interests). SFAS 160 also requires that a retained noncontrolling interest upon the deconsolidation of a subsidiary be initially measured at its fair value. Upon adoption of SFAS 160, the Company would be required to report any noncontrolling interests as a separate component of stockholders' equity. The Company would also be required to present any net income allocable to noncontrolling interests and net income attributable to the stockholders of the Company separately in its consolidated statements of operations. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. SFAS 160 requires retroactive adoption of the presentation and disclosure requirements for existing minority interests. All other requirements of SFAS 160 shall be applied prospectively. SFAS 160 will have an impact on the presentation and disclosure of the noncontrolling interests of any non wholly-owned businesses after the effective date of this pronouncement.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161 "Disclosure about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. The guidance in SFAS 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. This Statement encourages, but does not require, comparative disclosures for earlier periods at initial adoption. We are evaluating the impact of this pronouncement on our consolidated financial position, results of operations and cash flows.

In May 2008, the FASB issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles." This Statement identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statement of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the

United States. This Statement is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles," and is not anticipated to have any impact on our consolidated financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

NOTE 4 – BUSINESS COMBINATIONS

Advance Data Systems, Inc.

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "ADSnetcurve Agreement"), our acquisition of Advance Data Systems, Inc. ("ADSnetcurve") became effective. The ADSnetcurve Agreement was entered into between us, ADSnetcurve and the shareholders of ADSnetcurve, whereby Beacon acquired substantially all of the assets and assumed certain of the liabilities of ADSnetcurve. Contemporaneously with the acquisition of ADSnetcurve, certain employees of ADSnetcurve entered into employment agreements with us, effective upon the closing of the acquisition.

ADSnetcurve is a global information technology company that provides technology solutions. Specifically, these services include web application development, IT management and hosting services (for scalable infrastructure solutions); and support services. We acquired ADSnetcurve because the business provides the software development and support infrastructure that is needed to develop custom applications for clients' information technology systems, and to provide management, hosting and technical support services with respect to those systems.

The aggregate purchase price paid by Beacon, inclusive of direct transaction expenses, in connection with the ADSnetcurve acquisition

amounted to an adjusted $1,647,548, including 700,000 shares of common stock valued at $.85 per share, $666,079 of cash, a $220,000 secured promissory note ("ADS Note") as adjusted from an original principal balance of $300,000, and estimated direct transaction expenses of $172,345 net of $5,876 of cash acquired.

The ADS Note (Note 10) has a term of 48 months, bearing interest at the prime rate, and is secured by the assets acquired by Beacon from ADSnetcurve. The ADS Note provides for monthly principal and interest payments of $7,219. The ADS Note also contains a pre-payment provision such that, following the initial Private Placement, we are required to make additional principal payments equal to 3.2% of the net amount received by us from any equity capital raised, in excess of $1,000,000, after the closing date until such time as the ADS Note has been paid in full. During the year ended September 30, 2008, we made payments of $74,568 on this note representing $63,383 of principal and $11,185 of interest, including principal payments made pursuant to our equity capital raises.

The ADSnetcurve agreement stipulated that if from the closing date to the first anniversary of the closing of this transaction, the annual revenue generated by ADSnetcurve amounts to less than $1,800,000, then the balance due under the ADS Note would be reduced by up to 60% of its principal amount but would not be less than $120,000. Based on information available at the time of the acquisition, we recorded the ADS Note at its full principal amount of $300,000 since attainment of the performance target was deemed to be probable, however, based on current economic conditions and current trends, ADSnetcurve will not attain the revenue threshold stipulated under the acquisition agreement. Accordingly, we have reduced the ADS Note balance and goodwill by $80,000 as of September 30, 2008. We are currently in negotiations to settle a portion of the remaining balance of the note for a share-based payment to be determined, however, no agreement has been reached at this time.

The agreement was subject to a net working capital adjustment that was initially measured and later adjusted as of December 20, 2007. Based on the initial net working capital measurement, $116,049 of the purchase price was place in escrow on December 20, 2007. On January 15, 2008, based on the final determination of net working capital, $66,079 was released to the sellers (included in cash consideration above) and the remaining balance was returned to us from escrow.

Beginning December 21, 2007, the day immediately following the effective date of the transaction, the financial results of ADSnetcurve were consolidated with those of our business. The acquisition was accounted for under the purchase method of

accounting, whereby a preliminary valuation of the fair values of the acquired assets and liabilities assumed of the acquired business was performed as of December 20, 2007. As of September 30, 2008, the valuation of the purchase price allocation has been finalized. The excess of the purchase price over net assets acquired amounted to $524,396 and was recorded as goodwill. Other separately identifiable intangibles consisting of customer relationships and non-compete agreements amounted to an aggregate of $962,027. Based on final valuations and the resolution of the performance targets related to the ADS Note, the purchase consideration has been adjusted to $1,647,548.

Bell-Haun Systems Inc.

On December 20, 2007, pursuant to an Agreement and Plan of Merger (the "Bell-Haun Agreement"), our acquisition of Bell-Haun Systems, Inc. ("Bell-Haun") became effective. The Bell-Haun Agreement was entered into between Beacon, BH Acquisition Sub, Inc. (the "Acquisition Sub"), Bell-Haun and Thomas Bell and Michael Haun, whereby, Bell-Haun merged with and into the Acquisition Sub, with the Acquisition Sub surviving the merger.

Bell-Haun specializes in the installation, maintenance and ongoing support of business telephone systems, wireless services, voice messaging platforms and conference calling services to businesses throughout its region. The Company acquired Bell-Haun because it believes the business provides it with (i) a customer base and presence in the greater Columbus, Ohio region and (ii) an established presence in the market for products and services needed to design telecommunications infrastructures and implement such design plans and systems.

The aggregate purchase price paid by Beacon, inclusive of direct transaction expenses, in connection with the Bell-Haun acquisition amounted to $794,100, including 500,000 shares of common stock valued at $.85 per share, $155,048 of cash, notes payable (the "Bell-Haun Notes") in the amount $119,000, and future payments in the amount of $50,000 related to non-compete agreements that are included in the direct transaction costs of $95,052.

The Bell-Haun Notes are payable over 60 months in installments of $2,413 including interest at 8% per annum with the first payment due and payable on January 19, 2009 (Note 10).

The Bell-Haun Agreement also provides for the payment of up to $480,374 of additional purchase consideration upon the attainment of certain earnings milestones based on gross profit earned over the twelve months following the anniversary of the closing. These payments are being accounted for as contingent consideration that would be recorded as an increase to goodwill at December 20, 2008, the measurement date of the milestone if such milestones are attained. We currently do not expect to pay any additional purchase consideration to the sellers of Bell-Haun since it is not probable that the performance targets stipulated under the acquisition agreement will be met.

Beginning December 21, 2007, the day immediately following the effective date of the transaction, the financial results of Bell-Haun Systems Inc. were consolidated with those of our business. The acquisition was accounted for under the purchase method of accounting, whereby a preliminary valuation of the fair values of the assets acquired and liabilities assumed was performed as of December 20, 2007. The aggregate amount of the purchase price which amounted to $794,100 plus the amount of the net liabilities assumed which amounted to $599,520 (grand total of $1,393,620), was allocated to goodwill and other intangible assets. Goodwill initially amounted to approximately $520,000, but was subsequently adjusted to approximately $451,000 as of September 30, 2008, upon the completion of our valuation. Separately identifiable intangibles consisting of customer relationships and non-compete agreements amounted to an aggregate of $873,760.

As described in Notes 2 and 10, we assumed approximately $405,000 of debt obligations in this transaction that were in default as of the

closing due to certain change of control restrictions that the sellers breached upon the transfer or their shares to us. These debt obligations were refinanced on March 14, 2008.

CETCON, Inc.

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "CETCON Agreement"), our acquisition of CETCON, Inc. ("CETCON") became effective. The CETCON Agreement was entered into between Beacon, CETCON and the shareholders of CETCON, whereby we acquired substantially all of the assets and assumed certain of the liabilities of CETCON.

Contemporaneously with the acquisition of CETCON, certain employees of CETCON entered into employment agreements with us, effective upon the closing of the acquisition.

CETCON provides engineering consulting services to commercial and government entities with respect to the design and implementation of their voice, data, video, and security infrastructures and systems. Beacon acquired CETCON because the business provides systems design and engineering services that include evaluating information technology needs (including voice, data, video, and security needs) and also designs and engineers systems (i.e., hardware) and infrastructure (i.e., cabling and connectivity) to meet those needs at the enterprise level.

The aggregate purchase price paid by Beacon, inclusive of direct transaction expenses, in connection with the CETCON acquisition amounted to $2,158,111, including 900,000 shares of common stock valued at $.85 per share, $700,000 of cash, a $600,000 secured promissory note (the "CETCON Note") and direct transaction costs of $235,519 net of cash acquired of $142,407.

The CETCON Note (Note 10) has a term of 60 months, bearing interest at 8% per annum. The CETCON Note provides for monthly principal and interest payments in the amount of $12,166 and is secured by the assets acquired by us in this transaction (subordinate only to existing senior debt of $194,947 assumed in the acquisition which was repaid from proceeds of a new credit facility entered into on March 14, 2008 (Note 10)). If, from the closing date to October 31, 2008, the revenue generated from CETCON is less than $2,000,000, the principal amount of the CETCON Note will be reduced by the percentage of the actual revenue divided by $2,000,000. The minimum revenue of $2,000,000 provided for in the CETCON Note for which there would be consideration payable was achieved. Accordingly, the full principal amount of the CETCON Note was included in the purchase consideration paid to the seller as of the closing date of the acquisition. During the year ended September 30, 2008, we made payments of $118,493 on this note representing $84,373 of principal and $34,120 of interest.

We may prepay all or a portion of the outstanding principal amount and accrued interest under the CETCON Note. The CETCON Note contains a pre-payment provision such that, following the initial Private Placement, we are required to make additional principal payments equal to 3% of the net amount received by us from any equity capital raised, in excess of $1,000,000, after the closing date until such time as the CETCON Note is paid in full. Such amounts are included in the principal payments referred to in the previous paragraph.

Beginning December 21, 2007, the financial results of CETCON, Inc. were consolidated with those of our business. The acquisition was accounted for under the purchase method of accounting, whereby a preliminary valuation of the fair values of the assets acquired and liabilities assumed of the acquired business was performed as of December 20, 2007. Pursuant to our final valuation, the excess of the purchase price over net tangible and separately identifiable intangible assets acquired amounted to $994,007 and was recorded as goodwill. Other separately identifiable intangibles consisting of customer relationships and non-compete agreements amounted to an estimated aggregate fair value of $1,127,887.

Strategic Communications, LLC

On December 20, 2007, pursuant to an Asset Purchase Agreement (the "Strategic Agreement"), our acquisition of selected assets of Strategic Communications, LLC ("Strategic") became effective. The Strategic Agreement was entered into between Beacon, Strategic and the members of Strategic, whereby we acquired substantially all of the assets and assumed certain of the liabilities of Strategic. Contemporaneously with the Strategic Agreement, Beacon, RFK Communications, LLC ("RFK") (co-owner of Strategic Communications, Inc.) and the members of RFK entered into an Asset Purchase Agreement, whereby we acquired substantially all of the assets and assumed certain of the liabilities of RFK.

Strategic was a voice, video and data communication systems solutions provider. Strategic specifically provided procurement for carrier services (including voice, video, data, Internet, local and long distance telephone applications), infrastructure services (including cabling and equipment); routers, servers and hubs; telephone systems, voicemail, general technology products and maintenance support. The Company acquired certain Strategic assets because it believes the business provides it with a customer base and presence in the greater Louisville, Kentucky region and an established presence in the market for products and services needed to design and implement these types of systems.

The aggregate purchase price paid by Beacon, inclusive of direct transaction expenses, in connection with the Strategic

acquisition amounted to $2,208,526, including 1,125,000 shares of common stock valued at $.85 per share, $220,500 of cash, a $562,500 secured promissory note (the "Strategic Secured Note"), a $342,000 promissory note (the "Strategic Escrow Note") and direct transaction expenses of $127,276.

We delivered the $342,000 Strategic Escrow Note (Note 10) and a stock certificate for 200,000 shares of the common stock conveyed to the members of Strategic as purchase consideration to be held in escrow (the "Strategic Escrow Shares") for the purpose of securing the indemnification obligations of members of Strategic. The specific indemnity secured a commitment on the part of the sellers in this

transaction to hold Beacon harmless from its previously existing liabilities, including a $313,000 tax delinquency, since Beacon agreed to assume only $500,000 of liabilities in the transaction. The escrow agreement was to terminate and the Strategic Escrow Note and Strategic Escrow Shares were to be released to the sellers upon confirmation and to the extent that Strategic has settled the liabilities specified under such indemnification. If necessary, the amounts escrowed can be used to settle such liabilities. As discussed below, since we entered into an arrangement with the Internal Revenue Service to pay the tax obligations of Strategic, the obligations under the Strategic Escrow Note shall be deemed discharged by such payments.

The Strategic Secured Note (Note 10) has a term of 60 months, bearing interest at 8% per annum. The Strategic Secured Note provides for monthly principal and interest payments of $11,405. If, from the closing date to the first anniversary of the closing of this transaction, the revenue generated from Strategic is less than $4.5 million, the principal amount of the Strategic Secured Note will be reduced by percentage of the actual revenue divided by the minimum threshold. At the time the Strategic Amendment became effective, we believed that the minimum threshold provided for in the Strategic Secured Note for which there would be consideration payable was probable. Due to diversion of the efforts of Richard Mills, our president and a former owner of Strategic Communications, LLC, to other opportunities in the best interest of Beacon, the Strategic Secured Note principal will remain unchanged. We may prepay all or a portion of the outstanding principal amount and accrued interest under the Strategic Secured Note. During the year ended September 30, 2008, we made payments of $102,649 on this note representing $73,883 of principal and $28,766 of interest.

The Strategic Escrow Note bears interest at the Federal short term rate (5% as of September 30, 2008) and matures on the earlier of the final round of equity financing (as that term is defined in the Strategic Escrow Note) or December 31, 2008 (the "Maturity Date"), at which time the entire principal and accrued interest will be due and payable. We may prepay all or a portion of the outstanding principal amount and accrued interest under the Strategic Escrow Note. In addition, we have agreed to pay interest and penalties that Strategic incurs related to a tax liability it incurred prior to the acquisition. At the time the acquisition was executed, the acquired assets were believed to be encumbered by an aggregate of $313,000 of tax liens as of the time of the closing of this transaction; however Strategic, as the seller in this transaction, is still the primary obligor of this liability and is still therefore primarily liable for payment of the entire balance, including penalties and interest. As described in Note 17, the remaining amount of the liens of approximately $281,000 was settled on July 1, 2008 pursuant to an agreement by and among Strategic Communications LLC, Beacon, and the Internal Revenue Service.

On July 1, 2008, we entered into an installment payment plan ("Installment Agreement") by and among the former owners of Strategic and the Internal Revenue Service to settle the Strategic tax liens. The agreement requires us to pay $50,000 upon signing and $50,000 the 15th of each month beginning in July until the approximate $281,000 balance is paid in full along with any further interest and penalties that accrue during the term of the agreement. Based on estimates provided by the Internal Revenue Service, the remaining interest and penalties that have not been accrued to date will amount to approximately $12,000. The Company does not deem this amount to be significant to the original acquisition transaction and is therefore expensing such penalties and interest over the remaining term of the agreement as incurred. During the year ended September 30, 2008, we paid and settled $412,449 of obligations to taxing authorities on behalf of Strategic Communications, its former owners and principals to settle state and local tax liens, as well as payments to settle portions of the outstanding federal tax obligations payable at the time of the acquisition. Amounts paid in settlement include $54,119 paid directly from closing proceeds and $358,330 as a reduction of Notes. The remaining balance due under the Installment Agreement, including interest and penalties accrued to date, was $85,960 as of September 30, 2008. Based on communication with the Internal Revenue Service the remaining estimated interest and penalties that will accrue prior to the last payment will be approximately $4,000.

Since the aggregate tax liens were in excess of the $313,000 originally estimated, concurrently with the execution of the Installment Agreement, pursuant to our right of offset between the Strategic Escrow Note and Strategic Secured Note, we entered into an amendment to the Strategic Secured Note reducing the balance by $89,000 and increasing the balance of the Strategic Escrow Note

to compensate for the difference between the remaining balance of tax liens due the Internal Revenue Service. The Company will continue to pay the Strategic Secured Note payments of $11,405 per month, the effect of which will result in a shortened pay-off period.

Beginning December 21, 2007, the day immediately following the effective date of the transaction, the financial results of Strategic were consolidated with those of our business. The acquisition was accounted for under the purchase method of accounting, whereby a preliminary valuation of the fair values of the assets acquired and liabilities assumed was performed as of December 20, 2007. Based on the final valuation, the excess of the purchase price over the net tangible and separately identifiable intangible assets acquired amounted to $723,509 and was recorded as goodwill, subsequently adjusted to $821,994 as of September 30, 2008, upon final review of the estimated fair values of the assets purchased and liabilities assumed in the transaction. Other separately identifiable intangibles consisting of customer relationships and non-compete agreements amounted to an estimated aggregate fair value of $1,340,400.

Business Combination Accounting

Beacon accounted for the acquisitions of ADSnetcurve, Bell-Haun, CETCON and Strategic using the purchase method of accounting prescribed under SFAS 141 "Business Combinations." Under the purchase method, the acquiring enterprise records any purchase consideration issued to the sellers of the acquired business at their fair values. The aggregate of the fair value of the purchase consideration plus any direct transaction expenses incurred by the acquiring enterprise is allocated to the assets acquired (including any separately identifiable intangibles) and liabilities assumed based on their fair values at the date of acquisition. The excess of cost of the acquired entities over the fair values of assets acquired and liabilities assumed was recorded as goodwill and other intangible assets. The results of operations for each of the acquired companies following the dates of each of the business combination (which was December 20, 2007) are included in our consolidated results of operations for the year ended September 30, 2008. We evaluated each of the aforementioned transactions to identify the acquiring entity as required under SFAS 141 for business combinations effected through an exchange of equity interests. Based on such evaluation we determined that we were the acquiring entity in each transaction (and cumulatively for all transactions) as (1) the larger portion of the relative voting rights in each of the acquired business and in the combined business as a whole was retained by the existing Beacon stockholders, (2) there are no significant minority interests or organized groups of interests carried over from the acquired entities that could exercise significant influence over the operating policies or management decisions of the

combined entity, (3) the sellers in each of these transactions have no participation on the board of directors nor are they involved in any corporate governance functions of the combined entity and (4) a majority of the Senior Management positions in the combined entity, including those of the Chairman and Chief Executive Officer and the Chief Accounting Officer, were retained by officers of Beacon both prior and subsequent to the business combination. The following table provides a breakdown of the purchase prices of each of the acquired businesses including the fair value of purchase consideration issued to the sellers of the acquired business and direct transaction expenses incurred by us in connection with consummating these transactions:

	ADSnetcurve	Bell-Haun Systems	CETCON	Strategic Communications	Total Consideration
Cash paid	$ 666,079	$ 155,048	$ 700,000	$ 220,500	$ 1,741,627
Direct acquisition costs	172,345	95,052	235,519	127,276	630,192
Net of cash acquired	(5,876)	-	(142,407)	-	(148,283)
Cash used in acquisitions	$ 832,548	$ 250,100	$ 793,112	$ 347,776	$ 2,223,536
Notes payable	220,000	119,000	600,000	904,500	1,843,500
Common stock issued	595,000	425,000	765,000	956,250	2,741,250
	$ 1,647,548	$ 794,100	$ 2,158,112	$ 2,208,526	$ 6,808,286

The fair value of common stock issued to the sellers as purchase consideration was determined to be $.85 per share based on the selling prices of equity securities issued by Beacon in the Private Placement Transaction described in Note 14. The fair value of note obligations issued to the sellers as purchase consideration is considered to be equal to their principal amounts because such notes feature interest rates that are deemed to be comparable for instruments of similar credit risk. Transaction expenses, which include legal fees and transaction advisory services directly related to the acquisitions amounted to approximately $630,000. Such fees included legal, accounting and business broker fees paid in cash.

Beacon also evaluated all post combination payments payable or potentially payable to the sellers of the acquired business as either contingent consideration or compensation under applicable employment agreements to determine their proper characterization

in accordance with EITF 95-8 “Accounting for Contingent Consideration Issued in a Purchase Business Combination.” We determined that potential contingent consideration payable to certain sellers of the acquired businesses upon the attainment of certain pre-defined financial milestones should be accounted for as additional purchase consideration because there are no future services required on the part of such sellers in order for them to be entitled to those payments. In addition, we deem these payments to be a component of the implied value of the acquired businesses for which payment would be made based on financial performance. Conversely, any payments to be made to certain sellers of the acquired businesses under their respective employment agreements are deemed to be compensation for post combination services because such payments, which management believes are comparable to amounts for similar employment services, require the continuation of post-combination employment services.

Purchase Price Allocation

Under the purchase method of accounting, the total preliminary purchase price was allocated to each of the acquired entities, net tangible and identifiable intangible assets based on their estimated fair values as of December 20, 2007. The final allocation of the purchase price for these four acquisitions is set forth below. The excess of the purchase price over the net tangible and identifiable intangible assets was recorded as goodwill.

	ADSnetcurve	Bell-Haun Systems	CETCON	Strategic Communications	Total Consideration
Accounts receivable	$ 151,208	$ 71,335	$ 466,458	$ -	$ 689,001
Inventory	-	168,065	-	450,536	618,601
Prepaid expenses and other current assets	13,430	34,522	5,516	1,815	55,283
Property and equipment	47,500	19,243	20,000	140,000	226,743
Goodwill	524,396	451,252	994,007	821,994	2,791,649
Customer relationships	862,027	843,760	927,887	1,240,400	3,874,074
Covenants not to compete	100,000	30,000	200,000	100,000	430,000
Security deposits	21,541	-	-	6,050	27,591
Line of credit obligation	-	(250,000)	-	-	(250,000)
Accounts payable and accrued liabilities	(40,103)	(319,911)	(55,278)	(516,984)	(932,276)
Customer deposits	(32,451)	(44,914)	(205,532)	(9,795)	(292,692)
Capital lease obligations	-	-	-	(25,490)	(25,490)
Long-term debt	-	(159,252)	(194,947)	-	(354,199)
Other acquisition liability	-	(50,000)	-	-	(50,000)
	$ 1,647,548	$ 794,100	$ 2,158,111	$ 2,208,526	$ 6,808,285
Net tangible asset acquired (liabilities assumed)	$ 161,125	$ (530,912)	$ 36,217	$ 46,132	$ (287,438)

We considered our intention for future use of the acquired assets, analyses of the historical financial performance of each of the acquired

businesses and estimates of future performance of each acquired businesses' products and services in deriving the fair values of the assets acquired and liabilities assumed. Our final determination of the purchase price allocation resulted in changes to the amounts reflected in our preliminary estimate and estimated useful lives of acquired assets. However, none of the adjustments were deemed significant.

Pro-Forma Combined Financial Information

The unaudited financial information in the table below summarizes our combined results of operations and ADSnetcurve, Bell-Haun, CETCON and Strategic, on a pro-forma basis, as if the companies had been combined as of the beginning of each of the periods presented.

The unaudited pro-forma combined financial information for the years ended September 30, 2007 and 2008 combine the historical results of Beacon for the period June 6, 2007 (date of inception) to September 30, 2007 and the year ended September 30, 2008 and the historical results of ADSnetcurve, Bell-Haun, CETCON and Strategic for the years then ended. The acquisitions of the businesses were completed on December 20, 2007. The unaudited pro-forma combined financial results for the years ended September 30, 2007 and 2008 combine the historical results of ADSnetcurve, Bell-Haun, CETCON and Strategic with those of the Company as if these acquisitions had been completed as of the beginning of each of the periods presented. The pro-forma weighted average number of shares outstanding also assumes that the Share Exchange Transaction and Series A Private Placement described in Note 1 was completed as of the beginning of each of the periods presented.

	From June 6, 2007 (Date of Inception) to September 30, 2007	For the year ended September 30, 2008
	(unaudited)	(unaudited)
Net sales	$ 6,384,013	$ 7,655,905
Loss from operations	(1,021,788)	(4,046,028)
Net loss available to common stockholders - (including the effects of contractual and deemed dividends)	(2,110,551)	(5,255,139)
Net loss per share - basic and diluted	$ (0.20)	$ (0.50)
Pro-forma weighted average shares outstanding	10,428,121	10,595,471

The unaudited pro-forma combined financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions of these businesses had taken place at the beginning of each of the periods presented.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable amounted to approximately $1.5 million net of an allowance for doubtful accounts of $50,000 as of September 30, 2008. Beacon and our predecessor businesses have historically experienced minimal credit losses. However, credit risk has increased due to current market conditions and a $50,000 allowance for doubtful accounts has been established as an estimate of potential losses due to such market conditions.

NOTE 6 – INVENTORY, NET

Inventory consists of the following as of September 30, 2008:

Inventory (principally parts and system components)	$ 828,520
Less: reserve for obsolete inventory	(35,058)
Less: current portion	(632,852)
Inventory, non-current	$ 160,610

Inventory includes parts and system components for phone systems that we use to fulfill repair, maintenance services and/or upgrade requirements. A portion of these items, which are stated at their net realizable value, are likely to be used after the next twelve months and are therefore presented as non-current inventory in the accompanying balance sheet. A portion of the inventory on hand at September 30, 2008 was acquired in the business combinations completed on December 20, 2007, which are stated at net realizable value using the purchase method of accounting. We have established a $35,058 reserve for obsolete inventory with respect to spare parts that we may use to service phone systems that are discontinued.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following as of September 30, 2008:

	September 30, 2007	September 30, 2008
Equipment		$ 213,315

Vehicles		80,934
Furniture and Fixtures	-	45,000
Software		27,225
Leasehold Improvements		14,339
	$ -	$ 380,813
Less: Accumulated Depreciation		(70,110)
Net Book Value Fixed Assets	$ -	$ 310,703

Property and equipment includes $17,460 of vehicles financed under capital lease obligations that the Company assumed in its acquisitions of Strategic Communications. Depreciation and amortization amounted to approximately $70,000 for the year ended September 30, 2008.

NOTE 8 – INTANGIBLE ASSETS, NET

The following table is a summary of the intangible assets acquired in business combinations as described in Note 4:

	ADSnetcurve	Bell-Haun Systems	CETCON	Strategic Communications	Total Consideration
Goodwill	$ 524,396	$ 451,252	$ 994,007	$ 821,994	$ 2,791,648

	ADSnetcurve	Bell-Haun Systems	CETCON	Strategic Communications	Total Consideration
Customer relationships	862,027	843,760	927,887	1,240,400	3,874,074
Contracts not to compete	100,000	30,000	200,000	100,000	430,000
	962,027	873,760	1,127,887	1,340,400	4,304,074
Less: Accumulated amortization	(110,545)	(99,723)	(150,923)	(140,166)	(501,357)
Intangibles, net	851,482	774,037	976,964	1,200,234	3,802,717

The above noted intangible assets are being amortized on a straight-line basis. Customer relationships had been amortized over a 10 year useful life, contracts not to compete had been amortized over a 2 year useful life and tradenames had been amortized over a 5 year useful life, based on the estimated economic benefit. Upon completion of our valuation of the Phase I Acquisitions we determined that the Tradenames would not have any future economic benefit, adjusted the customer relationships and contracts not to compete accordingly and will adjust the amortization periods prospectively to a 15 year useful life for customer relationships and a 1 year useful life for covenants not to compete. The final determination of the values of definite lived intangible assets were not significantly different, in the aggregate, from our preliminary estimates. Amortization expense for the year ended September 30, 2008 was $501,357.

Given the current economic environment and the uncertainties regarding the potential impact on our business, if forecasted revenue and margin growth rates of the reporting unit are not achieved, it is reasonably possible that an impairment review may be triggered for goodwill and amortizable intangible assets prior to the next annual review.

The following is a summary of amortization expense for the next five fiscal years and thereafter:

Fiscal Year ended September 30,	
2009	$ 365,772
2010	258,272
2011	258,272
2012	258,272
2013	258,272
Thereafter	2,403,857
	$ 3,802,717

NOTE 9 – ACCRUED EXPENSES

Accrued expenses consist of the following at September 30, 2007 and 2008:

	September 30, 2007	September 30, 2008

Compensation related	$ -	$ 371,511
Preferred stock dividends	-	220,354
Shareholder consents	-	144,000
Severance and related	-	133,161
Goods received not invoiced	-	121,517
Sales taxes payable	-	80,147
Interest	-	76,852
Warranty reserve	-	58,178
Other	44,941	119,712
	$ 44,941	$ 1,325,432

NOTE 10 – NOTE PAYABLE AND LONG TERM DEBT

Bridge Financing Transactions

On July 16, 2007, Beacon entered into a $500,000 Bridge Financing Facility provided by two of our founding stockholders who are also two of our directors. The terms of the facility provide for the founding stockholders/directors to make up to $500,000 of advances to us on a discretionary basis at any time prior to the closing of an equity offering in which gross proceeds are at least $4,000,000 (the "Qualified Offering"). As of September 30, 2008, the entire facility had been drawn down of which $278,000 of the proceeds were received prior to September 30, 2007 and the remaining $222,000 of proceeds were received during the three months ended December 31, 2007.

Advances under this facility bear interest at the Prime Rate (5.00% as of September 30, 2008) per annum and were to originally mature (i) in the event a Qualified Offering did not occur on or prior to December 31, 2007, on December 31, 2007; or (ii) in the event a Qualified Offering occurred prior to December 31, 2007, on demand at any time following the completion of the offering but not more than twenty-four (24) months after the date of the closing of the Qualified Offering. Certain warrants described below that we issued to the note holders would vest for each month repayment is deferred. In December 2007, we were informed that only a portion of the Private Placement described in Note 14 (which would have satisfied the requirement to complete a Qualified Offering) would be completed by December 31, 2007. Based on this development, the note holders agreed, on December 28, 2007, not to demand repayment of the notes before the completion of the Private Placement or December 31, 2008, whichever came first. On May 15, 2008, the noteholders agreed not to demand repayment of the notes before the completion of an offering in which we raise at least $3 million of additional equity financing or April 1, 2009, whichever comes first. On November 20, 2008, the noteholders agreed unconditionally not to demand repayment of the notes before June 30, 2010. Accordingly, the notes are included in non-current liabilities at September 30, 2008.

As of September 30, 2008, the notes are convertible into our common stock at a conversion price equal to $.60 per share, or into the number and type of such equity securities into which the shares otherwise issuable upon such conversion are converted or exchanged under the terms of a merger, exchange or reorganization consummated by us prior to or at the time of a Qualified Offering. Unpaid principal is payable in cash or stock at the option of the holder if the conversion option is effected and all unpaid accrued interest is payable in cash only.

We evaluated the conversion option stipulated in the Bridge Financing Facility to determine whether it requires immediate accounting recognition and whether under SFAS 133, such conversion feature should be bifurcated from its host instrument and accounted for as a free standing derivative in accordance with EITF 00-19. In performing this analysis, we determined that the conversion option, which is fixed and therefore conventional under EITF 05-2, provides the founding stockholders/directors with the right to convert any advances outstanding under the Bridge Financing Facility into shares of our common stock at anytime upon or after the completion of a Qualified Offering. The Private Placement was completed on February 12, 2008. The conversion option was out-of-the-money, having a fair value of common stock $0.002 per share (as compared to an exercise price of $0.60 per share) as of the commitment date of July 16, 2007 and therefore is not considered beneficial.

In connection with the issuance of the Bridge Financing Facility, we issued warrants to purchase shares of our common stock (the "Warrants"). The Warrants allow the holders to purchase up to 865,000 shares of our common stock at an exercise price of $1.00 per share, of which 625,000 are immediately exercisable. The remaining 240,000 Warrants (the "Contingent Bridge Facility Warrants") vest and become exercisable at a rate of 10,000 shares on the 15th of each month from the date of a Qualified Offering until the maturity date of the Bridge Financing Facility for each month that the demand for payment is deferred. Upon full conversion of the advances into shares of Beacon common stock or upon the final maturity date, all remaining unvested Contingent Bridge Facility Warrants will automatically vest and become exercisable. If the founding stockholders/directors require prepayment of the advances after the completion of a Qualified Offering but prior to the final maturity date, all remaining unvested Warrants will be forfeited and canceled. The Warrants expire on June 30, 2012. As of September 30, 2008, 80,000 Warrants had vested under the terms of the Bridge Financing Facility.

The fair value of the Warrants, exercisable into 625,000 share of common stock, which amounted to $0, was calculated using the Black-Scholes option pricing model. Assumptions relating to the estimated fair value of the Warrants are as follows: fair value of common stock of $.002 on the commitment date of July 16, 2007; risk-free interest rate of 4.95%; expected dividend yield of zero percent; life of five years; and current volatility of 66.34%.

The final closing of the Private Placement was completed on February 12, 2008. Accordingly, the founding stockholders/directors have the right to demand repayment of these notes in cash at any time after February 12, 2008. From the date of the final closing of the Private Placement on February 12, 2008, the founding stockholders/directors may also (at their option) convert the outstanding principal into 833,333 shares of our common stock at an exercise price of $0.60 per share and receive cash payment of accrued and unpaid interest. In

addition to the above, vesting commenced on the Contingent Bridge Facility Warrants on February 12, 2008. We recorded $55,700 of non-cash interest expense related to the 80,000 Contingent Bridge Facility Warrants that vested and became exercisable during the year ended September 30, 2008. The fair value of the vested Contingent Bridge Facility Warrants was calculated using the Black-Scholes valuation model as detailed in the following table:

Vesting Date	Quantity Vested	Expected Life (days)	Strike Price	Fair Value of Common Stock	Volatility Rate	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense
2/15/2008	10,000	1,825	$1.00	$1.35	66.34%	0%	2.76%	$0.86	$8,600.00
3/15/2008	10,000	1,796	$1.00	$1.04	66.34%	0%	2.37%	$0.60	$6,000.00
4/15/2008	10,000	1,765	$1.00	$1.15	66.34%	0%	2.68%	$0.69	$6,900.00
5/15/2008	10,000	1,735	$1.00	$0.95	66.34%	0%	3.10%	$0.53	$5,300.00
6/15/2008	10,000	1,704	$1.00	$1.01	66.34%	0%	3.73%	$0.58	$5,800.00
7/15/2008	10,000	1,674	$1.00	$1.25	66.34%	0%	3.12%	$0.76	$7,600.00
8/15/2008	10,000	1,643	$1.00	$1.50	66.34%	0%	3.11%	$0.97	$9,700.00
9/15/2008	10,000	1,612	$1.00	$1.05	66.34%	0%	2.59%	$0.58	$5,800.00

Pursuant to the unconditional forbearance to demand payment of the notes, the unvested portion of the Contingent Bridge Facility Warrants fully vested on November 20, 2008, the date the forbearance became effective and a charge for the remaining unvested warrants will be recognized as of that date.

We recorded $27,757 of contractual interest expense under this arrangement for the year ended September 30, 2008, of which $20,909 is included in accrued expenses and other current liabilities in the accompanying consolidated balance sheet.

On November 15, 2007, we issued $200,000 of convertible notes payable (the “Bridge Notes”) in a separate debt financing. Of this amount, $100,000 of the Bridge Notes was issued to one of the directors of Beacon. These Bridge Notes were issued under terms substantially identical to the terms stipulated under the Bridge Financing Facility described above. The holders of the Bridge Notes also agreed, on December 28, 2007, not to demand repayment of these notes before the completion of the Private Placement described in Note 14 or December 31, 2008, whichever came first. On March 15, 2008, the noteholders agreed not to demand repayment of the notes before the completion of an offering in which the Company raises at least $3 million of additional equity financing or April 1, 2009, whichever comes first. On November 20, 2008, the noteholders agreed unconditionally not to demand repayment of the notes before June 30, 2010. Accordingly, the notes are included in non-current liabilities at September 30, 2008. The effect of the change in the maturity dates of these notes was insignificant to our financial results.

We evaluated the conversion option stipulated in the Bridge Notes (which has terms identical to the conversion option featured in the Bridge Financing Facility described above) to determine whether it requires immediate accounting recognition and whether under SFAS 133, such conversion feature should be bifurcated from its host instrument and accounted for as a free standing derivative in accordance with EITF 00-19. In performing this analysis, we determined that the conversion option, which is fixed and therefore conventional under EITF 05-2, provides the founding stockholders/directors with the right to convert any advances outstanding under the Bridge Notes into shares of our common stock at anytime upon or after the completion of the Qualified Offering on February 12, 2008.

In connection with the issuance of the Bridge Notes, we also issued warrants to purchase shares of our common stock (the “Note Warrants”). The Note Warrants allow the holders to purchase up to 346,000 shares of our common stock at an exercise price of $1.00 per share, of which 250,000 are immediately exercisable. The remaining 96,000 Note Warrants (the “Contingent Bridge Note Warrants”) vest and become exercisable at a rate of 4,000 shares per month from the date of a Qualified Offering (if completed) until the maturity date of the Bridge Notes for each month that the demand for repayment of the principal balance is deferred. Upon full conversion of the principal into shares of our common stock or upon the final maturity date, all remaining unvested Note Warrants will automatically vest and become exercisable. If the note holders require prepayment of the principal after the completion of a Qualified Offering but prior to the final maturity date, all remaining unvested Note Warrants will be forfeited and canceled. The Warrants expire on June 30, 2012.

The fair value of the Warrants, exercisable into 250,000 shares of common stock, which amounted to $112,500, was calculated using the Black-Scholes option pricing model. Assumptions relating to the estimated fair value of the Warrants are as follows: fair value of common stock of $.85 on the commitment date of November 15, 2007; risk-free interest rate of 3.71%; expected dividend yield of zero percent; expected life of 1,689 days through June 30, 2012; and current volatility of 66.34%. Accordingly, we discounted the face value of the Bridge Notes to $128,000 and recorded an attributable equity value of $72,000 upon the original issuance of the Bridge Notes, in accordance with Accounting Principle Board Opinion No. 14 “Accounting for Convertible Debt and Debt Issued with Stock Purchase Warrants,” (“APB 14”). The discount related to the Bridge Note Warrants is being accreted over the estimated life of the Bridge Notes of 2.27 years from the date of issuance on November 15, 2007.

The final closing of the Private Placement was completed on February 12, 2008. Accordingly, the holders of the Bridge Notes have the right to demand repayment of these notes in cash at any time after February 12, 2008 or convert, at their option, the outstanding principal into 333,333 shares of our common stock and receive cash payment of accrued and unpaid interest. The intrinsic value of the beneficial conversion feature of the Bridge Notes was determined to be approximately $0.47 per share or an aggregate of $156,169 representing more than 100% of the remaining undiscounted face value of the Bridge Notes. Accordingly, an additional discount of $128,000 to the face value of the Bridge Notes was recorded for the beneficial conversion feature of the Bridge Notes. The discount related to the beneficial conversion feature of the Bridge Notes will be accreted over the two-year contractual term of the Notes. In addition, vesting commenced on the Contingent Bridge Note Warrants on February 12, 2008.

We recorded contractual interest expense of $10,156 for the year ended September 30, 2008 under this arrangement which is included in accrued expenses and other current liabilities in the accompanying consolidated balance sheet. In addition, we recorded

accretion of the Bridge Note Warrant discount to fair value of $30,628 for the year ended September 30, 2008. We recorded accretion of the discount of the remaining value of the Bridge Notes related to the beneficial conversion feature of the Bridge Notes of $40,532 for the year ended September 30, 2008. The carrying value of the notes amounts to $71,160 net of unamortized discounts amounting to $128,840 as of September 30, 2008. We recorded $22,280 of non-cash interest expense related to the 32,000 Contingent Bridge Note Warrants that vested and became exercisable during the year ended September 30, 2008. The fair value of the vested Contingent Bridge Note Warrants was calculated using the Black-Scholes valuation model as detailed in the following table:

Vesting Date	Quantity Vested	Expected Life (days)	Strike Price	Fair Value of Common Stock	Volatility Rate	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense
2/15/2008	4,000	1,825	$1.00	$1.35	66.34%	0%	2.76%	$0.86	$3,440.00
3/15/2008	4,000	1,796	$1.00	$1.04	66.34%	0%	2.37%	$0.60	$2,400.00
4/15/2008	4,000	1,765	$1.00	$1.15	66.34%	0%	2.68%	$0.69	$2,760.00
5/15/2008	4,000	1,735	$1.00	$0.95	66.34%	0%	3.10%	$0.53	$2,120.00
6/15/2008	4,000	1,704	$1.00	$1.01	66.34%	0%	3.73%	$0.58	$2,320.00
7/15/2008	4,000	1,674	$1.00	$1.25	66.34%	0%	3.12%	$0.76	$3,040.00
8/15/2008	4,000	1,643	$1.00	$1.50	66.34%	0%	3.11%	$0.97	$3,880.00
9/15/2008	4,000	1,612	$1.00	$1.05	66.34%	0%	2.59%	$0.58	$2,320.00

Pursuant to the unconditional forbearance to demand payment of the notes, the Contingent Bridge Facility Warrants, the unvested portion fully vested on November 20, 2008, the date the forbearance became effective and a charge for the remaining unvested warrants will be recognized as of that date.

Lines of Credit

On June 11, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $200,000 at a 6.00% annual interest rate with principal due on August 11, 2008. The proceeds of the note were used as short term working capital collateralized by certain customer engagements and the receivables expected to be generated there from. Cash collections related to the collateralized customer engagements were used to repay the note. The credit facility plus interest of $2,033 was paid in full on August 11, 2008.

On August 20, 2008, Beacon and one of our directors, entered into a credit facility under which we borrowed $100,000 at a 12.00% annual interest rate the principal of which is not due on any specific date. We also paid a 1.00% origination fee upon initiation of the credit facility. The proceeds of the credit facility were used as short term working capital collateralized by our accounts receivable. We have accrued $2,400 of interest expense related to this credit facility during the year ended September 30, 2008 which is included in accrued expenses and other current liabilities in the consolidated financial statements.

On September 4, 2008, Beacon and First Savings Bank entered into a credit facility, under which we borrowed $100,000 at a 5.00% annual interest rate the principal of which was payable on September 29, 2008. The term of the credit facility has been extended between First Savings Bank and us with no specific termination date. The proceeds of the note were used as short term working capital collateralized by our accounts receivable. We have accrued $891 of interest expense related to this credit facility during the year ended September 30, 2008 which is included in accrued expenses and other current liabilities in the consolidated financial statements.

Long Term Debt

The following is a summary of our long term debt:

	September 30, 2007	September 30, 2008
Integra Bank		548,541
Acquisition notes (payable to the sellers of the acquired businesses according to the terms described in note 4)		
ADSnetcurve		156,617
Bell-Haun		119,000
CETCON		515,627
Strategic Secured Note		399,617
Strategic Escrow Note		72,670
		1,812,072
Less: current portion		(495,595)
Non-current portion	$ -	$ 1,316,477

Integra Bank

On March 14, 2008, Beacon and Integra Bank entered into a credit facility, under which we borrowed $600,000 at a 6.25% annual interest rate with monthly payments of $11,696 over a 60 month term that matures on March 12, 2013. The first payment was made on April 14, 2008. The proceeds of the note were used to repay the three previously outstanding notes assumed in the acquisitions, two of which were in default due to change in control provisions. We also used a portion of the proceeds from the new installment obligation to refinance $195,000 of previously outstanding indebtedness due to the same creditor. The effect of having refinanced the previous indebtedness with this same creditor was insignificant to our consolidated financial statements and therefore is not deemed to be a constructive extinguishment of the previous balance in accordance with EITF 96-19 "Debtors Accounting for a Modification or Exchange of Debt Instruments." Accordingly, no gain or loss has been recognized. During the year ended September 30, 2008 we paid $70,178 of which $51,938 represented principal payments and $18,240 represented interest. We recognized $19,930 of interest expense related to this obligation of which $1,690 was in accrued expenses at September 30, 2008.

Acquisition Notes

Notes payable with an aggregate value of $1,843,500 were issued as purchase consideration in our business combinations as described in Note 4. The terms of these notes, including provisions for partial acceleration in the event we raise additional equity capital in future financing transactions, adjustments related to performance terms within the asset and stock purchase agreements, and optional prepayment provisions, are more fully described in Note 4.

The following table summarizes the remaining debt principal payment obligations by year for the long-term debt other than the Bridge Financing Facility, Bridge Notes, and short term line of credit which are presumed to be paid within the next twelve months:

Fiscal Year Ended September 30,	
2008	$ 495,595
2009	448,387
2010	401,960
2011	340,004
2012	118,983
Thereafter	7,143
	$ 1,812,072

Substantially all of our assets are pledged as collateral under our various debt obligations and tax liens pursuant to the Strategic acquisition as described in Notes 4 and 12.

NOTE 11 – CAPITAL LEASE OBLIGATIONS

We assumed capital lease obligations related to service vehicles in our acquisitions of Strategic Communications under which the aggregate present value of the minimum lease payments amounted to $11,928 as of September 30, 2008 all of which is due and payable within the next fiscal year. In accordance with SFAS 13, "Accounting for Leases" ("SFAS 13"), the present value of the minimum lease payments was calculated using discount rate of 5%. Lease payments, including amounts representing interest, amounted to approximately $13,562 for the year ended September 30, 2008.

NOTE 12 – RELATED PARTY TRANSACTIONS

On July 16, 2007, Beacon entered into the $500,000 Bridge Financing Facility provided by two of our founding stockholders/directors (Notes 3 and 10).

On November 15, 2007, we entered into a separate $100,000 bridge note with one of our directors (Notes 3 and 10).

One of our founders also provides us with certain consulting services. There was no formal agreement between Beacon and this founder. For the year ended September 30, 2008, we recorded $75,169 of compensation expense paid in cash to the founder for consulting services provided, which is included in salaries and benefits in the accompanying consolidated statement of operations for the year ended September 30, 2008, and a $82,500 fee for assisting in the successful execution of the Series A-1 Placement and Common Stock offering which was netted against the proceeds from the placement.

Beacon has obtained insurance through an agency owned by one of our founding stockholders/directors. Insurance expense paid through the agency for the year ended September 30, 2008 was $114,378 and is included in selling, general and administrative expense in the accompanying consolidated statement of operations.

On December 28, 2007, We entered into an equity financing arrangement with two of our directors that provided up to $300,000 of additional funding, the terms of which provided for compensation of 10,000 warrants to purchase common stock at $1.00 per share per month, for each individual for the period the financing arrangement was in effect. The warrants have a five-year term. The financing arrangement was terminated upon the close of the Series A-1 Placement. Accordingly, we recognized $58,700 of interest expense for the year ended September 30, 2008 based on the fair value of the warrants as they were earned. The fair values were calculated using the Black-Scholes option pricing model with the following assumptions:

Date Earned	Quantity Earned	Expected Life (days)	Strike Price	Fair Value of Common	Volatility Rate	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense

				Stock					
1/28/2008	20,000	1,825	$1.00	$1.90	66.34%	0%	2.80%	$1.34	$26,800
2/28/2008	20,000	1,825	$1.00	$1.50	66.34%	0%	2.73%	$0.99	$19,800
3/7/2008	10,000	1,825	$1.00	$1.75	66.34%	0%	2.45%	$1.21	$12,100

On March 26, 2008, we issued warrants to purchase 300,000 shares of common stock at $1.00 per share with a five-year term to one of our directors. Accordingly, we recognized $219,000 of share-based expense for the year ended September 30, 2008 based on the fair value of the warrants on the grant date. The fair value was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Quantity Granted	Expected Life (days)	Strike Price	Fair Value of Common Stock	Volatility Rate	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense
3/26/2008	300,000	1,825	$1.00	$1.20	66.34%	0%	2.55%	$0.73	$219,000

On May 15, 2008, we entered into an equity financing arrangement with one of our directors that provided up to $500,000 of additional funding, the terms of which provided for issuance of warrants to purchase 33,333 shares of common stock at $1.00 per share per month for the period the financing arrangement is in effect. The warrants have a five-year term. The financing arrangement terminates upon the close of a $3,000,000 equity financing event. On August 19, 2008, we modified the agreement to increase the commitment to $3,000,000 of additional funding that decreases on a dollar for dollar basis as we raise capital in subsequent equity financing transactions up to $3,000,000, upon mutual agreement of our director and us, or on December 31, 2008. As of September 30, 2008, $1,700,000 remained available under this equity arrangement. In consideration for this financing arrangement, we agreed to issue a five year warrant to purchase 100,000 shares of common stock at an exercise price of $1.00 per share in addition to the ongoing warrants earned under the original agreement. In addition, contingent upon the exercise of any part of the equity financing commitment, two of our founding stockholders have surrendered the right to purchase up to 1,655,425 shares of their stock for a purchase price of $0.01 per share. Accordingly, we recognized $176,999 of interest expense for the year ended September 30, 2008 based on the fair value of the warrants as they were earned. The fair values were calculated using the Black-Scholes option pricing model with the following assumptions:

Date Earned	Quantity Earned	Expected Life (days)	Strike Price	Fair Value of Common Stock	Volatility Rate	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense
6/15/2008	33,333	1,825	$1.00	$1.01	66.34%	0%	3.73%	$0.58	$19,333
7/15/2008	33,333	1,825	$1.00	$1.25	66.34%	0%	3.12%	$0.78	$26,000
8/15/2008	33,333	1,825	$1.00	$1.50	66.34%	0%	3.11%	$1.00	$33,333
8/19/2008	100,000	1,825	$1.00	$1.25	66.34%	0%	3.07%	$0.78	$78,000
9/15/2008	33,333	1,825	$1.00	$1.05	66.34%	0%	2.59%	$0.61	$20,333

On July 14, 2008, one of our directors purchased 400 shares of our Series B Preferred Stock in exchange for proceeds of $400,000 (Note 3 and 14).

On August 20, 2008, we entered into a $100,000 debt financing arrangement with one of our directors (Note 3 and 10).

Under a marketing agreement with a company owned by the wife of Beacon's president, we provide procurement and installation services as a subcontractor. We earned revenue of approximately $230,000 for procurement and installation services provided under this marketing agreement for the year ended September 30, 2008. As of September 30, 2008, approximately $189,000 of receivables related to these sales were in accounts receivable all of which has been collected as of December XX, 2008.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Employment Agreements

We entered into employment agreements with three of our key executives with no specific expiration dates that provide for aggregate annual compensation of $480,000 and up to $120,000 of severance payments for termination without cause. In addition, we entered into employment agreements with five key employees of certain of the acquired businesses upon its completion of the business combinations described in Note 4. Aggregate compensation under these agreements amounts to $580,000. Two of these agreements expire on December 31, 2009 and the remaining three have no specified expiration date. These agreements also provide for aggregate severance payments of up to $326,000 for termination without cause.

Operating Leases

The Company has entered into operating leases for office facilities in Louisville, KY, Columbus, OH and Cincinnati, OH. A summary of the minimum lease payments due on these operating leases exclusive of the Company's share of operating expenses and other costs:

	Fiscal Year Ending September 30, 2008
2009	$ 170,544

2010	123,423
2011	19,400
	$ 313,367

Strategic Communications Tax Liability

As further described in Note 4, the assets acquired from Strategic Communications were encumbered by tax liens for delinquent sales and use, payroll and income taxes incurred by Strategic prior to the acquisition on December 20, 2007. We entered into an installment agreement with the Internal Revenue Service to settle the remaining outstanding tax liens.

NOTE 14 – STOCKHOLDERS' EQUITY

Authorized Capital

Beacon is currently authorized to issue up to 70,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.01 per share, of which three series have been designated: 4,500 shares of Series A Convertible Preferred Stock, 1,000 shares of Series A-1 Convertible Preferred Stock, and 4,000 shares of Series B Convertible Preferred Stock.

Each share of Series A, Series A-1 and Series B preferred has voting rights equal to an equivalent number of common shares into which it is convertible. The holders of the Series A and Series A-1 are entitled to receive contractual cumulative dividends in preference to any dividend on the common stock at the rate of 10% per annum on the initial investment amount commencing on the date of issue. The holders of the Series B are entitled to receive contractual cumulative dividends in preference to any dividend on the common stock (but subject to the rights of the Series A and Series A-1) at the rate of 6% per annum on the initial investment amount commencing on the date of issue. Such dividends are payable on January 1, April 1, July 1 and October 1 of each year. Dividends accrued but unpaid with respect to this feature amounted to $194,904 and $25,450 as of September 30, 2008 for the Series A and A-1 preferred, respectively, and are presented as an increase in net loss available to the common stockholders of $220,354 for the year ended September 30, 2008. No dividends have yet accrued on the Series B Preferred Stock. The Company has the option of paying the dividend in either common stock or cash.

The Series A, A-1 and B Preferred Stock designations contains certain restrictive covenants including restrictions against: the declaration of dividend distributions to common stockholders; certain mergers, consolidations and business combinations; the issuance of preferred shares with rights or provisions senior to each of the Series A, A-1, and B Preferred Stock; and restrictions against incurring or assuming unsecured liabilities or indebtedness unless certain minimum performance objectives are satisfied. The Series A Preferred Stock is senior to the Series A-1 Preferred Stock, and the Series A and A-1 are senior to the Series B Preferred Stock.

The Series A, A-1 and B Preferred Stock have a right of redemption in the event of liquidation or a change in control. The redemption feature provides for payment of 125% of the face value and 125% of any accrued unpaid dividends in the event of bankruptcy, change of control, or any actions to take the Company private. The amount of the liquidation preference was $5,243,630, $1,031,813, and $500,000 for the Series A, A-1 and B preferred, respectively, as of September 30, 2008.

Beacon, by resolution of the Board of Directors, may designate additional series of Preferred Stock ("blank check preferred stock") and to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon such blank check preferred stock, and the number of shares constituting any such series of such blank check preferred stock. The rights, privileges and preferences of any such blank check preferred stock shall be subordinate to the rights, privileges and preferences to the existing Series A and Series A-1 Preferred Stock. The Series B Preferred Stock was issued as "blank check preferred stock" and as such is subordinate to the rights, privileges and preferences of the Series A and Series A-1 Preferred Stock.

The Board of Directors may also increase or decrease the number of shares of any series (other than the Series A Preferred Stock or the Series A-1 Preferred Stock), prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding.

Private Placement of Convertible Preferred Stock

Series A Preferred Stock Placement

During the year ended September 30, 2008, we issued in three Private Placement transactions, an aggregate of 4,000 shares of our Series A convertible preferred stock and five year common stock purchase warrants exercisable at $1.00 per share for net proceeds of $3,276,610 (gross proceeds of $4,000,000 less offering costs of $723,390). Offering costs included fees paid to the placement agent of $650,000 and legal and related expenses of $73,390 in addition to warrants granted to the placement agent to purchase 1,040,000 shares of our common stock at $1.00 per share with a 5 year term. An additional 600,000 warrants to purchase shares of our common stock at $1.00 per share with a 5 year term were earned by and issued to affiliates of the placement agent. The Series A is convertible into common stock at any time, at the option of the holder at a conversion price of $.75 per share. The conversion price is subject to adjustment for stock splits, stock dividends, recapitalizations, dilutive issuances and other anti-dilution provisions, including circumstances in which we, at our discretion, issue equity securities or convertible instruments that feature prices lower than the conversion price specified in the Series A preferred shares. The Series A is also automatically convertible into shares of our common stock, at the then applicable conversion price upon the closing of a firm commitment underwritten public offering of shares of our common stock yielding aggregate proceeds of not less than $20 million or under certain other circumstances when the trading volume and average trading prices of the stock attain certain specified levels.

As described in Note 3, we evaluated the conversion options embedded in the Series A securities to determine (in accordance with SFAS 133 and EITF 00-19) whether they should be bifurcated from their host instruments and accounted for as separate derivative financial

instruments. We determined, in accordance with SFAS 133, that the risks and rewards of the common shares underlying the conversion feature are clearly and closely related to those of the host instrument. Accordingly the conversion features are being accounted for as embedded conversion options in accordance with EITF 98-5 and EITF 00-27. During the year ended September 30, 2008, based on an evaluation of the beneficial conversion feature of the Series A Preferred Shares, we recorded deemed dividends of $2,483,715. The table below lists the detailed fair value of the warrants issued in each of the three closings of the Series A Preferred Stock Private Placement. The fair values were calculated using the Black-Scholes option pricing model with the following assumptions:

Date Issued	Quantity of Warrants Issued	Estimated Fair Value Per Warrant	Estimated Fair Value of Warrants	Fair Value of Underlying Common Stock	Risk-Free Interest Rate	Expected Dividend Yield	Life (Years)	Current Volatility
12/20/2007	1,622,600	$0.46	$746,396	$0.85	3.45%	0%	5	66.34%
1/15/2008	480,333	$0.78	$374,660	$1.25	3.00%	0%	5	66.34%
2/12/2008	563,733	$0.78	$439,712	$1.25	2.71%	0%	5	66.34%

Accordingly, deemed dividends related to the conversion feature were recorded based on the difference between the effective conversion price of the conversion option and the fair value of the common stock at the commitment date of the transaction detailed in the table below.

Date of Issue/ Commitment Date	Fair Value of Common Stock on Commitment Date	Effective Conversion Price	Intrinsic Value of Beneficial Conversion Feature	Common Shares Issuable Upon Conversion	Deemed Dividend
12/20/2007	$0.85	$0.57	$0.28	3,245,200	$903,878
1/15/2008	$1.25	$0.49	$0.76	960,667	$726,820
2/12/2008	$1.25	$0.49	$0.76	1,127,466	$853,017

We have reserved 5,333,333 shares of our common stock for issuance upon the conversion of its Series A convertible preferred stock and 2,666,666 shares of our common stock for issuance upon exercise of the Investor Warrants.

As described in Note 3, we apply the classification and measurement principles enumerated in EITF Topic D-98 with respect to accounting for our issuances of the Series A preferred stock. We are required, under Nevada law, to obtain the approval of our board of directors in order to effectuate a merger, consolidation or similar event resulting in a more than 50% change in control or a sale of all or substantially all of our assets. The board of directors is then required to submit proposals to enter into these types of transactions to our stockholders for their approval by majority vote. The preferred stockholders do not currently (i) control or have representation on our Board of Directors and/or (ii) have sufficient voting rights to control a redemption of these shares by either of these events. In addition the effectuation of any transaction or series of transactions resulting in a more than 50% change in control can be made only by us in our sole discretion. Based on these provisions, we classified the Series A preferred shares as permanent equity in the accompanying consolidated balance sheet because the liquidation events are deemed to be within our sole control in accordance with the provisions of EITF Topic D-98.

We evaluate the Series A convertible preferred stock at each reporting date for appropriate balance sheet classification.

Series A-1 Preferred Stock Placement

On March 7 and 11, 2008, we issued, in two closing of a Private Placement transaction, an aggregate of 800 shares of our Series A-1 convertible preferred stock and 533,333 five year common stock purchase warrants exercisable at $1.00 per share for net proceeds of $599,850 (gross proceeds of $800,000 less offering costs of $200,150). Offering costs included fees paid to the placement agent of $104,000, a fee for the successful completion of the placement of $60,000 paid to a related party and $36,150 in legal and related fees in addition to warrants to purchase 208,000 shares of our common stock at $1.00 per share with a 5 year term. The Series A-1 Preferred Stock is convertible into common stock at any time, at the option of the holder at a conversion price of $.75 per share. The conversion price is subject to adjustment for stock splits, stock dividends, recapitalizations, dilutive issuances and other anti-dilution provisions, including circumstances in which we, at our discretion, issue equity securities or convertible instruments that feature prices lower than the conversion price specified for shares of Series A-1 Preferred Stock. The Series A-1 Preferred Stock is also automatically convertible into shares of our common stock, at the then applicable conversion price upon the closing of a firm commitment underwritten public offering of shares of our common stock yielding aggregate proceeds of not less than $20 million or under certain other circumstances when the trading volume and average trading prices of the stock attain certain specified levels.

As described in Note 3, we evaluated the conversion options embedded in the Series A-1 securities to determine (in accordance with SFAS 133 and EITF 00-19) whether they should be bifurcated from their host instruments and accounted for as separate derivative financial instruments. We determined, in accordance with SFAS 133, that the risks and rewards of the common shares underlying the conversion feature are clearly and closely related to those of the host instrument. Accordingly the conversion features are being accounted for as embedded conversion options in accordance with EITF 98-5 and EITF 00-27. During the year ended September 30, 2008, based on an evaluation of the beneficial conversion feature of the Series A-1 Preferred Shares, the Company recorded deemed dividends of $1,411,882.

The table below lists the fair value of the warrants issued in each of the two closings of the Series A-1 Preferred Stock Private Placement. The fair values were calculated using the Black-Scholes option pricing model with the following assumptions:

Date Issued	Quantity of Warrants Issued	Estimated Fair Value Per Warrant	Estimated Fair Value of Warrants	Fair Value of Underlying Common Stock	Risk-Free Interest Rate	Expected Dividend Yield	Life (Years)	Current Volatility
3/7/2008	515,200	$1.20	$618,240	$1.75	2.45%	0%	5	66.34%
3/11/2008	18,133	$0.99	$ 17,952	$1.50	2.61%	0%	5	66.34%

Accordingly, deemed dividends related to the conversion feature were recorded based on the difference between the effective conversion price of the conversion option and the fair value of the common stock at the commitment date of the transaction detailed in the table below.

Date of Issue/ Commitment Date	Fair Value of Common Stock on Commitment Date	Effective Conversion Price	Intrinsic Value of Beneficial Conversion Feature	Common Shares Issuable Upon Conversion	Deemed Dividend
3/7/2008	$1.75	$0.42	$1.33	1,030,400	$1,373,867
3/11/2008	$1.50	$0.45	$1.05	36,267	$ 38,015

We have reserved 1,066,667 shares of our common stock for issuance upon the conversion of our Series A-1 convertible preferred stock and 533,333 shares of our common stock for issuance upon exercise of the Investor Warrants.

As described in Note 3, we apply the classification and measurement principles enumerated in EITF Topic D-98 with respect to accounting for our issuances of the Series A-1 preferred stock. We are required, under Nevada law, to obtain the approval of our board of directors in order to effectuate a merger, consolidation or similar event resulting in a more than 50% change in control or a sale of all or substantially all of our assets. The board of directors is then required to submit proposals to enter into these types of transactions to our stockholders for their approval by majority vote. The preferred stockholders do not currently (i) control or have representation on our Board of Directors and/or (ii) have sufficient voting rights to control a redemption of these shares by either of these events. In addition the effectuation of any transaction or series of transactions resulting in a more than 50% change in control can be made only by us in our sole discretion. Based on these provisions, we classified the Series A-1 preferred shares as permanent equity in the accompanying consolidated balance sheet because the liquidation events are deemed to be within our sole control in accordance with the provisions of EITF Topic D-98.

We evaluate the Series A-1 convertible preferred stock at each reporting date for appropriate balance sheet classification.

Series B Preferred Stock Placement

On July 14, 2008, we issued 400 shares of Series B Preferred Stock and 200,000 (“Series B Offering Warrants”) five year common stock purchase warrants exercisable at $1.20 per share in a Private Placement transaction for proceeds of $400,000 from one of our directors. The Series B Preferred Stock is convertible into common stock at any time, at the option of the holder at a conversion price of $.90 per share. The Series B Preferred Stock is also automatically convertible into shares of our common stock, at the then applicable conversion price upon the closing of a firm commitment underwritten public offering of shares of our common stock yielding aggregate proceeds of not less than $20 million or under certain other circumstances when the trading volume and average trading prices of the stock attain certain specified levels.

The Series B Offering Warrants have a five year exercise period and an exercise price of $1.20 per share of the Company’s common stock, payable in cash on the exercise date. The exercise price is subject to adjustment upon certain occurrences specified in the Series B Offering Warrants. The shares of Series B Preferred Stock have terms similar to those of the shares of Series A Preferred Stock and Series A-1 Preferred Stock, but are junior to those shares with respect to dividend rights, liquidation preferences and registration rights. The Company has used the proceeds of the closing to pay certain expenses of the Company and for working capital.

As described in Note 3, we evaluated the conversion options embedded in the Series B securities to determine (in accordance with SFAS 133 and EITF 00-19) whether they should be bifurcated from their host instruments and accounted for as separate derivative financial instruments. We determined, in accordance with SFAS 133, that the risks and rewards of the common shares underlying the conversion feature are clearly and closely related to those of the host instrument. Accordingly the conversion features are being accounted for as embedded conversion options in accordance with EITF 98-5 and EITF 00-27. During the year ended September 30, 2008, based on an evaluation of the beneficial conversion feature of the Series B Preferred Shares, the Company recorded deemed dividends of $135,163. The table below lists the fair value of the warrants issued at the closing of the Series B Preferred Stock Private Placement. The fair values were calculated using the Black-Scholes option pricing model with the following assumptions:

Date Issued	Quantity of Warrants Issued	Estimated Fair Value Per Warrant	Estimated Fair Value of Warrants	Fair Value of Underlying Common Stock	Risk-Free Interest Rate	Expected Dividend Yield	Life (Years)	Current Volatility
7/10/2008	200,000	$0.55	$110,000	$1.01	3.10%	0%	5	66.34%

Accordingly, deemed dividends related to the conversion feature were recorded based on the difference between the effective conversion price of the conversion option and the fair value of the common stock at the commitment date of the transaction detailed in the table below.

Date of Issue/ Commitment Date	Fair Value of Common Stock on Commitment Date	Effective Conversion Price	Intrinsic Value of Beneficial Conversion Feature	Common Shares Issuable Upon Conversion	Deemed Dividend
7/10/2008	$1.01	$0.71	$0.30	444,444	$135,163

We have reserved 444,444 shares of our common stock for issuance upon the conversion of our Series B convertible preferred stock and 200,000 shares of our common stock for issuance upon exercise of the Investor Warrants.

At our option, we can redeem the Series B Preferred Stock, and any dividends issued there under, for a 1% origination fee and 1% interest per month on the outstanding face value of the Series B preferred stock. As of September 30, 2008, we have not made a determination as to whether we will redeem the Series B Preferred Stock.

As described in Note 3, we apply the classification and measurement principles enumerated in EITF Topic D-98 with respect to accounting for our issuances of the Series B preferred stock. We are required, under Nevada law, to obtain the approval of our board of directors in order to effectuate a merger, consolidation or similar event resulting in a more than 50% change in control or a sale of all or substantially all of our assets. The board of directors is then required to submit proposals to enter into these types of transactions to our stockholders for their approval by majority vote. The preferred stockholders do not currently (i) control or have representation on our Board of Directors and/or (ii) have sufficient voting rights to control a redemption of these shares by either of these events. In addition the effectuation of any transaction or series of transactions resulting in a more than 50% change in control can be made only by us in our sole discretion. Based on these provisions, we classified the Series A-1 preferred shares as permanent equity in the accompanying consolidated balance sheet because the liquidation events are deemed to be within our sole control in accordance with the provisions of EITF Topic D-98.

We evaluate the Series B convertible preferred stock at each reporting date for appropriate balance sheet classification.

Preferred Stock Dividend

On March 26, 2008 and October 7, 2008, we elected to pay the contractual dividends due the Series A, A-1, and B preferred stockholders in additional shares of the related preferred stock. We follow the guidelines of EITF 00-27 when accounting for pay-in-kind dividends that are settled in convertible securities with beneficial conversion features. Therefore, we recorded deemed dividend

related to the conversion feature based on the difference between the effective conversion price of the conversion option and the fair value of the common stock on the date of election which is considered the commitment date. The following table contains information related to the contractual dividends issued pursuant to our preferred stock:

Date of Contractual Dividend	Date of Election (Commitment Date)	Contractual Preferred Stock Dividend	Conversion Price Per Common Share	Common Shares Underlying Dividend	Closing Price on Date of Election	Fair Value of Underlying Common Stock	Fair Value of Contractual Preferred Stock Dividend	Deemed Dividend Related to Beneficial Conversion Feature
1/1/2008	3/26/2008	$ 7,335	$ 0.75	9,780	$ 1.20	$ 11,736	$ 7,335	$ 4,401
4/1/2008	3/26/2008	$ 87,569	$ 0.75	116,759	$ 1.20	$ 140,111	$ 87,569	$ 52,542
7/1/2008	10/7/2008	$ 100,000	$ 0.75	133,333	$ 1.24	$ 165,333	$ 100,000	$ 65,333
4/1/2008	3/26/2008	$ 5,450	$ 0.75	7,267	$ 1.20	$ 8,720	$ 5,450	$ 3,270
7/1/2008	10/7/2008	$ 20,000	$ 0.75	26,667	$ 1.24	$ 33,067	$ 20,000	$ 13,067
Preferred Dividends		$ 220,354		293,806		$ 358,967		$ 138,613

We have reserved 293,806 shares of common stock for issuance upon conversion of our convertible preferred shares issued pursuant to contractual preferred stock dividends into common stock.

Registration Rights

Pursuant to the terms of the registration rights agreement entered into in connection with the Series A Private Placement, Series A-1 Private Placement and Series B Private Placement, we agreed to file with the SEC as soon as is practicable after completion of the offering a registration statement (the “Registration Statement”) and use our best efforts to have the Registration Statement declared effective not later than June 30, 2008. The Registration Statement would register for resale (i) the shares of our common stock underlying the units sold in the Private Placement (the “Units”) and (ii) the shares of our common stock issuable upon the exercise of the warrants issued to the investors and agents in these Private Placements. We agreed to use commercially reasonable best efforts to have such “resale” Registration Statement declared effective by the SEC as soon as possible and, in any event, not later than June 30, 2008 and to pay penalties for failure to have the Registration Statement declared effective at that date. On April 18, 2008, the Placement Agent waived the registration right and potential penalty subject to consent of 60% of the holders of the Series A, Series A-1 and Series B Preferred Stock which was subsequently obtained.

The Company applies FASB Staff Position EITF 00-19-2 “Accounting for Registration Payment Arrangements,” with respect to determining whether to record a liability for contingent consideration potentially transferable to security holders covered under registration rights agreements.

Completion of Share Exchange Transaction

On December 20, 2007, pursuant to the Share Exchange transaction between Suncrest and Beacon (IN), Beacon (IN) exchanged 9,194,900 shares of Beacon (IN) common stock and 2,433.9 shares of Beacon (IN) Series A preferred stock for 9,194,900 shares of Suncrest common stock and 2,433.9 shares of Suncrest Series A preferred stock. The shareholders of Suncrest, prior to the recapitalization, held 3,003,847 shares of which they returned 1,730,726 for cancellation and retained 1,273,121 shares of the recapitalized company. Immediately following the Share Exchange transaction, there were 10,468,121 shares of common stock outstanding, including 9,194,900 shares held by Beacon (IN)'s existing stockholders and 1,273,121 shares held by the stockholders of Suncrest. As described in Note 1, the Share Exchange has been accounted for as a recapitalization of Beacon (IN) into Suncrest because the existing Beacon (IN) stockholders retained a majority interest in the combined enterprise. We paid a $305,000 fee to the stockholders of Suncrest in connection with completing the Share Exchange Transaction which is included as a component of selling, general and administrative expense in the accompanying condensed consolidated statement of operations.

Issuances of Common Stock in Business Combinations

We issued 3,225,000 shares of common stock in connection with business combinations described in Note 4. The aggregate fair value of these shares amounted to $2,741,250.

Restricted Stock Grant

On December 5, 2007, we issued 782,250 shares of restricted common stock with an aggregate fair value of $666,873 to our president in exchange for $156. Immediately upon the sale 150,000 shares vested with the remaining shares vesting in quantities of 210,750 shares on each of December 20, 2008, 2009 and 2010. We account for share-based compensation under SFAS No. 123(R), "Share-Based Payment," which requires us to expense the fair value of grants made under the share based compensation programs over the vesting period of each individual agreement. Awards granted are valued and non-cash share-based compensation expense is recognized in the consolidated statements of operations in accordance with SFAS No. 123(R). We recognize non-cash share-based compensation expense ratably over the requisite service period which generally equals the vesting period of awards, adjusted for expected forfeitures. We recognized $266,693 of non-cash share-based compensation expense during the year ended September 30, 2008, in connection with such grants. Unamortized compensation under this arrangement amounted to $400,024 as of September 30, 2008 and will be amortized over the remaining vesting period of 3 years. The shares vest immediately upon our termination without cause or the Executive's resignation if in response to certain defined actions taken by us adverse to Executive's employment which constitute good reason as defined in the Executive's employment agreement. In the event of termination for cause, or resignation without good reason, we have the right to repurchase any unvested shares for nominal consideration.

Compensatory Warrants Issuance

On March 26, 2008, Beacon issued warrants to purchase 300,000 shares of common stock at $1.00 per share with a five-year term to one of our directors. Accordingly, we recognized $219,000 of share-based compensation expense for the year ended September 30, 2008 based on the fair value of the warrants on the grant date. The fair value was calculated using the Black-Scholes option pricing model with the following assumptions:

Grant Date	Quantity Granted	Expected Life (days)	Strike Price	Underlying Price	Volatility	Dividend Yield	Risk-Free Interest Rate	Value per Warrant	Charge to Interest Expense
3/26/2008	300,000	1,825	$1.00	$1.20	66.34%	0%	2.55%	$0.73	$219,000

Contingent Warrants Grant

On May 8, 2008, the Board approved issuance of warrants to purchase 168,421 shares of common stock to each of Bruce Widener and Rick Hughes at a purchase price of $1.20 per common share to be delivered upon the completion of our 2008 capital funding objective of a debt or equity financing with gross proceeds of $4,000,000 to the Corporation. No financing transaction meeting the specifications for issuance and delivery has been completed as of September 30, 2008. Accordingly, there has been no accounting recognition related to this item.

Sale of Common Stock and Warrants

On July 25, 2008, we engaged a registered broker-dealer (the "Placement Agent") in a private placement of up to 3,750,000 units (the "Common Units"), for an aggregate purchase price of $3,000,000, with each Common Unit comprised of (i) one share of Common Stock, and (ii) a five year warrant to purchase one-half share of Common Stock (each, an "Common Offering Warrant") at a purchase price of $1.00 per share (collectively the "Common Offering"). In the event that the Common Offering is oversubscribed, we may sell and issue up to an additional 562,500 Common Units.

The Common Offering Warrants each have a five year exercise period and an exercise price of $1.00 per share of Common Stock, payable in cash on the exercise date or cashless conversion if a registration statement or current prospectus covering the resale of the shares underlying the Common Offering Warrants is not effective or available at any time more than six months after the date of issuance of the Common Offering Warrants. The exercise price is subject to adjustment upon certain occurrences specified in the Common Offering Warrants.

As of September 30, 2008, we have sold 1,625,000 Common Units to accredited investors for net proceeds of $1,063,726 (an aggregate purchase price of $1,300,000 less direct offering costs of $264,784). Direct offering costs included placement agent commissions of $130,000, non-accountable placement agent expenses of $36,500, legal expenses of $47,965, success fees of $39,000 payable to one of our

founders, and printing and blue sky fees of $11,319, We have used the proceeds of the Common Offering to

provide working capital. In addition, the Placement Agent has earned warrants to purchase an aggregate of 243,750 shares of Common Stock.

NOTE 15 – INCOME TAXES

The provision for income taxes consists of the following:

	2007	2008
Federal:		
Current		
Deferred		
(Expense)		$ (40,793)
Benefit	45,333	1,492,585
Total federal	45,333	1,451,792
State:		
Current		
Deferred		
(Expense)		(4,679)
Benefit	6,667	171,209
Total state	6,667	166,530
	52,000	1,618,322
Change in valuation allow	(52,000)	(1,663,794)
Total provision	$ -	$ (45,472)

A reconciliation of the statutory federal income tax rate to our effective tax rate follows:

	From June 6, 2007 (Date of Inception) to September 30, 2007	For the twelve months ended September 30, 2008
Tax benefit at statutory rate	34.0%	34.0%
State income taxes, net of federal benefit	5.0	3.9
Non-deductible meals & entertainment	-	(0.3)
Merger costs	-	(2.5)
Increase in valuation allowance	(39.0)	(36.1)
Effective income tax rate	-	(1.0)

The components of deferred tax assets and liabilities are as follows:

	As of September 30, 2007	As of September 30, 2008
Deferred tax assets		
Capitalized start up and organization costs	$ 51,000	$ 46,257
Other intangibles amortization		81,265
Accrued expenses		36,557
Bad debt reserve		18,950
Inventory obsolescence reserve		13,287
Share based payments		189,624
Net operating loss carryforwards (including $542,958 for net operating loss carryforwards acquired in mergers and acquisitions)	1,000	1,872,812
Total deferred tax assets	52,000	2,258,752

Less valuation allowance	(52,000)	(2,258,752)
Net deferred tax assets	-	-
Deferred tax liabilities		
Intangible assets	-	(45,472)
Total deferred tax liabilities	-	(45,472)
Total net deferred tax liability	$ -	$ (45,472)

As of September 30, 2008, we have incurred net operating losses since inception totaling $3,504,977. We acquired net operating losses totaling $1,692,378 through various acquisitions. These net operating losses expire in 2023 through 2028. The deferred tax asset associated with these net operating losses is included in our net deferred tax asset of $2,258,752. We fully reserved for our deferred tax assets since it is more likely than not that the benefits of such deferred tax assets will not be realized in future periods.

The acquired net operating losses are subject to internal revenue code section 382 and similar state income tax regulations, which could result in limitations on the amount of such losses that could be recognized during any taxable year.

We adopted FIN 48 effective June 6, 2007 (date of inception). FIN 48 requires companies to recognize in their financial statements the impact of a tax position if that position is more likely than not of being sustained on audit based on the technical merits of the position. FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 provides guidance on derecognition, classification, interest, and penalties, accounting in interim periods, and disclosure. For the period June 6, 2007 (date of inception) to September 30, 2007 and the year ended September 30, 2008, we had no material uncertain tax positions. Significant tax jurisdictions that we file income tax returns in include the Commonwealth of Kentucky and the state of Ohio. We record penalties and interest if it is more likely than not of being sustained on audit based on the technical merits of the position. We record penalties in selling, general and administrative expenses and interest as interest expense.

NOTE 16 – EMPLOYEE BENEFITS PLANS

Stock Options and Other Equity Compensation Plans

In March 2008, our Board of Directors adopted the 2008 Long Term Incentive Plan, subject to shareholder approval, referred to as the 2008 Incentive Plan. We reserved 1,000,000 shares of our common stock under the 2008 Incentive Plan and for other compensatory equity grants for the issuance of stock options, restricted stock awards, stock appreciation rights and performance awards, pursuant to which certain options will be granted. The terms and conditions of such awards are determined at the sole discretion of our board of directors or a committee designated by the Board to administer the plan. Previously unissued shares of our common stock are provided to a participant upon a participant's exercise of vested options. Of the 1,000,000 shares authorized, 1,000,000 are available for future grants as of September 30, 2008.

Pursuant to certain offers of employment, our Board of Directors granted stock options to purchase an aggregate of 90,000 and 30,900 shares of common stock on March 26 and May 8, 2008, respectively.

Effective December 20, 2007, we account for stock-based compensation under SFAS No. 123(R), "Share-Based Payment," a revision of SFAS No. 123, "Accounting for Stock-Based Compensation" and superseding APB Opinion No. 25, "Accounting for Stock Issued to Employees," which requires us to expense the fair value of grants made under the stock option program over the vesting period of each individual option agreement. Awards that are granted after the effective date of SFAS No. 123(R) are valued and non-cash share-based compensation expense is recognized in the consolidated statements of operations in accordance with SFAS No. 123(R). No non-vested awards were granted before the effective date of SFAS No. 123(R). We recognize non-cash share-based compensation expense ratably over the requisite service period which generally equals the vesting period of options, adjusted for expected forfeitures.

In accordance with SFAS 123(R), we recognized non-cash share-based compensation expenses as follows:

	Year ended September 30, 2008
Share-Based Compensation Expense	
Restricted Stock	$ 266,694
Stock Options	13,649
Share-Based Compensation Expense	$ 280,343

We calculate the fair value of stock options using the Black-Scholes option-pricing model. In determining the expected term, we separate groups of employees that have historically exhibited similar behavior with regard to option exercises and post-vesting cancellations. The option-pricing model requires the input of subjective assumptions, such as those listed below. The volatility rates are based on historical stock prices of similarly situated companies and expectations of the future volatility of our common stock. The expected life of options granted are based on historical data, which, as of September 30, 2008 is a partial option life cycle, adjusted for the remaining option life cycle by assuming ratable exercise of any unexercised vested options over the remaining term. The risk-free interest rate is based on the U.S.

Treasury yield curve in effect at the time of grant. The total expense to be recorded in future periods will depend on several variables, including the number of share-based awards.

The fair values of options granted were estimated on the date of grant using the following assumptions:

Grant Date	Weighted Average Expected Volatility	Expected Life (Years)	Expected Dividend Yield	Risk-Free Interest Rate
3/26/2008	66.34%	6.50	0.00%	2.55%
5/8/2008	66.34%	6.50	0.00%	2.99%

The following table details the fair values of options issued:

Date Earned	Quantity Issued	Expected Life (days)	Strike Price	Volatility	Dividend Yield	Risk-Free Interest Rate	Value per Option	Share Based Compensation Expense
3/26/2008	90,000	2,373	$1.20	66.34%	0%	2.55%	$0.72	$64,980
5/8/2008	30,900	2,373	$1.00	66.34%	0%	2.99%	$0.64	$19,776

Shares granted vest 33% annually as of the anniversary of the grant through 2011 and carry a ten year contractual term. As of September 30, 2008, there was approximately $71,100 in non-cash share-based compensation cost related to non-vested awards not yet recognized in our consolidated statements of operations. This cost is expected to be recognized over the remaining vesting period of 3 years. For the year ended September 30, 2008, options to purchase 30,000 shares of common stock were forfeited and no options were exercised.

Restricted Stock

Prior to adoption of the 2008 Incentive Plan, on December 5, 2007, the Company granted restricted stock to a named executive officer of the Company as described in Note 14.

Beacon Solutions 401(k) Plan

During the three months ended December 31, 2007, we established a retirement benefits plan, referred to as the Beacon Solutions 401(k) Plan, intended to meet the requirements of section 401(k) of the Internal Revenue Code of 1986. Under the Beacon Solutions 401(k) Plan, employees may contribute up to the maximum allowable under federal law, and the Company will match up to 100% of the first 1% contributed by the employee and up to 50% of the next 5% contributed by the employee, in cash subject to a vesting schedule based on years of service. All employees are eligible to enroll on date of hire. Employees are automatically enrolled at 3% employer contribution but can change their election at any time.

Total contributions under the Beacon Solutions 401(k) Plan, recorded as salaries and benefits expense, totaled approximately $71,156 for the year ended September 30, 2008.

NOTE 17 – SUBSEQUENT EVENTS

Completion of Common Stock and Warrant Offering

On July 25, 2008, we engaged a registered broker-dealer (the "Placement Agent") in a private placement (the "July Common Offering") of up to 3,750,000 units (the "Common Units"), for an aggregate purchase price of $3,000,000, with each Common Unit comprised of (i) one share of Common Stock, and (ii) a five year warrant to purchase one-half share of Common Stock (each, a "Common Offering Warrant").

The July Common Offering expired on October 24, 2008. Subsequent to September 30, 2008, we sold 367,099 Common Units to accredited investors for net proceeds of $246,670 (gross proceeds of $293,679 less offering costs of $47,009). Offering costs included fees paid to the placement agent of $38,178, a fee for the successful completion of the placement of $8,810 paid to a related party and $20 in legal and related fees in addition to warrants to purchase 238,615 shares of our common stock at $1.00 per share with a 5 year term. We used the proceeds of the Common Offering to provide working capital.

Sale of Common Stock and Warrants

On November 12, 2008, we engaged the Placement Agent in a private placement (the "November Common Offering") of up to 3,750,000 Common Units for an aggregate purchase price of $3,000,000 On the same terms as the July Common Offering. In the event that the November Common Offering is oversubscribed, we may sell and issue up to an additional 562,500 Common Units.

The Common Offering Warrants each have a five year exercise period and an exercise price of $1.00 per share of Common Stock, payable in cash on the exercise date or cashless conversion if a registration statement or current prospectus covering the resale of the shares underlying the Common Offering Warrants is not effective or available at any time more than six months after the date of issuance of the Common Offering Warrants. The exercise price is subject to adjustment upon certain occurrences specified in the Common Offering Warrants.

To date, we have sold 775,000 Common Units to accredited investors for an aggregate purchase price of $620,000. The Company has

used the proceeds of the November Common Offering to provide working capital. The Placement Agent has earned cumulative cash commissions of $62,000 and warrants to purchase an aggregate of 116,251 shares of Common Stock.

Contractual Dividends

On October 1, 2008, additional contractual dividends related to our Series A, A-1 and B Preferred Stock became due and payable in the aggregate amount of $144,000.

Grant of Stock Options

On October 7, 2008, our Board granted options to purchase 25,000 shares of our common stock at a strike price of $1.24 per share, the closing price on the day of grant. On January 9, 2009, our Board granted options to purchase 285,000 shares of our common stock at a strike price of $0.80 per share, the closing price on the day of grant. On January 9, 2009, our Board granted options to purchase 285,000 shares of our common stock at $0.80 per share, the closing price on the day of grant.

Note Payable

On January 7, 2009, we entered into a note payable with a principal amount of $200,000 payable on or before December 31, 2009, bearing interest at 12% per annum with one of our directors.

Equity Financing Arrangement

On January 9, 2009, we entered into an equity financing arrangement with one of our directors that provided up to $2.2 million of additional funding, the terms of which provide for compensation of a one time grant of warrants to purchase 100,000 shares of common stock at $1.00 per share and ongoing grants of warrants to purchase 33,333 shares of common stock at $1.00 per share each month that the financing arrangement is in effect. The warrants have a five year term. The commitment will be reduced on a dollar for dollar basis as we raise additional equity capital in private offerings, described above, and terminating upon completion of equity financing of $2.2 million, upon mutual agreement or on January 1, 2010.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A(T). Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC. This information is accumulated and communicated to our executive officers to allow timely decisions regarding required disclosure. As of September 30, 2008, our Chief Executive Officer, who acts in the capacity of principal executive officer and our Chief Accounting Officer who acts in the capacity of principal financial officer, have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures were not effective as of September 30, 2008, based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of our principal executive and principal financial officers 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 the consolidated financial statements in accordance with U.S. generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated 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 (3) 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 consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual consolidated financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of September 30, 2008 based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, or the COSO Framework. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this evaluation, management has concluded that our internal control over financial reporting was ineffective as of September 30, 2008.

Beacon is the successor to Suncrest Global Energy Corp.'s obligation to provide management's report on internal controls in accordance with Section 404a of the Sarbanes-Oxley Act of 2002. We were a privately owned company with no operations when we merged with Suncrest Global Energy Corp. on December 20, 2007 in a transaction that was accounted for as a reverse merger and recapitalization. We simultaneously completed the acquisition of four privately owned businesses that are not subject to the 404a assessment. Notwithstanding the timing and structure of these transactions, the acquired business, which comprised 100% of our revenues, were integrated into our business and were therefore included in management's assessment of internal control over financial reporting.

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permits us to provide only management's report in this annual report.

Disclosure Controls and Internal Controls

Disclosure controls are designed with the objective of ensuring that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Accounting Officer, as appropriate, to allow timely decisions regarding required disclosure. Internal controls are procedures which are designed with the objective of providing reasonable assurance that our transactions are properly authorized, recorded and reported and our assets are safeguarded against unauthorized or improper use, to permit the preparation of our financial statements in conformity with generally accepted accounting principles, including all applicable SEC regulations.

As of December 31, 2007, we had identified certain matters that constituted material weaknesses in our internal controls over financial reporting. Pursuant to the closing of the Phase I Acquisitions on December 20, 2007, we acquired four businesses with distinctly separate internal control structures. These internal control structures have been combined and streamlined to correct certain existing material weaknesses including lack of segregation of duties, inadequate internal accounting information systems and limited qualified accounting staff. As of September 30, 2008, we were also still experiencing problems recording our inventory as a result of having to combine data from the legacy systems of acquired businesses. Accordingly our systems and personnel were insufficient to support the complexity of our financial reporting requirements. Since December 31, 2007, we have taken certain steps to correct these material weaknesses that include consolidating our accounting functions on a single unified Accounting Information Technology Solution and undertaking a coordinated accounting and operating policy documentation process to fully implement controls and procedures. During this process, our compensatory controls include having our Chief Financial Officer and Chief Executive Officer perform detailed reviews of our accounts and financial statement disclosures to ensure the accuracy and completeness of our financial reports. Although we believe that these steps have enabled us to improve our internal controls and our ability to correct material weaknesses, additional time is still required to fully document our systems, implement control procedures and test their operating effectiveness.

We believe that our internal controls risks are partially mitigated by the fact that our Chief Executive Officer and Chief Accounting Officer review and approve substantially all of our major transactions and we have, when needed, hired outside experts to assist us with implementing complex accounting principles. We believe that our weaknesses in internal control over financial reporting and our disclosure controls relate primarily to the fact that we are an emerging business with limited personnel. Our Chief Accounting Officer was our only employee with SEC reporting experience at the time of the close of the Phase I Acquisitions. We have employed an additional Certified Public Accountant as our Director of Financial Reporting who has limited SEC reporting experience. In addition, we have implemented disclosure controls and an internal control framework including software assisted compliance controls as of the date of this Annual Report on Form 10-K.

This annual report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permits us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

Except as discussed above, there were no changes in the Company's internal control over financial reporting during the Company's last fiscal quarter that could have materially affected or is likely to materially affect the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance

Directors of Beacon Enterprise Solutions Group, Inc.

Information concerning each of our directors and executive officers as of September 30, 2008, is as follows:

Name	Age	Title

Bruce Widener	47	Director, Chairman, Chief Executive Officer
Robert H. Clarkson	67	Director
J. Sherman Henderson III	65	Director
John D. Rhodes III	54	Director
Richard C. Mills	52	President
Kenneth Kerr	45	Chief Operating Officer
Robert Mohr	42	Chief Accounting Officer, Secretary, Treasurer

Bruce Widener, Director, Chairman and Chief Executive Officer. Mr. Widener possesses over 19 years of industry experience. Prior to developing and forming Beacon, Mr. Widener served as Chief Operating Officer of US Wireless Online, a provider of wireless internet access and related applications during 2006. From 2004 to 2006 Mr. Widener served as Senior Vice President of Corporate Development of UniDial Communications / Lightyear Network Solutions. Mr. Widener was an independent contractor with PTEK in 2002 and became Senior Vice President of Indirect Channel Sales in 2003 through 2004.

Robert H. "Bobby" Clarkson, Director. Mr. Clarkson established Robert H. Clarkson Insurance Agency, LLC and Robert H. Clarkson Financial Services Inc. in 1964. Since that time, the agency has continued to grow and is licensed to conduct business in all 50 states. Working with clients such as the Independent Pilot's Association and McDonald's, the agency serves national and international corporations.

J. Sherman "Sherm" Henderson III, Director. Mr. Henderson has more than 35 years of business experience, including company ownership, sales, marketing and management. He has served as president and CEO of Lightyear Network Solutions, LLC since its inception in 2003. Lightyear Network Solutions, LLC is the successor to Lightyear Communications, Inc. following its reorganization in April 2004 under Chapter 11 of the U.S. Bankruptcy Code. Mr. Henderson served as President and CEO of Lightyear Communications, Inc. since its formation in 1993. In 2004, he was voted chairman of COMPTEL, the leading communications trade association, made up of more than 300 member companies. Mr. Henderson is a graduate of Florida State University, with a B.A. degree in Business Administration.

John D. Rhodes, III, M.D., Director. Dr. Rhodes practiced as a physician and has been Board Certified in Internal Medicine and Cardiovascular Diseases serving as Chief Fellow in Cardiology at the University of Louisville School of Medicine from 1984-1985 and was elected a Fellow of the American College of Cardiology. Dr. Rhodes retired from his private practice in 2005. In his retirement, Dr. Rhodes has been an active investor in the telecom, restaurant and real estate industries. Dr. Rhodes was a founding investor in Texas Roadhouse and served as a member of its advisory board until its initial public offering in 2004.

Richard C. Mills, President. Mr. Mills possesses over 26 years of industry experience. Prior to joining Beacon, he joined publicly traded Pomeroy Computer Resources, Inc. in 1993 and served as Chief Operating Officer and a member of the Board of Directors from 1995 until 1999. Mr. Mills previously served as CEO of Cyberswap, Inc. where he grew sales from $2 million per month to over $10 million per month in less than one year. He was a founder of Strategic Communications LLC.

Kenneth E. Kerr, RCDD, Chief Operating Officer. Mr. Kerr has over 25 years of industry experience. Prior to joining Beacon, he was the President and a co-founder of CETCON from 1996 to 2007. Mr. Kerr is a BICSI certified RCDD and holds a BSEE from The Ohio State University.

Robert R. Mohr, CPA, Chief Accounting Officer. Prior to joining Beacon, Mr. Mohr served as Director of Financial Reporting of Triple Crown Media, Inc. (NASDAQ: TCMI), a $130 million sports marketing, association management and newspaper concern, where he was in charge of SEC compliance, financial reporting and analysis from 2005 to 2007. From 2002 to 2005 Mr. Mohr was Chief Financial Officer of Culinary Standards Corp. Over the past 18 years Mr. Mohr has served in senior financial roles in both public and private companies in varying stages of development including start-ups, mergers and acquisitions, restructurings, leveraged buy-outs and turnarounds. Pursuant to financial roles, Mr. Mohr has also served as the leader of human resources, information technology, distribution and customer service.

Audit Committee

Our board of directors has an Audit Committee, the purpose of which is to review and evaluate the results and scope of the audit and other services provided by our independent registered public accounting firm, as well as our accounting principles and system of internal accounting controls, and to review and approve any transactions between us and our directors, officers or significant shareholders. In fulfilling its responsibility, the Audit Committee pre-approves, subject to stockholder ratification, the selection of our independent registered public accounting firm. The Audit Committee also reviews our consolidated financial statements and the adequacy of our internal controls. The Audit Committee meets at least quarterly with our management and our independent registered public accounting firm to review and discuss the results of audits or reviews of our consolidated financial statements, the evaluation of our internal audit controls, and the overall quality of our financial reporting and our critical accounting policies. The Audit Committee meets separately, at least quarterly, with the independent registered public accounting firm. In addition, the Audit Committee oversees our existing procedures for the receipt, retention and handling of complaints related to auditing, accounting and internal control issues, including the confidential, anonymous submission by employees of concerns on questionable accounting and auditing matters. The board of directors has determined that all members of the Audit Committee, comprised of John D. Rhodes III and J. Sherman Henderson III, are independent in accordance with Nasdaq Marketplace Rules and regulations established by the Securities and Exchange Commission, or SEC Regulations, governing audit committee member independence.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the directors, executive officers, and persons who own more than 10 percent of a registered class of a company's equity securities to file with the SEC initial reports of ownership (Form 3) and reports

of changes in ownership (Forms 4 and 50 of such class of equity securities. Such officers, directors, and greater than 10 percent shareholders of a company are required by SEC Regulations to furnish us with copies of all such Section 16(a) reports that they file.

To our knowledge, with the exception of the following, based solely on our review of the copies of such reports furnished to us during the year ended September 30, 2008, all Section 16(a) filing requirements applicable to our executive officers, directors and greater than 10 percent beneficial owners were met. Due to miscommunication, although all disclosures were appropriately reflected within Current Reports on Form 8-K and Quarterly Reports on Form 10-Q, submission of several Forms 4 for Robert H. Clarkson, J. Sherman Henderson III and John D. Rhodes III, were filed on December 30, 2008. Disclosure controls have been implemented to mitigate this error in miscommunication.

Code of Ethics

Pursuant to Section 406 of the Sarbanes-Oxley Act of 2002, we have adopted a Code of Ethics for all employees including the Chief Executive Officer and Principal Financial Officer. The Code of Ethics is posted on our website, www.askbeacon.com, (under the caption Investor Relations -> Management) and is included as Exhibit XX to this annual report on Form 10-K. We intend to satisfy the disclosure requirement regarding any amendment to, or waiver of, a provision of the Code of Ethics for the Chief Executive Officer and Principal Financial Officer by posting such information on our website. We undertake to provide to any person a copy of this Code of Ethics upon request to our Corporate Secretary at our principal executive's offices.

Item 11. Executive Compensation

COMPENSATION DISCUSSION AND ANALYSIS

In this section, we will give an overview and analysis of our compensation program and policies, the material compensation decisions we have made under those programs and policies, and the material factors that we considered in making those decisions. Later in this Part III under the heading "Additional Information Regarding Executive Compensation," you will find tables containing specific information about the compensation earned by, and equity awards granted to, the following individuals, whom we refer to as our "named executive officers":

- Bruce Widener, Chairman, Chief Executive Officer and Director
- Richard C. Mills, President

- Kenneth Kerr, Chief Operating Officer
- Robert Mohr, Chief Financial Officer, Treasurer and Secretary

The discussion below is intended to help you understand the detailed information provided in those tables and put that information into context within our overall compensation program.

Overview of Compensation Philosophy

The goal of our compensation program for our named executive officers is the same as our goal for operating Beacon – to create long-term value for our stockholders. Toward this goal, we have designed and implemented our compensation programs for our named executive officers to reward them for sustained financial and operating performance and leadership excellence, to align their interests with those of our stockholders and to encourage them to remain with us for long and productive careers. Most of our compensation elements simultaneously fulfill one or more of our performance, alignment and retention objectives, as described below. These elements consist of salary, annual bonus and share-based incentive compensation. In deciding on the type and amount of compensation for each named executive, we focus on both current pay and the opportunity for future compensation. We combine the compensation elements for each named executive in a manner we believe optimizes the executive's contribution to us.

Overview of Compensation Objectives

Performance.

The amount of compensation for each named executive officer reflects his superior management experience, continued high performance and exceptional career of service to us. Key elements of compensation that depend upon the named executive officer's performance include:

- Base salary, which provides fixed compensation based on competitive market practice and in accordance with the terms of the executive's employment agreement.
- Bonus, which is discretionary and payable in cash or equity incentives based on an assessment of each executives' performance against pre-determined quantitative and qualitative measures within the context of our overall performance.
- Equity incentive compensation in the form of stock options and/or restricted stock subject to vesting schedules that require continued service with us.
- Our matching contributions to our named executive officers who participate in our 401(k) plan.
- Other benefits.

Base salary and bonus are designed to reward annual achievements and be commensurate with the executive's scope of responsibilities,

demonstrated leadership abilities, and management experience and effectiveness. Share-based compensation is focused on motivating and challenging the executive to achieve superior, longer-term, sustained results.

Alignment.

We seek to align the interests of our named executive officers with those of our stockholders, and provide them with an opportunity to acquire a proprietary interest in us, by evaluating executive performance on the basis of key financial measurements, which we believe closely correlate to long-term stockholder value, including revenue, operating profit and cash flow from operating activities. Key elements of compensation that align the interests of the named executives with stockholders include equity incentive compensation, which links a significant portion of compensation to stockholder value because the total value of those awards corresponds to stock price appreciation that correlates strongly with meeting company performance goals.

Retention.

Due to extensive management experience, our senior executives are often presented with other professional opportunities, including ones at potentially higher compensation levels. We attempt to retain our executives by using continued service as a determinant of total pay opportunity. Key elements of compensation that require continued service to receive any, or maximum,

payout include the vesting terms in our equity-based compensation programs, including stock option and restricted stock awards.

Implementing Our Objectives

Determining Appropriate Pay Levels.

We compete with many other companies for experienced and talented executives. As such, market information regarding pay practices at peer companies (as provided in the public reports filed by such companies with the SEC) is reviewed and considered in assessing the reasonableness of compensation and ensuring that compensation levels remain competitive in the marketplace.

We rely upon our judgment in making compensation decisions, after reviewing our performance and carefully evaluating an executive's performance during the year against established goals, leadership qualities, operational performance, business responsibilities, such individual's career with us, current compensation arrangements and long-term potential to enhance stockholder value. Specific factors affecting compensation decisions for our named executive officers include:

- Key financial measurements such as revenue, operating profit and cash flow from operating activities.
- Strategic objectives such as acquisitions, dispositions or joint ventures.
- Promoting commercial excellence by launching new or continuously improving services, and attracting and retaining customers.
- Achieving specific operational goals for us including improved productivity, simplification and risk management.
- Achieving excellence in their organizational structure and among their employees.

We generally do not adhere to rigid formulas or necessarily react to short-term changes in business performance in determining the amount and mix of compensation elements. Although we consider competitive market compensation paid by other companies, we do not attempt to maintain a certain target percentile within a peer group or otherwise rely on those data to determine executive compensation. We incorporate flexibility into our compensation programs and in the assessment process to respond to and adjust for the evolving business environment.

Allocation of Compensation

There is no pre-established policy or target for the allocation of compensation, other than the employment agreements as previously referenced. We strive to achieve an appropriate mix between equity incentive awards and cash payments in order to meet our objectives. Any apportionment goal is not applied rigidly and does not control our compensation decisions; we use it as another tool to assess an executive's total pay opportunities and whether we have provided the appropriate incentives to accomplish our compensation objectives. Our mix of compensation elements is designed to reward recent results and motivate long-term performance through a combination of cash and equity incentive awards. We believe the most important indicator of whether our compensation objectives are being met is our ability to motivate our named executive officers to deliver superior performance and retain them on a cost-effective basis.

Timing of Compensation

As discussed elsewhere, compensation (including salary base adjustments, stock options and restrictive stock awards, incentive plan eligibility, incentive plan goal specifications and incentive plan payments, for our named executive officers) are typically reviewed annually.

Minimum Stock Ownership Requirements

We do not have any minimum stock ownership guidelines. All of our named executive officers, however, currently beneficially own either one, or a combination, of shares of common stock, shares of our restricted stock, or stock options to purchase our common stock.

Role of Compensation Committee.

The Compensation Committee of our Board has primary responsibility for assisting the Board in developing and evaluating potential candidates for executive positions, including the CEO, and for overseeing the development of executive succession plans. As part of this responsibility, the Compensation Committee oversees the design, development and implementation of the compensation program for the CEO and the other named executive officers. The Compensation Committee evaluates the performance of the CEO and determines CEO compensation in light of the goals and objectives of the compensation program.

Role of Executive Officers in Determining Compensation

The CEO and the Compensation Committee together assess the performance of the other named executives and determine their compensation, based on initial recommendations from the CEO. Our CEO assists the Compensation Committee in reaching compensation decisions with respect to the named executives other than the CEO. The other named executives do not play a role in their own compensation determination, other than discussing individual performance objectives with the CEO. Our CEO is not involved with any aspect of determining his own compensation. The Compensation Committee makes all compensation decisions for our CEO. Although our CEO assists the Compensation Committee in reaching compensation decisions with respect to the other named executive officers, the Compensation Committee has final discretionary authority to approve compensation of all named executive officers, including our CEO.

Role of Compensation Consultant.

The Compensation Committee did not use the services of a compensation consultant to establish the compensation program for named executive officers for fiscal year 2008. In the future, the Compensation Committee may engage or seek the advice of compensation consultants to provide insight on compensation trends along with general views on specific compensation programs.

Equity Grant Practices.

The exercise price of each stock option awarded to our named executive officers, as non-qualified stock options or under our long-term incentive plan, is equal to the closing price of our stock on the date of grant. The Compensation Committee has no pre-set schedule as to when, or if, such grants shall occur.

Annual Compensation Objectives

Base Salary.

Base salaries for our named executive officers depend on the scope of their responsibilities, their performance, and the period over which they have performed those responsibilities. Decisions regarding salary increases take into account the executive's current salary and the amounts paid to the executive's peers within and outside Beacon. Base salaries are reviewed periodically, but are not automatically increased if the Compensation Committee believes that other elements of compensation are more appropriate in light of our stated objectives. This strategy is consistent with our primary intent of offering compensation that is contingent on the achievement of performance objectives.

Beacon entered into employment agreements with three of its key executives with no specific expiration dates that provide for aggregate annual compensation of $480,000 and up to $120,000 of severance payments for termination without cause. We discuss the terms and conditions of these agreements elsewhere in this Part III under "Additional Information Regarding Executive Compensation—Employment Agreements."

Bonus.

Each September, the CEO reviews with the Compensation Committee our estimated full-year financial results against the financial, strategic and operational goals established for the year, and our financial performance in prior periods. Based on that review, the Compensation Committee determines on a preliminary basis whether each named executive officer has achieved the objectives upon which the bonus is evaluated. After reviewing the final full-year results, the Compensation Committee approves total bonuses to be awarded. Bonuses will be approved subject to the results of our year-end financial audit and paid shortly thereafter.

The Compensation Committee, with input from the CEO with respect to the other named executive officers, uses discretion

in determining the current year's bonus for each named executive officer. It evaluates our overall performance, the performance of the business unit or function that the named executive officer leads and an assessment of each executive officer's performance against expectations, which is reviewed at the end of the year. The bonuses also reflect (and are proportionate to) the consistently increasing and sustained annual financial results of Beacon. We believe that the annual bonus rewards the executives who drive these results and incentivizes them to sustain this performance.

Whether or not a bonus is in fact earned by an executive is based on both an objective analysis (predetermined operating profit targets based on budgeted operating revenues) and a subjective analysis (based on the individual's contribution to us or the business unit), The financial objective for each named executive officer for fiscal year 2008 is discussed below. In making the subjective determinations, the Compensation Committee does not base its determination on any single performance factor nor does it assign relative weights to factors, but considers a mix of factors, including evaluations of superiors, and evaluates an individual's performance against such mix in absolute terms in relation to our other executives.

The salaries paid and the annual bonuses awarded to the named executive officers for fiscal year 2008 are discussed below and disclosed in the Summary Compensation Table.

Equity Awards

Our equity incentive compensation program is designed to recognize scope of responsibilities, reward demonstrated performance and leadership, motivate future superior performance, align the interests of the executive with our stockholders and retain the executives through the vesting period established for the awards. All of our officers and key employees (including our named executive officers) and our directors are eligible for grants of stock options and other stock-based awards (including restricted stock). We consider the grant size and the appropriate combination of stock options, common stock and restricted stock when making award decisions. Equity incentive compensation granted for fiscal 2008 is discussed below and disclosed in the Summary Compensation Table. Existing ownership levels are not a factor in award determination, as we do not want to discourage executives from holding our stock.

We have expensed stock option grants under SFAS 123R, Share-Based Payment (SFAS 123R) since December 20, 2007, and adopted SFAS 123R beginning at that time. When determining the appropriate combination of stock options and restricted stock, our goal is to weigh the cost of these grants with their potential benefits as a compensation tool. We believe that providing combined grants of stock options and restricted stock effectively balances our objective of focusing the named executive officers on delivering long-term value to our stockholders, with our objective of providing value to the executives with the equity awards. Stock options only have value to the extent the price of our stock on the date of exercise exceeds the exercise price on the grant date, and thus are an effective compensation element only if the stock price grows over the term of the award. In this sense, stock options are a motivational tool. Unlike stock options, restricted stock offers executives the opportunity to receive shares of our stock on the date the restricted stock vests. In this regard, restricted stock serves both to reward and retain executives, as the value of the restricted stock is linked to the price of our stock on the date the restricted stock vests.

401(k) Plan

We have a 401(k) Savings Plan qualified under Section 401(k) of the Internal Revenue Code, as amended, which is available to all our employees on date of hire. Employees may contribute their salary up to the statutory to the plan through voluntary salary deferred payments. We matched 100% of the first 1% and 50% of the next 5% of each employee's contribution up to 6% of the employee's salary until November 9, 2008 at which time the Board of Directors voted to revise the matching contribution to a performance based, profit sharing match.

Eligible named executive officers participated in the 401(k) Plan in fiscal year 2008 and received matching contribution from us under the 401(k) Plan for the year ended September 30, 2008 as follows:

Named Executive Officer	Matching Contributions for the Twelve Months Ended September 30, 2008
Bruce Widener	$ 4,274
Richard C. Mills	$ 3,433
Kenneth Kerr	$ 3,433
Robert Mohr	$ 3,607

Other Compensation.

We provide our named executive officers with medical, dental and vision insurance coverage that are consistent with those provided to our other employees. In addition, we provide certain perquisites, which are described in the Summary Compensation Table, to our named executive officers, as a component of their total compensation.

Compensation for Named Executive Officers in Fiscal 2008

Strength of company performance. The specific compensation decisions made for each of the named executive officers for the year ended September 30, 2008 reflect our performance against key financial and operational measurements. A more detailed analysis of our financial and operational performance is contained in the Management's Discussion & Analysis contained elsewhere in this Annual Report on Form 10-K. Revenue and earnings before interest, taxes, depreciation and amortization (EBITDA) for the year ended September 30, 2008 fell below expectations. However, we achieved several of our key priorities in combining and integrating the four acquisitions and transitioning to a publicly traded company.

CEO Compensation. In determining Mr. Widener's compensation for the year ended September 30, 2008, the Compensation Committee considered his performance against financial, strategic and operational goals for this year as follows:

Financial Objectives

Revenue and EBITDA for fell short of our projections for the year ended September 30, 2008.

Strategic and Operational Goals

Execute Phase I Acquisitions	Mr. Widener successfully executed the Phase I Acquisition plan and reverse merger to create Beacon as a public company.
Integrate Phase I Acquisitions	We successfully integrated the four companies into a single business providing the comprehensive services contemplated under the original plan.

Retain Excellent Team	Mr. Widener continued to attract and retain a strong management expertise at all levels of the organization.

Mr. Widener's salary for fiscal 2008 was $190,378 which included retro pay for the successful conclusion of the Phase I Acquisitions.

Other Named Executive Officers' Compensation. In determining the compensation of Messrs. Mills, Kerr and Mohr for the year ended September 30, 2008, the Compensation Committee compared their achievements against the performance objectives established

for each of them at the beginning of the year and discussed with each individual at the beginning of the year by the CEO. The Compensation Committee evaluated our overall performance and the contributions of each of the other named executive officers to that performance, as well as the performance of the departments that each individual leads when relevant. Each of the other named executive officers has an employment agreement which defines their base salaries. Mr. Mohr earned a bonus for the year for timely delivery of reports to the Securities and Exchange Commission. Based on our shortfall from our planned revenue and EBITDA, the base salaries will remain as in Fiscal 2008 for Fiscal 2009 but will be evaluated based on achieving specific goals for the fiscal year 2009.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K. Based on the review and discussion referred to above, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

The Compensation Committee

J. Sherman Henderson III

John D. Rhodes III

ADDITIONAL INFORMATION REGARDING EXECUTIVE COMPENSATION

The following table sets forth a summary of the compensation of our named executive officers for the year ended September 30, 2008.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($) (2)	Option Awards ($) (3)	Non-Equity Incentive Plan Compen-sation ($)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($)	Total ($)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Bruce Widener	2008	190,378 (4)						11,912 (5)	202,290
Chairman, Chief Executive Officer and Director	2007	33,750 (6)						2,580 (7)	36,330
Richard C. Mills	2008	110,494 (8)		266,694 (9)				10,578 (10)	387,766
President	2007	(11)							
Kenneth Kerr	2008	109,615 (12)						10,306 (13)	119,921
Chief Operating Officer	2007	(14)							
Robert Mohr	2008	126,923 (15)	5,000 (16)		7,358 (17)			2,743 (18)	142,024
Chief Accounting Officer, Treasurer and Secretary	2007	(19)							

(1) For purposes of this Summary Compensation Table, the cash incentive awards to the named executive officers, which are discussed in further detail under the heading "Compensation Discussion and Analysis – Compensation for Named Executive Officers for Fiscal Year 2008," have been characterized as "Non-Equity Incentive Plan Compensation" under column (G).

(2) The amounts in Column (E) represent the proportionate amount of the total fair value of restricted stock recognized by us as an expense in fiscal year 2008 for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The fair values of these awards and the amounts expensed in fiscal year 2008 were determined in accordance with FAS 123R. The wards for which expense is shown in column (E) include awards described in the Grants of Plan-Based Awards table included elsewhere in this section. The assumptions used in determining the grant date fair values of these awards are set forth in Note 16 to our consolidated financial statements included elsewhere in this annual report on Form 10-K.

(3) The amounts in column (F) represent the proportionate amount of the total fair value of stock options recognized by us as an

expense in fiscal year 2008 for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The fair value of these awards and the amounts expensed in fiscal year 2008 were determined in accordance with FAS 123R. The awards for which expense is shown in column (F) include the awards described in the Grants of Plan-Based Awards table included elsewhere in this section. The assumptions used in determining the grant date fair values of these

awards are set forth in Note 16 to our consolidated financial statements included elsewhere in this annual report on Form 10-K.

(4) Amount includes $180,000 annual salary under the terms of Mr. Widener's employment agreement and amounts agreed upon with Founders prior to execution of the employment agreement.
(5) Amount paid for medical, dental and vision insurance.
(6) Amount agreed upon with Founders.
(7) Amount paid for medical, dental and vision insurance.
(8) Amount includes $150,000 annual salary under the terms of Mr. Mills' employment agreement for partial year since execution of the employment agreement.
(9) Amount relates to restricted stock grant which is discussed in further detail in Note 16 to our consolidated financial statements included elsewhere in this annual report on Form 10-K.
(10) Amount paid for medical, dental and vision insurance.
(11) Mr. Mills was not an employee of Beacon prior to fiscal year 2008.
(12) Amount includes $150,000 annual salary under the terms of Mr. Kerr's employment agreement for partial year since execution of the employment agreement.
(13) Amount paid for medical, dental and vision insurance.
(14) Mr. Kerr was not an employee of Beacon prior to fiscal year 2008.
(15) Amount includes $150,000 annual salary under the terms of Mr. Mohr's employment agreement for partial year since execution of the employment agreement.
(16) Amount represents a bonus for timely filing of documents with the Securities Exchange Commission.
(17) Amount represents non-cash compensation expense recognized for financial accounting purposes determined in accordance with FAS 123R.
(18) Amount paid for medical, dental and vision insurance.
(19) Mr. Mohr was not an employee of Beacon prior to fiscal year 2008

Employment Agreements

Beacon has entered into employment agreement with each of Bruce Widener, Richard C. Mills, Robert Mohr and Kenneth E. Kerr, each effective as of December 20, 2007. Each executive officer has agreed not to compete with us within the United States during the term of his employment and for a period of one year following his termination of employment, nor to solicit our employees for a period of two years following the termination of his employment.

Pursuant to the terms of Mr. Widener's Employment Agreement, Mr. Widener will serve as the Chief Executive Officer and will be entitled to receive, among other things: (1) an annual base salary of $180,000, and (2) such annual performance bonuses as may be approved by the Compensation Committee of the Board of Directors.

Pursuant to the terms of Mr. Mills's Employment Agreement, Mr. Mills will serve as the President and will be entitled to receive, among other things: (1) an annual base salary of $150,000, and (2) such annual performance bonuses as may be approved by the Compensation Committee of the Board of Directors.

Pursuant to the terms of Mr. Mohr's Employment Agreement, Mr. Mohr will serve as the Chief Accounting Officer and will be entitled to receive, among other things: (1) an annual base salary of $150,000, and (2) such annual performance bonuses as may be approved by the Compensation Committee of the Board of Directors.

Pursuant to the terms of Mr. Kerr's Employment Agreement, Mr. Kerr will serve as the Chief Operating Officer and will be entitled to receive, among other things: (1) an annual base salary of $150,000, and (2) such annual performance bonuses as may be approved by the Compensation Committee of the Board of Directors.

If any of Mr. Widener, Mr. Mills, Mr. Mohr or Mr. Kerr is terminated for reasons other than for "cause," then he will be entitled severance equal to the greater of (i) three months' salary, or (ii) the amount of salary to be paid from the date of termination until December 20, 2008.

Grants of Awards

Grants of Awards

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock Or Units (#)	All Other Option Awards: Number of Securities Under-lying Options (1)	Exercise or Base Price of Option Awards ($/Sh) (2)	Grant Date Fair Value of Stock and Option Awards ($) (3)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
Richard C. Mills	12/20/2007							782,250 (4)			$663,863
Robert Mohr	3/26/2008								60,000	$1.20	$ 43,200

On December 20, 2007, Mr. Mills was granted 782,250 shares of Beacon restricted stock of which 150,000 shares vested immediately and 632,250 shares vest in equal amounts annually on each of December 21, 2008, 2009, and 2010. The full grant date fair value of this restricted stock award under SFAS 123R is $666,874. On March 26, 2008, Mr. Mohr was granted options to purchase 60,000 shares of our

common stock with a strike price of $1.20, the closing price on the date of grant. The fair value of the options on the date of grant of this options grant under SFAS 123R was $43,320. There were no other equity or share-based awards granted during the year ended September 30, 2008 to the named executive officers.

Outstanding Equity Awards at Fiscal Year-End

The following table details the equity incentive awards outstanding as of September 30, 2008. For additional information about the option awards, see "Equity Awards" and "Compensation for Named Executive Officers in Fiscal Year 2008" under "Compensation Discussion and Analysis."

Outstanding Equity Awards at Fiscal Year-End

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Unearned Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Richard C. Mills						632,250	663,863		
Robert Mohr		60,000		$1.20	3/26/2018				

Options Exercises and Stock Vested

The following table provides information on stock awards vested for the year ended September 30, 2008. Pursuant to a grant of 782,250 shares of restricted stock to Mr. Mills, awarded on December 20, 2007, 150,000 shares vested on that date when the stock was valued at $0.85 per share.

Option Exercises and Stock Vested

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
(A)	(B)	(C)	(D)	(E)
Richard C. Mills			150,000	$127,500

Potential Payments Upon Termination or Change in Control

The following table summarizes the value of the termination payments and benefits Mr. Widener, Mills, Kerr, and Mohr would receive if they had terminated employment on September 30, 2008 under the circumstances shown pursuant to the terms of the employment agreements we have entered into with him. For further description of the employment agreement governing these payments, see "Employment Agreements." Other than the employment agreements with our named executives, there is no formal policy with respect to payments to named executive officers upon a termination of such officer or change in control of the Company. In addition, the employment agreements with our named executives do not provide for any payments upon a change in control. The tables exclude (i) amounts accrued through September 30, 2008 that would be paid in the normal course of continued employment, such as accrued but unpaid salary and earned annual bonus for fiscal year 2008 and reimbursed business expenses and (ii) vested account balances under our 401(k) Plan that is generally available to all of our employees.

Bruce Widener

	Termination by Company without Cause or Executive with Good	Termination following or prior to a Change in

Benefit	Retirement ($)	Death ($)	Disability ($)	Reason ($)	Control ($)
Cash Severance	-	$ 45,000 (1)	$ 45,000 (1)	$ 45,000 (1)	- (2)
Acceleration of Restricted Stock	-	-	-	-	- (2)
Acceleration of Stock Options	-	-	-	-	- (2)
Health & Welfare Benefits	- (3)	- (3)	3,121 (3)	3,121 (3)	- (2)

(1) Excluding accrued, but unpaid, base salary, annual bonus, accrued vacation, 401(k) payments and unreimbursed business expenses.

(2) Executive is not entitled to any specific payments upon a change in control, other than such payment that Executive would otherwise be entitled to if termination upon a change in control is by reason of death or disability or by the Company without Cause or the Executive for Good Reason, as provided in the related columns.

(3) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the Company's expense.

Richard Mills

Benefit	Retirement ($)	Death ($)	Disability ($)	Termination by Company without Cause or Executive with Good Reason ($)	Termination following or prior to a Change in Control ($)
Cash Severance	-	$ 37,500 (1)	$37,500 (1)	$ 37,500 (1)	- (2)
Acceleration of Restricted Stock	-	-	-	445,124 (3)	- (2)
Acceleration of Stock Options	-	-	-	-	- (2)
Health & Welfare Benefits	- (4)	- (4)	3,001 (4)	3,001 (4)	- (2)

(1) Excluding accrued, but unpaid, base salary, annual bonus, accrued vacation, 401(k) payments and unreimbursed business expenses.

(2) Executive is not entitled to any specific payments upon a change in control, other than such payment that Executive would otherwise be entitled to if termination upon a change in control is by reason of death or disability or by the Company without Cause or the Executive for Good Reason, as provided in the related columns.

(3) Upon termination by the Company for Cause or the Executive for Good Reason, restricted stock vests as described in Note 14 to the consolidated financial statements.

(4) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the Company's expense.

Ken Kerr

Benefit	Retirement ($)	Death ($)	Disability ($)	Termination by Company without Cause or Executive with Good Reason ($)	Termination following or prior to a Change in Control ($)
Cash Severance	-	$37,500 (1)	$37,500 (1)	$37,500 (1)	- (2)
Acceleration of Restricted Stock	-	-	-	-	- (2)
Acceleration of Stock Options	-	-	-	-	- (2)
Health & Welfare Benefits	- (3)	- (3)	3,000 (3)	3,000 (3)	- (2)

(1) Excluding accrued, but unpaid, base salary, annual bonus, accrued vacation, 401(k) payments and unreimbursed business expenses.

(2) Executive is not entitled to any specific payments upon a change in control, other than such payment that Executive would otherwise be entitled to if termination upon a change in control is by reason of death or disability or by the Company without Cause or the Executive for Good Reason, as provided in the related columns.

(3) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the Company's expense.

Robert Mohr

Benefit	Retirement ($)	Death ($)	Disability ($)	Termination by Company without Cause or Executive with Good Reason ($)	Termination following or prior to a Change in Control ($)
Cash Severance	-	$37,500 (1)	$37,500 (1)	$37,500 (1)	- (2)
Acceleration of Restricted Stock	-	-	-	-	- (2)
Acceleration of Stock Options	-	-	-	-	- (2)
Health & Welfare Benefits	- (3)	- (3)	977 (3)	977 (3)	- (2)

(1) Excluding accrued, but unpaid, base salary, annual bonus, accrued vacation, 401(k) payments and unreimbursed business expenses.

(2) Executive is not entitled to any specific payments upon a change in control, other than such payment that Executive would otherwise be entitled to if termination upon a change in control is by reason of death or disability or by the Company without Cause or the Executive for Good Reason, as provided in the related columns.

(3) Executive is entitled to continued participation in our group health plan, assuming he makes a timely election of continuation coverage under COBRA, at the Company's expense.

DIRECTOR COMPENSATION

Compensation for Non-Management Directors. Our directors have agreed to serve on our board of directors based on their existing equity position in Beacon. John D. Rhodes III was issued 300,000 Warrants to purchase Beacon common stock in exchange for his service on the board by unanimous vote in a Board Meeting on March 26, 2008. We currently have no policy for director compensation. The Compensation Committee has taken this under advisement and there has been discussion of future director compensation but no formal policy has yet to be set in place.

The following table provides summary information of compensation of directors for the year ended September 30, 2008.

Director Compensation

Name and Principal Position	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Options Awards ($)	Non-Equity Incentive Plan Compen-sation ($)	Change in Pension Value and Non-qualified Deferred Compen-sation Earnings ($)	All Other Compen-sation ($)	Total ($)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
John D. Rhodes III		219,000					219,000

(1) On March 26, 2008, Mr. Rhodes was granted 300,000 Warrants to purchase shares of our common stock with a strike price of $1.00. The fair value of the options on the date of grant of this options grant under SFAS 123R was $219,000.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information regarding the ownership of our common stock as of November 30, 2008 by (i) any person who is known to us to be the beneficial owner of more than five percent of our common stock, (ii) all directors, (iii) all executive officers named in the Summary Compensation Table herein and (iv) all directors and executive officers as a group. Warrants and options to acquire our common stock included in the amounts listed below are currently exercisable or will be exercisable within 60 days after November 30, 2008, and are deemed outstanding for computing the ownership percentage of the stockholder holding such warrants and/or options, but are not deemed outstanding for computing the ownership percentage of any other stockholder.

Name	Beneficial Ownership	% of Class

Bruce Widener	2,580,000	9.0%
J. Sherman Henderson III (1)	1,904,167	6.7%
John D. Rhodes III (2)	1,884,108	6.6%
Robert H. Clarkson (3)	1,124,166	3.9%
Richard C. Mills (4)	1,577,250	5.5%
Kenneth E. Kerr (5)	471,429	1.7%
Robert R. Mohr	-	0.0%
CETCON, Incorporated	900,000	3.2%
Directors and Named Executives Officers (as a group)	9,541,120	33.4%

(1) Includes 30,000 shares held by LANJK, LLC (a limited liability company wholly owned by Mr. Henderson) as well as the 416,666 shares into which the Exchanged Bridge Note held by SHEND LLC (a limited liability company wholly owned by Mr. Henderson) is convertible, 432,500 shares for which Exchanged Bridge Warrants held by SHEND LLC are exercisable within 60 days of the date hereof and 25,000 Warrants issued in exchange for an equity financing arrangement.

(2) Includes the 166,666 shares into which the Exchange Bridge Note held by Dr. Rhodes is convertible, 173,000 shares for which the Exchanged Bridge Warrants held by Dr. Rhodes are exercisable within 60 days of the date hereof, 300,000 warrants to purchase shares in exchange for his representation on the Board of Directors, 444,444 shares into which the Series B Preferred Stock is convertible, 200,000 Warrants issued pursuant to the Series B Preferred Stock purchase, and 299,998 warrants issued in exchange for an equity financing arrangement.

(3) Includes the 416,666 shares into which the Exchanged Bridge Note held by ROBT LLC (a limited liability company wholly owned by Mr. Clarkson) is convertible, 432,500 shares for which the Exchanged Bridge Warrants held by ROBT LLC are exercisable

within 60 days of the date hereof and 25,000 Warrants issued in exchange for an equity financing arrangement.

(4) 632,250 of the shares of Beacon Common Stock are subject to a three-year vesting provision, where such shares will vest in three equal installments on December 20, 2008, 2009 and 2010. In addition, Mr. Mills and his wife are the beneficial owners of 795,000 shares of Beacon Common Stock, of which 200,000 have been placed in escrow under the terms of the asset purchase agreement between Beacon and Strategic.

(5) Mr. Kerr, as the 50% stockholder of CETCON, is the beneficial owner of 471,429 shares of Beacon Common Stock, of which 225,000 have been placed in escrow under the terms of the asset purchase agreement between Beacon and CETCON.

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

Please refer to Note 12 of the consolidated financial statements for detailed information on related party transactions.

After considering all applicable regulatory requirements and assessing the materiality of each director's relationship with us, our Board of Directors has affirmatively determined that all of our directors are independent in accordance with NASDAQ rules and regulations established by the SEC, except Mr. Widener due to his status as an executive officer. Consequently, our Board of Directors has determined that three of our four directors are independent in accordance with NASDAQ rules and regulations.

Item 14. Principal Accountant Fees and Services

On December 20, 2007, we dismissed Chisholm, Bierwolf & Nilson LLP as the independent registered public accounting firm. Chisholm, Bierwolf & Nilson LLP had been previously engaged as the principal accountant to audit our financial statements.

Beacon engaged Marcum & Kliegman LLP as our new independent registered public accounting firm, effective as of December 20, 2007, to audit the financial statements for the fiscal year ended September 30, 2007, and to perform procedures related to the financial statements included in the current reports on Form 8-K and quarterly reports on Form 10-QSB.

The decision to dismiss Chisholm, Bierwolf & Nilson LLP and engage Marcum & Kliegman LLP was approved by the Board of Directors after the consummation of the Share Exchange with respect to the Beacon Common Shares on December 20, 2007.

During the two most recent fiscal years and the subsequent interim period through December 20, 2007, the date of dismissal, there were no disagreements with, or adverse opinions or disclaimers of opinions from, Chisholm, Bierwolf & Nilson LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Chisholm, Bierwolf &Nilson LLP, would have caused it to make reference to the subject matter of the disagreement(s) in connection with its reports. There were no items described in Item 304(a)(1)(iv)(B) of Regulation S-B to disclose during the two most recent fiscal years and the subsequent interim period through December 20, 2007, the date of dismissal.

Beacon made the contents of this Form 8-K available to Chisholm, Bierwolf & Nilson LLP and requested it to furnish a letter to the SEC as to whether Chisholm, Bierwolf & Nilson LLP agrees or disagrees with, or wishes to clarify the expression of its views set forth herein. A copy of Chisholm, Bierwolf & Nilson LLP's letter to the SEC is included as Exhibit 16.1 to the current report on Form 8-K filed on December 28, 2008 and is incorporated here by reference.

Other than in connection with the engagement of Marcum & Kliegman LLP by us, during our most recent fiscal year and the subsequent interim period prior to December 20, 2007, we did not consult Marcum & Kliegman LLP regarding either: (i) the application of accounting principles to a specified transaction, completed or proposed, or the type of audit opinion that might be rendered on its financial statements,

or (ii) any matter that was either the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-B or the related instructions thereto or a "reportable event" as described in Item 304(a)(1)(v) of Regulation S-B or any matter that was either the subject of a disagreement, as that term is defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K, or a reportable event, as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

Marcum & Kliegman LLP audited our consolidated financial statements for the period June 6, 2007 (date of inception) to September 30, 2007 and for the year ended September 30, 2008.

Fees

The following table presents fees for professional services rendered by Marcum & Kliegman LLP for the audit of our annual financial statements for the period June 6, 2007 (date of inception) to September 30, 2007 and for the year ended September 30, 2008:

	From June 6, 2007 (Date of Inception) to September 30, 2007	For the year ended September 30, 2008
Audit fees	$ -	$ 146,700
Audit related fees	-	-
Tax fees	-	-
Other fees	-	-
	$ -	$ 146,700

In accordance with its written charter, the Audit Committee reviews and discusses with Marcum & Kliegman LLP, on a periodic basis, any disclosed relationships or services that may impact the objectivity and independence of the independent registered accounting firm and pre-approves all audit and permitted non-audit services (including the fees and terms thereof) to be performed for us by our independent registered public accounting firm.

PART IV

Item 15. Exhibits and Financial Statement Schedules

Exhibit No.

2.1	Securities Exchange Agreement dated December 20, 2007 by and between the Company and Beacon Enterprise Solutions Group, Inc., an Indiana corporation (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K dated December 28, 2007).
3.1*	Articles of Incorporation, as amended, of the Company.
3.2	Certificate of Designation of the Series B Preferred Stock (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q dated August 19, 2008).
3.3	Restated Bylaws (Incorporated by reference to Exhibit 3.2 of Form 10-KSB dated October 15, 2003).
4.1*	Form of warrant to purchase common stock granted in connection with August 19, 2008 financing arrangement between the Company and one of its directors.
4.2*	Registration Rights Agreement dated November 12, 2008 by and between the Company and the placement agent for the November 2008 offering of Common Stock.
4.3*	Form of warrant to purchase common stock granted in connection with November 2008 offering of Common Stock.
4.4	Form of convertible promissory notes and warrants granted in connection with the 2007 convertible debt financing (incorporated by reference to Exhibit 4.1 of the Company's Current Report on Form 8-K dated December 28, 2007).
4.5*	Form of warrant to purchase common stock granted in connection with the offering of Series A and Series A-1 Preferred Stock, as amended and recirculated July 30, 2008.
4.6	Form of warrant to purchase common stock granted to the placement agent retained in connection with the offering of Series A and Series A-1 Preferred Stock (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K dated December 28, 2007).
4.7	Form of warrant to purchase common stock granted to affiliates of placement agent retained in connection with the offering of Series A and Series A-1 Preferred Stock (incorporated by reference to Exhibit 10.4 of the Company's Current Report on Form 8-K dated December 28, 2007).
4.8	Form of warrant to purchase common stock granted in connection with the offering of Series B Preferred Stock

(incorporated by reference to Exhibit 4.1 of the Company's Quarterly Report on Form 10-Q dated August 19, 2008).

4.9 Form of warrant to purchase common stock granted in connection with the July 2008 offering of Common Stock (incorporated by reference to Exhibit 4.2 of the Company's Quarterly Report on Form 10-Q dated August 19, 2008).

4.10 Form of warrant to purchase common stock issued to J. Sherman Henderson and Robert A. Clarkson on July 10, 2008 (incorporated by reference to Exhibit 4.3 of the Company's Quarterly Report on Form 10-Q dated August 19, 2008).

10.1* Placement Agency Agreement dated July 25, 2008 by and between the Company and the Placement Agent.

10.2* Letter Agreement dated July 25, 2008 by and between the Company and the Placement Agent.

10.3* Letter agreement dated August 19, 2008 by and between the Company and one of its directors.

10.4* Loan Agreement dated September 4, 2008 by and between the Company and First Savings Bank.

10.5 Asset Purchase Agreement, dated October 15, 2007, by and between Beacon and Advance Data Systems, Inc. ("ADSnetcurve") (incorporated by reference to Exhibit 10.5 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.6 Secured Promissory Note, dated December 20, 2007, issued by Beacon to ADSnetcurve (incorporated by reference to Exhibit 10.6 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.7 Asset Purchase Agreement, dated October 15, 2007, by and between Beacon and CETCON, Incorporated ("CETCON") (incorporated by reference to Exhibit 10.7 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.11 Secured Promissory Note, dated December 20, 2007, issued by Beacon to CETCON (incorporated by reference to Exhibit 10.8 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.12 Asset Purchase Agreement, dated October 15, 2007, by and between Beacon and Strategic Communications, LLC ("Strategic") (incorporated by reference Exhibit 10.9 of to the Company's Current Report on Form 8-K dated December 28, 2007).

10.13 Promissory Note, dated December 20, 2007, issued by Beacon to Strategic (incorporated by reference to Exhibit 10.10 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.14 Asset Purchase Agreement, dated October 15, 2007, by and between Beacon and RFK Communications, LLC ("RFK") (incorporated by reference to Exhibit 10.11 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.15 Secured Promissory Note, dated December 20, 2007, issued by Beacon to RFK (incorporated by reference to Exhibit 10.12 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.16 Agreement and Plan of Merger, dated October 15, 2007, by and among Beacon, BH Acquisition Sub, Inc., Bell Haun Systems, Inc. ("BHS") and BHS shareholders (incorporated by reference to Exhibit 10.13 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.17 Promissory Note, dated December 20, 2007, issued by Beacon to the BHS shareholders (incorporated by reference to Exhibit 10.14 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.18 Promissory Notes, dated December 20, 2007, issued by Beacon to Thomas O. Bell and Michael T. Haun (incorporated by reference to Exhibit 10.15 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.19 Registration Rights Agreement, dated December 20, 2007, between Beacon, the placement agent for the Preferred Stock offerings and certain investors (the "The Placement Agent Investor Group") (incorporated by reference to Exhibit 10.16 of the Company's Current Report on Form 8-K dated December 28, 2007).

10.20** Employment Agreement, dated December 2007, between the Company and Bruce Widener (incorporated by reference to Exhibit 99.8 of the Company's Quarterly Report on Form 10-Q dated February 19, 2008).

10.21** Employment Agreement, dated December 2007, between the Company and Richard C. Mills (incorporated by reference to Exhibit 99.6 of the Company's Quarterly Report on Form 10-Q dated February 19, 2008).

10.22** Employment Agreement, dated December 2007, between the Company and Kenneth E. Kerr (incorporated by reference to Exhibit 99.4 of the Company's Quarterly Report on Form 10-Q dated February 19, 2008).

10.23** Employment Agreement, dated December 2007, between the Company and Robert R. Mohr (incorporated by reference to Exhibit 99.5 of the Company's Quarterly Report on Form 10-Q dated February 19, 2008).

10.24 Documents related to the Integra Bank Credit Facility (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q dated May 15, 2008).

10.25 Registration Rights Agreement dated July 25, 2008 by and between the Company and the placement agent retained in the July 2008 offering of Common Stock (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on

	Form 10-Q dated August 19, 2008).
14.1*	Code of Ethics
21*	Subsidiaries of the Registrant.
31.1*	Principal Executive Officer Certification.
31.2*	Principal Financial Officer Certification.
32.1*	Section 1350 Certification.
32.2*	Section 1350 Certification.
*	Denotes filed herein.
**	Denotes compensatory plan or management contract.

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 on January 13, 2009.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

By: /s/ Bruce Widener

Bruce Widener
Chief Executive Officer and Chairman of the
Board of Directors

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 date indicated.

Signature	Title	Date
/s/ Bruce Widener Bruce Widener	Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	January 13, 2009
/s/ Robert H. Clarkson Robert H. Clarkson	Director	January 13, 2009
/s/ J. Sherman Henderson III J. Sherman Henderson III	Director	January 13, 2009
/s/ Dr. John D. Rhodes III Dr. John D. Rhodes III	Director	January 13, 2009
/s/ Robert Mohr Robert Mohr	Chief Accounting Officer (Principal Financial Officer)	January 13, 2009

Exhibit 3.01

AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
BEACON ENTERPRISE SOLUTIONS GROUP, INC.

Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "**Corporation**"), does hereby certify that:

First: The original articles of incorporation of the Corporation were filed with the Secretary of State of Nevada on May 22, 2000 (the "**Original Articles of Incorporation**") and were amended and restated on February 15, 2008 (the "**First Amended Articles of Incorporation**").

Second: The Board of Directors of the Corporation by unanimous written consent dated as of February 14, 2008, adopted resolutions setting forth the proposed amendments to the First Amended Articles of Incorporation, recommended the adoption of the resolutions by the stockholders and called for the submission of such amendments to the stockholders of the Corporation for their consideration.

Third: Thereafter, pursuant to Section 78.320 of the Nevada Private Corporations Law (the "NPCL") written consents dated as of February 14, 2008 approving the amendments set forth below were signed by holders of outstanding voting stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting on such date at which all shares entitled to vote thereon were present and voted.

Fourth: The amendments were duly adopted by the stockholders in accordance with the NPCL.

Fifth: The First Amended Articles of Incorporation of the Corporation are hereby amended and restated to read as follows:

ARTICLE I
NAME OF CORPORATION

The Corporation's name shall be "Beacon Enterprise Solutions Group, Inc."

ARTICLE II
AUTHORIZED CAPITAL STOCK

A. Classes of Stock. The aggregate number of shares the Corporation shall have authority to issue shall be 70,000,000 shares of Common Stock, par value $0.001 per share ("Common Stock"), and 5,000,000 shares of Preferred Stock, par value $0.01 per share.

B. Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The rights, preferences, privileges, and restrictions granted to and imposed on the Series A Convertible Preferred Stock, par value $0.01 per share ("**Series A Preferred Stock**"), which series shall consist of Four Thousand Five Hundred (4,500) shares, and Series A-1

Preferred Stock, par value $0.01 per share ("**Series A-1 Preferred Stock**"), which series shall consist of One Thousand (1,000) shares shall be as set forth below. The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon additional series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or of any of them. Subject to compliance with applicable protective voting rights that have been or may be granted to the Preferred Stock or series thereof in Certificates of Designation or the Corporation's Articles of Incorporation ("**Protective Provisions**"), the rights, privileges, preferences and restrictions of any such additional series may be subordinated to, *pari passu* with (including, without limitation, inclusion in provisions with respect to liquidation and acquisition preferences, redemption and/or approval of matters by vote or written consent), or senior to any of those of any present or future class or series of Preferred Stock or Common Stock (other than as specifically set forth with respect to the Series A Preferred Stock and the Series A-1 Preferred Stock). Subject to compliance with applicable Protective Provisions, the Board of Directors is also authorized to increase or decrease the number of shares of any series (other than the Series A Preferred Stock or the Series A-1 Preferred Stock), prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

(1) Voting Rights.

(a) Except as otherwise provided herein, in the Articles of Incorporation or as required by law, the holders of the shares of Series A Preferred Stock or Series A-1 Preferred Stock (each a "**Holder**," and collectively the "**Holders**") and the holders of the Corporation's shares of Common Stock (the "**Common Stock**") shall be entitled to vote on all matters submitted or required to be submitted to a vote of the stockholders of the Corporation and shall be entitled to the number of votes equal to the number of whole shares of Common Stock into which such shares of Preferred Stock are convertible pursuant to the provisions hereof, at the record date for the determination of stockholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of stockholders is solicited. In each such case, except as otherwise required by law or expressly provided in **Section 1(b)** herein, the holders of shares of Preferred Stock and shares of Common Stock shall vote together and not as separate classes. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares of Common Stock into which shares of Preferred Stock held by each holder could be converted) shall be rounded down to the nearest whole number.

(b) So long as twenty-five (25%) percent of the shares of Series A Preferred Stock originally issued by the Corporation pursuant to the terms of the Confidential Private Placement Memorandum dated October 19, 2007 of Beacon Enterprise Solutions Group, Inc., an Indiana corporation, (the "**Series A Memorandum**") remains outstanding (as appropriately adjusted for any recapitalization, stock combinations, stock dividends, stock splits or similar events occurring after the original issuance date of any shares of Series A Preferred Stock, the "**Series A Original Issuance Date**"), the Corporation will not, directly or indirectly, including without limitation through merger, consolidation or otherwise, without the affirmative vote or

written consent of the holders of more than fifty percent (50%) of the then outstanding shares of Series A Preferred Stock, voting as a separate class, given in writing or by resolution adopted at a duly called meeting of the Holders of Series A Preferred Stock:

(i) Declare or pay any dividends on any shares of Common Stock or shares of Series A-1 Preferred Stock, or other securities of the Corporation without first paying in full, in addition to the Series A Preferred Share Dividend (as defined in **Section 8** below) accrued and unpaid through and including such date, the amount which the holders of shares of Series A Preferred Stock would have received had the shares of Series A Preferred Stock been converted for shares of Common Stock at the then applicable Conversion Price (as defined in **Section 3(c)** below); provided that, the Corporation may declare or pay stock dividends payable in shares of Series A-1 Preferred Stock on the outstanding shares of Series A-1 Preferred Stock as set forth in Section 8(b) below; or

(ii) Directly and/or indirectly, designate, issue, create or otherwise permit to exist, any additional shares of Preferred Stock or other securities of the Corporation which, as to the payment of dividends, distribution of assets, redemptions, voting, interest payments, liquidation payments and/or any other type of payment or right, including, without limitation, distributions to be made upon the liquidation, dissolution or winding up of the Corporation, or upon the merger, Change of Control, consolidation or sale of the assets thereof, is directly and/or indirectly senior to and/or *pari passu* with the shares of Series A Preferred Stock.

(iii) Directly and/or indirectly create, incur or assume any liability or indebtedness for borrowed money (collectively, "**New Debt**"), unless, after the creation, incurrence or assumption of such New Debt, the Corporation shall have an EBITDA Debt Service Coverage Ratio, calculated on a *pro forma* trailing twelve (12) month basis that is greater than or equal to two (2). For the purpose of this Section 1(b)(iii), "**EBITDA**" means in any fiscal period, the Corporation's net income or net loss (other than extraordinary or non-recurring items of the Corporation for such period), plus (i) the amount of all interest expense, income tax expense, depreciation expense and amortization expense of the Corporation for such period, and plus or minus (as the case may be) (ii) any other non-cash charges which have been added or subtracted, as the case may be, in calculating the Corporation's net income for such period. If the Corporation's accounting is prepared on a consolidated basis, EBITDA shall be calculated on a consolidated basis. For the purpose of this Section 1(b)(iii), "**Debt Service**" means, as of the last day of each fiscal quarter of the Corporation, on a consolidated basis, principal due within twelve (12) months after such day, and interest on any indebtedness for the current fiscal quarter calculated on an annualized basis. For purposes of this Section 1(b)(iii) "**EBITDA Debt Service Coverage Ratio**" means EBITDA divided by Debt Service.

(c) So long as twenty-five (25%) percent of the shares of Series A-1 Preferred Stock originally issued by the Corporation pursuant to the terms of the Confidential Private Placement Memorandum dated February 22, 2008 of Beacon Enterprise Solutions Group, Inc., an Indiana corporation, (the "**Series A-1 Memorandum**") remains outstanding (as appropriately adjusted for any recapitalization, stock combinations, stock dividends, stock splits or similar events occurring after the original issuance date of any shares of Series A-1 Preferred Stock, the "**Series A-1 Original Issuance Date**"), the Corporation will not, directly or indirectly, including

without limitation through merger, consolidation or otherwise, without the affirmative vote or written consent of the holders of more than fifty percent (50%) of the then outstanding shares of Series A-1 Preferred Stock, voting as a separate class, given in writing or by resolution adopted at a duly called meeting of the Holders of Series A-1 Preferred Stock:

(i) Declare or pay any dividends on any shares of Common Stock, or other securities of the Corporation (except shares of Series A Preferred Stock) without first paying in full, in addition to the Series A-1 Preferred Share Dividend (as defined in **Section 8** below) accrued and unpaid through and including such date, the amount which the holders of shares of Series A-1 Preferred Stock would have received had the shares of Series A-1 Preferred Stock been converted for shares of Common Stock at the then applicable Conversion Price (as defined in **Section 3(c)** below); or

(ii) Directly and/or indirectly, designate, issue, create or otherwise permit to exist, any additional shares of Preferred Stock (other than shares of Preferred Stock paid as stock dividends on outstanding shares of Series A Preferred Stock or shares of Series A-1 Preferred Stock as provided in Section 8 hereof) or other securities of the Corporation which, as to the payment of dividends, distribution of assets, redemptions, voting, interest payments, liquidation payments and/or any other type of payment or right, including, without limitation, distributions to be made upon the liquidation, dissolution or winding up of the Corporation, or upon the merger, Change of Control, consolidation or sale of the assets thereof, is directly and/or indirectly senior to and/or *pari passu* with the shares of Series A-1 Preferred Stock.

(iii) Directly and/or indirectly create, incur or assume any New Debt, unless, after the creation, incurrence or assumption of such New Debt, the Corporation shall have an EBITDA Debt Service Coverage Ratio, calculated on a *pro forma* trailing twelve (12) month basis that is greater than or equal to two (2).

(2) Stated Value. Each share of Series A Preferred Stock and each share of Series A-1 Preferred Stock shall have a "**Stated Value**" equal to One Thousand Dollars ($1,000).

(3) Conversion of Shares of Preferred Stock. Shares of Preferred Stock shall be convertible into shares of Common Stock on the terms and conditions set forth in this **Section 3**. The term "**Conversion Shares**" shall mean the shares of Common Stock issuable upon conversion of shares of Preferred Stock. The Corporation shall not issue any fractional shares of Common Stock upon any conversion. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Preferred Stock by a Holder shall be aggregated for purposes of determining whether the conversion would result in the issuance of a fractional share of Common Stock. If, after the aforementioned aggregation, the issuance would result in the issuance of a fractional share of Common Stock, the Corporation shall, in lieu of issuing such fractional share, issue one whole share of Common Stock to the Holder thereof. The Corporation shall pay any and all taxes that may be payable with respect to the issuance and delivery of shares of Common Stock upon conversion of shares of Preferred Stock unless such taxes result from the issuance of shares of Common Stock upon conversion to a person other than the

Holder.

(a) Optional Conversion. With respect to each share of Preferred Stock, at any time or times on or after the date of issuance of such shares of Preferred Stock (such date for each share of Preferred Stock hereinafter referred to as the "**Original Issuance Date**"), any Holder shall be entitled to convert all or a portion of such Holder's shares of Preferred Stock into fully paid and non-assessable shares of Common Stock (each an "**Optional Conversion**"), in accordance with this **Section 3(a), Section 3(c)** and **Section 3(d)**.

(b) Mandatory Conversion. Each share of Preferred Stock shall automatically be converted into shares of Common Stock at the then effective Conversion Price (the "**Mandatory Conversion**"), in accordance with this **Section 3(b), Section 3(c)** and **Section 3(d)**, upon the earlier of:

(i) the closing of an underwritten, firm commitment public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "**Securities Act**"), in connection with the offer and sale of shares of Common Stock for the account of the Corporation resulting in gross proceeds to the Corporation of not less than $20,000,000 (a "**Qualified Secondary Offering**"); provided that the shares of Common Stock issuable upon the conversion of shares of Preferred Stock (the "**Conversion Shares**") are (I) trading or are quoted (as the case may be), on the Bulletin Board, NASDAQ, AMEX or the NYSE (any of which shall hereinafter be referred to as an "**Eligible Trading Medium**"), and (II) registered under the Securities Act for resale without any selling limitations and/or restrictions longer than 180 days following the closing date of the Qualifying Secondary Offering; or

(ii) the date upon which the shares of Common Stock have for 20 consecutive trading days (A) closed at a price equal to not less than 250% the then Conversion Price, (B) averaged not less than 200,000 shares per day in volume, (C) there is an effective resale registration statement covering the resale of the Conversion Shares and the Conversion Shares have no direct and/or indirect selling limitations and/or restrictions, and (D) the Conversion Shares are traded and/or quoted on an Eligible Trading Medium (the "**Mandatory Conversion Date**").

(c) Conversion Price. Subject to anti-dilution adjustment as provided in **Section 3(e)**, upon an Optional Conversion pursuant to **Section 3(a)** or a Mandatory Conversion pursuant to **Section 3(b)**, the conversion price (the "**Conversion Price**") of each share of Series A Preferred Stock and each share of Series A-1 Preferred Stock shall equal $0.75. Upon a conversion pursuant to **Section 3(a)** or **Section 3(b)**, all accrued and unpaid dividends on shares of Preferred Stock through the date of conversion shall be paid in additional shares of Common Stock as if such dividends had been paid in additional shares of Preferred Stock rounded up to the nearest whole number, and then automatically converted into additional shares of Common Stock in accordance with and pursuant to the terms set forth herein. Each share of Preferred Stock will convert into that number of shares of Common Stock determined by dividing the Stated Value by the Conversion Price, as adjusted at the time of conversion.

(d) Mechanics of Conversion.

(i) To convert shares of Preferred Stock into Conversion Shares pursuant to **Section 3(a)** on any date, the Holder thereof shall (i) transmit by facsimile (or

otherwise deliver), for receipt on or prior to 11:59 p.m. Eastern Time on such date, a copy of an executed notice of conversion (the "**Optional Conversion Notice**") to the Corporation, and (ii) surrender to a common carrier for delivery to the Corporation within three (3) business days of such date the Preferred Stock Certificates (as hereinafter defined) representing the shares of Preferred Stock being converted (or an indemnification undertaking with respect to such shares in the case of their loss, theft or destruction). The term "**Preferred Stock Certificates**" shall mean the original certificates representing the shares of Preferred Stock.

(ii) Shares of Preferred Stock converted pursuant to **Section 3(b)** shall be deemed to be converted as of the Mandatory Conversion Date notwithstanding the date on which the Preferred Stock Certificates representing the shares of Preferred Stock being converted (or an indemnification undertaking with respect to such shares in the case of their loss, theft or destruction), are submitted to the Corporation in connection with such conversion, and such Preferred Stock Certificates shall be deemed to represent the right to receive Conversion Shares. To receive Conversion Shares subsequent to a Mandatory Conversion, each Holder shall (i) transmit by facsimile (or otherwise deliver) a copy of an executed notice of conversion (the "**Mandatory Conversion Notice**") to the Corporation, and (ii) surrender to a common carrier for delivery to the Corporation within three (3) business days of such facsimile transmission or delivery such Holder's Preferred Stock Certificates.

(iii) On or before the third (3rd) Business Day following the date of receipt of a fully executed and completed Optional Conversion Notice or Mandatory Conversion Notice (each a "**Conversion Notice**"), the Corporation shall (x) issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the Holder or its designee, for the number of shares of Common Stock to which the Holder shall be entitled, or (y) provided that the Conversion Shares have been registered under the Securities Act, upon the request of a Holder, credit such aggregate number of shares of Common Stock to which the Holder shall be entitled to such Holder's or its designee's balance account with the Depository Trust Corporation through its Deposit Withdrawal Agent Commission system. If the number of shares of Preferred Stock represented by the Preferred Stock Certificate(s) submitted for conversion pursuant to **Section 3(d)(i)** is greater than the number of shares of Preferred Stock being converted, then the Corporation shall, as soon as practicable and in no event later than three (3) business days after receipt of the Preferred Stock Certificate(s) and at its own expense, issue and deliver to the Holder thereof a new each share of Preferred Stock certificate representing the number of shares of Preferred Stock not converted. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of shares of Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the applicable conversion date.

(e) Anti-Dilution Provisions. The Conversion Price in effect at any time and the number and kind of securities issuable upon

conversion of the shares of Preferred Stock shall be subject to adjustment from time to time upon the happening of certain events as follows:

(i) Adjustment for Stock Splits and Combinations. If the Corporation at any time or from time to time on or after the Original Issuance Date effects a subdivision of the outstanding shares of Common Stock, the Conversion Price then in effect immediately before that subdivision shall be proportionately decreased, and conversely, if

the Corporation at any time or from time to time on or after the Original Issuance Date combines the outstanding shares of Common Stock into a smaller number of shares, the Conversion Price then in effect immediately before the combination shall be proportionately increased. Any adjustment under this **Section 3(e)(i)** shall become effective at the close of business on the date the subdivision or combination becomes effective.

(ii) Adjustment for Certain Dividends and Distributions. If the Corporation at any time or from time to time on or after the Original Issuance Date makes or fixes a record date for the determination of holders of shares of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, then and in each such event the Conversion Price then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Conversion Price then in effect by a fraction (1) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date and (2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this **Section 3(e)(ii)** as of the time of actual payment of such dividends or distributions.

(iii) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time on or after the Original Issuance Date makes, or fixes a record date for the determination of holders of shares of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event provision shall be made so that the Holders of shares of Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation which they would have received had their shares of Preferred Stock been converted into shares of Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this **Section 3(e)** with respect to the rights of the Holders of the shares of Preferred Stock.

(iv) Adjustment for Reclassification, Exchange and Substitution. In the event that at any time or from time to time on or after the Original Issuance Date, the shares of Common Stock issuable upon the conversion of the shares of Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale

of assets, provided for elsewhere in this **Section 3(e)**), then and in any such event each Holder of shares of Preferred Stock shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change, by holders of the maximum number of shares of Common Stock into which such shares of Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein.

(v) Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time on or after the Original Issuance Date there is a capital reorganization of the shares of Common Stock (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this **Section 3(e)**) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the Corporation's properties and assets to any other person, then, as a part of such reorganization, merger, consolidation or sale, provision shall be made so that the Holders of the shares of Preferred Stock shall thereafter be entitled to receive upon conversion of the shares of Preferred Stock the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, merger, consolidation, or sale. In any such case, appropriate adjustment shall be made in the application of the provisions of this **Section 3(e)** with respect to the rights of the Holders of the shares of Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this **Section 3(e)** (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the shares of Preferred Stock) shall be applicable after that event and be as nearly equivalent as is practicable.

(vi) Sale of Shares Below Conversion Price.

A. If at any time or from time to time following the Original Issuance Date but prior to an event triggering a Mandatory Conversion pursuant to **Section 3(b)** hereof, the Corporation issues or sells, or is deemed by the express provisions of this **Section 3(e)(vi)** to have issued or sold, shares of Additional Common Stock (as hereinafter defined), other than as a dividend or other distribution on any class of stock and other than upon a subdivision or combination of shares of Common Stock, in either case as provided in **Section 3(e)(i)** above, for an Effective Price (as hereinafter defined) less than the then existing Conversion Price, then and in each such case the then existing Conversion Price shall be reduced, as of the opening of business on the date of such issue or sale, to a price equal to the Effective Price for such shares of Additional Common Stock.

B. For the purpose of making any adjustment required under **Section 3(e)(vi)**, the consideration received by the Corporation for any issue or sale of securities shall (I) to the extent it consists of cash be computed at the amount of cash received by the Corporation, (II) to the extent it consists of property other than cash, be computed at the fair value of that property as determined in good faith by the Board, (III) if shares of Additional Common Stock, Convertible Securities (as hereinafter

defined) or rights or options to purchase either shares of Additional Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers both, be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board to be allocable to such shares of Additional Common Stock, Convertible Securities or rights or options, and (IV) be computed after reduction for all expenses payable by the Corporation in connection with such issue or sale.

C. For the purpose of the adjustment required under **Section 3(e)(vi)**, if the Corporation issues or sells any rights, warrants or options for the purchase of, or shares or other securities convertible into or exchangeable for, shares of Additional Common Stock (such convertible or exchangeable shares or securities being hereinafter referred to as "**Convertible Securities**") and if the Effective Price of such shares of Additional Common Stock is less than the Conversion Price then in effect, then in each case the Corporation shall be deemed to have issued at the time of the issuance of such rights, warrants, options or Convertible Securities the maximum number of shares of Additional Common Stock issuable upon exercise, conversion or exchange thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Corporation for the issuance of such rights, warrants, options or Convertible Securities, plus, in the case of such rights, warrants or options, the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights, warrants or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion or exchange thereof. No further adjustment of the Conversion Price, adjusted upon the issuance of such rights, warrants, options or Convertible Securities, shall be made as a result of the actual issuance of shares of Additional Common Stock on the exercise of any such rights, warrants or options or the conversion or exchange of any such Convertible Securities. If any such rights or options or the conversion or exchange privilege represented by any such Convertible Securities shall expire without having been exercised, the Conversion Price adjusted upon the issuance of such rights, warrants, options or Convertible Securities shall be readjusted to the Conversion Price which would have been in effect had an adjustment been made on the basis that the only shares of Additional Common Stock so issued were the shares of Additional Common Stock, if any, actually issued or sold on the exercise of such rights, warrants, or options or rights of conversion or exchange of such Convertible Securities, and such shares of Additional Common Stock, if any, were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights, warrants, or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted or exchanged, plus the consideration, if any, actually received by the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) on the conversion or exchange of such Convertible Securities.

D. For the purpose of the adjustment required under **Section 3(e)(vi)**, if the Corporation issues or sells, or is deemed by the express provisions

of this **Section 3(e)** to have issued or sold, any rights or options for the purchase of Convertible Securities and if the Effective Price of the shares of Additional Common Stock underlying such Convertible Securities is less than the Conversion Price then in effect, then in each such case the Corporation shall be deemed to have issued at the time of the issuance of such rights or options the maximum number of shares of Additional Common Stock issuable upon conversion or exchange of the total amount of Convertible Securities covered by such rights or options and to have received as consideration for the issuance of such shares of Additional Common Stock an amount equal to the amount of consideration, if any, received by the Corporation for the issuance of such rights, warrants or options, plus the minimum amounts of consideration, if any, payable to the Corporation upon the exercise of such rights, warrants or options, plus the minimum amount of consideration, if any, payable to the Corporation (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion or exchange of such Convertible Securities. No further adjustment of the Conversion Price, adjusted upon the issuance of such rights, warrants or options, shall be made as a result of the actual issuance of the Convertible Securities upon the exercise of such rights, warrants or options or upon the actual issuance of shares of Additional Common Stock upon the conversion or exchange of such Convertible Securities. The provisions of paragraph (C) above for the readjustment of the Conversion Price upon the expiration of rights, warrants or options or the rights of conversion or exchange of Convertible Securities shall apply mutatis mutandis to the rights, warrants options and Convertible Securities referred to in this paragraph (D).

E. "**Additional Shares of Common Stock**" shall mean all shares of Common Stock issued by the Corporation on or after the Original Issuance Date, whether or not subsequently reacquired or retired by the Corporation, other than (I) the Conversion Shares, (II) shares of Common Stock issuable upon exercise of warrants ("**Warrants**") issued in connection with the sale of the shares of Preferred Stock, (III) shares of Common Stock issuable upon exercise of warrants, options and convertible securities outstanding as of the Original Issuance Date (provided that the terms of such warrants, options and convertible securities are not modified after the Original Issuance Date to adjust the exercise price other than pursuant to anti-dilution provisions), (IV) shares of Common Stock issued to employees of the Corporation or any Subsidiary pursuant to stock option plans or other arrangements approved by the Board or pursuant to guidelines approved by the Board or upon exercise of options or warrants granted to such parties pursuant to any such plan or arrangement, (V) shares of Common Stock issued in connection with acquisitions (including, but not limited to, the Phase I Acquisitions as defined in the Series A Memorandum and Series A-1 Memorandum), mergers, joint ventures and other similar transactions approved by the Board, (VI) shares of Common Stock issued pursuant to any event for which adjustment is made to the Conversion Price under **Section 3(e)** hereof or to the exercise price under the anti-dilution provisions of any warrants outstanding as of the Original Issuance Date or the Warrants, (VII) shares of Common Stock issued or issuable to customers, suppliers or other strategic partners provided that such issuance is approved by the Board, (VIII) shares of Common Stock issued or issuable to banks, equipment lessors or other financial institutions pursuant to a

commercial leasing or debt financing transaction approved by the Board, (IX) any other issuance of securities approved by an affirmative vote or written

consent of the holders of more than fifty percent (50%) of the then outstanding shares of Preferred Stock. The "**Effective Price**" of shares of Additional Common Stock shall mean the quotient determined by dividing the total number of shares of Additional Common Stock issued or sold, or deemed to have been issued or sold by the Corporation under this **Section 3(e)(vi)**, into the aggregate consideration received, or deemed to have been received, by the Corporation for such issue under this **Section 3(e)(vi)**, for such shares of Additional Common Stock. "**Fair Market Value"** shall mean as of any date (i) if the shares of Common Stock are listed on a national securities exchange, the average of the closing prices as reported for composite transactions during the twenty (20) consecutive trading days preceding the trading day immediately prior to such date or, if no sale occurred on a trading day, then the mean between the closing bid and asked prices on such exchange on such trading day; (ii) if shares of Common Stock are not so listed but are traded on the NASDAQ, the average of the closing prices as reported on the NASDAQ during the twenty (20) consecutive trading days preceding the trading day immediately prior to such date or, if no sale occurred on a trading day, then the mean between the highest bid and lowest asked prices as of the close of business on such trading day, as reported on the NASDAQ; or if not then included for quotation on the NASDAQ, the average of the highest reported bid and lowest reported asked prices as reported by the OTC Bulletin Board, as the case may be, or (iii) if the shares of Common Stock are not then publicly traded, the fair market price, not less than book value thereof, of the shares of Common Stock as determined in good faith by the Board.

F. Other than a reduction pursuant to its applicable anti-dilution provisions, any reduction in the conversion price of any Convertible Securities, whether outstanding on the Original Issuance Date or thereafter, or the price of any option, warrant or right to purchase shares of Common Stock or any Convertible Security (whether such option, warrant or right is outstanding on the Original Issuance Date or thereafter), to an Effective Price less than the current Conversion Price, shall be deemed to be an issuance of such Convertible Security and all such options, warrants or rights at such Effective Price, and the provisions of **Sections 3(e)(vi)(C)**, **(D)** and **(E)** shall apply thereto mutatis mutandis.

G. Any time an adjustment is made to the Conversion Price pursuant to **Section 3(e),** a corresponding proportionate change shall be made to the number of shares of Common Stock issuable upon conversion of each share of Preferred Stock.

(f) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation but will at all times in good faith assist in the carrying out of all the provisions of this **Section 3** and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Holders of the shares of Preferred Stock against impairment.

(g) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this **Section 3**, the Corporation at its expense

shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each Holder of shares of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any Holder of shares of Preferred Stock, furnish or cause to be furnished to such Holder a like certificate setting forth (i) such adjustments and readjustments, (ii) Conversion Price at the time in effect, and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the shares of Preferred Stock.

(h) Status of Converted Shares. In the event any shares of Preferred Stock shall be converted pursuant to **Section 3** hereof, the shares of Preferred Stock so converted shall be canceled and shall not be reissued as shares of Preferred Stock.

(i) Stock Purchase Rights. If at any time or from time to time, the Corporation grants or issues to the record holders of the shares of Common Stock any options, warrants or rights (collectively, "**Stock Purchase Rights**") entitling any holder of shares of Common Stock to purchase shares of Common Stock or any security convertible into or exchangeable for shares of Common Stock or to purchase any other stock or securities of the Corporation, the Holders of shares of Preferred Stock shall be entitled to acquire, upon the terms applicable to such Stock Purchase Rights, the aggregate Stock Purchase Rights which such Holders of shares of Preferred Stock could have acquired if they had been the record holder of the maximum number of shares of Common Stock issuable upon conversion of their shares of Preferred Stock on both (x) the record date for such grant or issuance of such Stock Purchase Rights, and (y) the date of the grant or issuance of such Stock Purchase Rights.

(4) Assumption and Provision Upon Organic Change. Prior to the consummation of any Organic Change (as defined below), the Corporation shall make appropriate provision to ensure that each of the Holders of the shares of Preferred Stock will thereafter have the right to acquire and receive in lieu of or in addition to (as the case may be) the shares of Common Stock immediately theretofore acquirable and receivable upon the conversion of such Holder's shares of Preferred Stock such shares of stock, securities or assets that would have been issued or payable in such Organic Change with respect to or in exchange for the number of shares of Common Stock which would have been acquirable and receivable upon the conversion of such Holder's shares of Preferred Stock into shares of Common Stock immediately prior to such Organic Change. The following shall constitute an "**Organic Change**": any recapitalization, reorganization, reclassification, consolidation or merger, sale of all or substantially all of the Corporation's assets to another Person or other transaction which is effected in such a way that holders of shares of Common Stock are entitled to receive (either directly or upon subsequent liquidation) shares, securities or assets with respect to or in exchange for shares of Common Stock.

(5) Reservation of Authorized Shares. The Corporation shall, so long as any of the shares of Preferred Stock are outstanding, take all

action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of Preferred Stock, 100% of such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all of the shares of Preferred Stock then outstanding.

(6) Liquidation, Dissolution, Winding-Up. In the event of any Liquidation (as defined below) of the Corporation, the Holders of the shares of Preferred Stock shall be entitled to receive out of the assets of the Corporation legally available for distribution therefrom (the "**Liquidation Funds**") on a pro rata basis, before any amount shall be paid to the holders of any of the capital stock of the Corporation of any class junior in rank to the shares of Preferred Stock in respect of the preferences as to the distributions and payments on a Liquidation of the Corporation, an amount per each share of Preferred Stock equal to the product of (i) 125% and (ii) the sum of (a) the Stated Value of all shares of Preferred Stock then outstanding and (b) all dividends, if any, which have accrued or are payable under **Section 8** hereof, but have not been paid and received by the Holders of the shares of Preferred Stock, up to and including the date full payment is tendered to the Holder of such each share of Preferred Stock with respect to such Liquidation (collectively, the "**Non Change of Control Liquidation Preference**"); provided, however, that notwithstanding anything to the contrary provided herein or elsewhere, in the event that a Liquidation is caused as a result of a Change of Control (as defined below), each Holder of shares of Preferred Stock shall be entitled to receive in addition to the Non Change of Control Liquidation Preference, such additional amounts that each such Holder would have received in the Liquidation, had it converted its shares of Preferred Stock into shares of Common Stock immediately prior to the Liquidation. If, upon any Liquidation, the Liquidation Funds are insufficient to pay, issue or deliver the full amount due to the Holders of shares of Preferred Stock, then each holder of shares of Series A Preferred Stock shall receive, prior to any payment to holders of shares of Series A-1 Preferred Stock or shares of Common Stock, a percentage of the Liquidation Funds (up to 100%) equal to the full amount of Liquidation Funds payable to such holder as a liquidation preference, as a percentage of the full liquidation amount payable to all holders of shares of Series A Preferred Stock. Upon and after payment of the full liquidation amount to the holders of shares of Series A Preferred Stock, each holder of shares of Series A-1 Preferred Stock shall receive, prior to any payment to holders of shares of Common Stock, a percentage of the remaining Liquidation Funds equal to the full amount of Liquidation Funds payable to such holder as a liquidation preference, as a percentage of the full amount of remaining Liquidation Funds payable to all holders of shares of Series A-1 Preferred Stock. In no event shall the holders of shares of Series A-1 Preferred Stock receive any Liquidation Funds until the entire liquidation amount has been paid with respect to each outstanding share of Series A Preferred Stock. No Holder of shares of Preferred Stock shall be entitled to receive any amounts with respect thereto upon any Liquidation other than the amounts provided for herein; provided that a Holder of shares of Preferred Stock shall be entitled to all amounts previously accrued with respect to amounts owed hereunder. The form of consideration in which the Liquidation Preference is to be paid to the Holders of the shares of Preferred Stock as provided in this **Section (6)** shall be the form of consideration received by the Corporation or the other holders of the Corporation's capital stock, as the case may be.

"**Liquidation**" means any of the following: (i) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, (ii) filing for bankruptcy pursuant to applicable federal and/or state laws, (iii) any actions that directly and/or indirectly are construed as steps in taking the Corporation private, including, but not limited to, failure to file SEC Reports in a timely fashion, the Corporation, any affiliate of the Corporation and/or any person at the direct and/or indirect request of the Corporation buying shares of issued and outstanding Corporation Stock, of the filing of a Form 15, the shares of Common Stock no longer are eligible for quotation on the NASD Bulletin Board, the Corporation's Board of Directors and/or shareholders meeting and/or through resolutions, adopts or calls a meeting authorizing the

Corporation to undertake any of the above such actions ("**Going Private Actions**"), or (iv) any Change of Control.

"**Change of Control**" means (i) a change in the voting control of the Corporation such that any one person, entity or "group" (as contemplated by Rule 13d-5(b)(1) under the Securities Exchange Act of 1934, as amended) acquires from the Corporation in one or more, including a series of, transactions the right to cast greater than 50% of votes eligible to be cast by all holders of capital stock of the Corporation in the election of directors of the Corporation, provided that such transaction is approved by the Board or (ii) any merger or consolidation of the Corporation with or into another entity or any sale of all or substantially all of the assets of the Corporation.

(7) Preferred Rank. All shares of Common Stock shall be of junior rank to all shares of Preferred Stock in all respects as to the preferences as to distributions and payments upon the liquidation, dissolution and winding up of the Corporation. The rights of the shares of Common Stock shall be subject to the preferences and relative rights of the shares of Preferred Stock. The rights of the shares of Series A-1 Preferred Stock, to the extent applicable and as set forth herein, shall be subject to the preferences and relative rights of the shares of Series A Preferred Stock. For so long as any shares of Preferred Stock remain outstanding, the Corporation shall not, without the express written consent of Holders owning no less than a majority of the aggregate Stated Value of the then issued and outstanding shares of Preferred Stock (a) create or authorize any other class or series of capital stock, ranking *pari passu* and/or senior in any respect to the shares of Preferred Stock, or (b) issue any indebtedness ranking *pari passu* and/or senior in respect to the shares of Preferred Stock.

(8) Dividends; Participation. Each share of Preferred Stock shall accrue and be paid a dividend at the rate of ten (10%) percent per annum of the Stated Value, payable quarterly in arrears on January 1st, April 1st, July 1st and October 1st of each year and for such whole year (or portion thereof) that such shares of Preferred Stock are issued and outstanding (the "**Preferred Share Dividend**") beginning on the date each such shares of Preferred Stock is issued (including upon issuance as a stock dividend). The dividend payments shall be made in either cash or at the option of the Corporation through the issuance of additional shares of Preferred Stock (of the same series as such shares of Preferred Stock) in such amount of shares of Preferred Stock equal to the quotient of (i) the dividend amount payment then due, divided by (ii) the Stated Value of one share of Preferred Stock. In no event shall any cash dividends be paid upon the shares of Series A-1 Preferred Stock unless the accrued cash dividends upon the shares of Series A Preferred Stock have been paid in full.

(9) Vote to Issue, or Change the Terms of Shares of Preferred Stock. The affirmative vote of the Holders owning not less than a majority of the aggregate Stated Value of the then issued and outstanding shares of Preferred Stock at a meeting duly called for such purpose, or by the written consent without a meeting of the Holders of not less than a majority of the then outstanding shares of Preferred Stock shall be required for any direct and/or indirect (i) Going Private Actions, (ii) Liquidation, and/or (iii) any amendment to the Corporation's Articles of Incorporation or Bylaws which would directly and/or indirectly amend, alter, change, repeal or otherwise adversely affect any of the powers, designations, preferences and rights of the shares of Preferred Stock.

(10) Lost or Stolen Certificates. Upon receipt by the Corporation of evidence reasonably satisfactory to the Corporation of the loss, theft, destruction or mutilation of any Preferred Stock Certificates representing the shares of Preferred Stock, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Corporation in customary form and, in the case of mutilation, upon surrender and cancellation of the shares of Preferred Stock Certificate(s), the Corporation shall execute and deliver new preferred share certificate(s) of like tenor and date.

(11) Notices. Whenever notice is required to be given hereunder, unless otherwise provided herein, such notice shall be given in writing and will be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Corporation, at the Corporation's executive offices or (b) if to a Holder, at the address set forth on Corporation's books and records.

ARTICLE III
REGISTERED OFFICERS; REGISTERED AGENT

The address of the registered office of the Corporation is 6100 Neil Road, Suite 500, Reno, Nevada and the name of its registered agent at such address is Corporation Trust Company of Nevada.

ARTICLE IV
DIRECTORS

The members of the governing board of the Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of the Corporation, provided that the number of directors shall not be reduced to less than one (1).

ARTICLE V
INDEMNIFICATION

Each director and each officer of the Corporation may be indemnified by the corporation as follows:

A. The Corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action or suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of the Corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by him in connection with the action, suit or proceeding, if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding, by judgment, order, settlement, conviction or upon plea of nolo contendere or its equivalent does

not itself create a presumption that the person did not act in good faith and in a manner in which he reasonably believed to be in or not opposed to the best interests of the Corporation, and that, with respect to any criminal action or proceeding, he had reasonable cause to believe that his conduct was lawful.

B. The Corporation may indemnify any person who was or is a party, or is threatened to be made a party , to any threatened, pending or completed action or suit by or in the right of the Corporation, to procure a judgment in its favor by reason of the fact that he was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer employee or agent of the corporation, partnership, joint venture, trust or other enterprise, against expenses including amounts paid in settlement and attorney's fees actually and reasonably incurred by him in connection with the defense or settlement of the action or suit, if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Corporation. Indemnification may not be made for any claim, issue or matter as to which such a person has been adjudged by a court of competent jurisdiction, after exhaustion of all appeals there from, to be liable to the Corporation or for amounts paid in settlement to the Corporation, unless and only to the extent that the court in which the action or suit was brought or other court of competent jurisdiction determines upon application that in view of all the circumstances of the case the person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

C. To the extent that a director, officer or employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsections (A) and (B) of this Article VI, or in defense of any claim, issue or matter therein, he must be indemnified by the Corporation against expenses, including attorney's fees, actually and reasonably incurred by him in connection with the defense.

D. Any indemnification under subsection (A) and (B) unless ordered by a court or advanced pursuant to subsection (E), must be made by the Corporation only as authorized in the specific case upon determination that indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made:

(i) By the stockholders;

(ii) By the Board of Directors by majority vote of a quorum consisting of directors who were not parties to the act, suit or proceeding;

(iii) If a majority vote of a quorum consisting of directors who were not parties to the act, suit or proceeding so orders, by independent legal counsel in a written opinion; or

(iv) If a quorum consisting of directors who were not parties to the act, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

E. Expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of

the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitle to be indemnified by the Corporation. The provision of this subsection do not affect any rights to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law.

F. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this subsection:

(i) Does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the certificate or Articles of Incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, for either an action in his official capacity while holding his office, except that indemnification, unless ordered by a court pursuant to subsection (b) or for the advancement of expenses made pursuant to subsection (e) may not be made to or on behalf of any director or officer if a final adjudication established that his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause action.

(ii) Continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrator of such a person.

ARTICLE VI
GENERAL

A. The board of directors shall have the power and authority to make and alter, or amend, the bylaws, to fix the amount in cash or otherwise to be reserved as working capital, and to authorize and cause to be executed the mortgages and liens upon the property and franchises of the Corporation.

B. The board of directors shall, from time to time, determine whether, and to what extent, and at which times and places, and under what conditions and regulations, the accounts and books of this Corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have the right to inspect any account, book or document of this Corporation except as conferred by the Statutes of Nevada, or authorized by the directors or any resolution of the stockholders.

C. No sale, reconveyance, transfer, exchange or other disposition of all or substantially all of the property and assets of the Corporation shall be made unless approved by the vote or written consent of the stockholders entitled to exercise two-thirds (2/3) of the voting power of the Corporation.

D. The stockholders and directors shall have the power to hold their meetings, and keep the books, documents and papers of the Corporation outside of the State of Nevada, and at such place as may from time to time by designated by the bylaws or by resolution of the board of directors or stockholders, except as otherwise required by the laws of the State of Nevada.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.,

a Nevada corporation

By: /s/ Bruce Widener
Bruce Widener Chief Executive Officer

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES THAT MAY BE ISSUED UPON EXERCISE OF THE WARRANTS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

Warrant No. ____ Dated: _____

Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for value received, _____ or his registered assigns (the "**Holder**"), is entitled to purchase from the Company up to a total of _____ shares of common stock, $0.001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares issuable under the warrants, the "**Warrant Shares**") at an exercise price equal to the $1.00 per share (as adjusted from time to time as provided in Section 9, the "**Exercise Price**"), at any time and from the date hereof and through and including the date that is five (5) years from the date of issuance hereof (the "**Expiration Date**"), and subject to the following terms and conditions. This Warrant ("**Warrant**") is one of a series of similar warrants issued pursuant to that certain letter agreement, dated August 19, 2008, by and among the Company and the Investors identified therein (the "**Letter Agreement**"). All such warrants are referred to herein, collectively, as the "**Warrants**" and the holders thereof along with the Holder named herein, the "**Holders**."

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Letter Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of

Assignment attached hereto duly completed and signed, to the Company's transfer agent or to the Company at its address specified herein. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. Exercise and Duration of Warrants.

(a) This Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the date hereof to and including the Expiration Date. At 6:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) A Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached hereto (the "**Exercise Notice**"), appropriately completed and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised (which may take the form of a "cashless exercise" if so indicated in the Exercise Notice only if a "cashless exercise" may occur at such time pursuant to Section 10 below), and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an "**Exercise Date**." The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Exercise Disputes. In the case of any dispute with respect to the number of shares to be issued upon exercise of this Warrant, the Company shall promptly issue such number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via fax (or, it the Holder has not provided the Company with a fax number, by overnight courier) within two (2) Business Days of receipt of the Holder's election to purchase Warrant Shares. If the Holder and the Company are unable to agree as to the determination of the Purchase Price within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall in accordance with this Section, submit via facsimile the disputed determination to an independent reputable accounting firm of national standing, selected jointly by the Company and the Holder. The Company shall cause such accounting firm to perform the determinations or calculations and notify the Company and the Holder of the results as promptly as possible from the time it receives the disputed determinations of calculations. Such accounting firm's determination shall be binding upon all parties absent manifest error. The Company shall then on the next Business Day issue certificate(s) representing the appropriate number of Warrant Shares of Common Stock in accordance with such accounting firm's determination and this Section. The prevailing party shall be entitled to reimbursement of all fees and expenses of such determination and calculation.

5. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly (but in no event later than five Trading Days after the Exercise Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares to which the Holder is entitled upon such exercise, free of restrictive legends unless a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective and the Warrant Shares are not freely transferable pursuant to Rule 144 under the Securities Act of 1933, as amended. The Company shall, upon request of the Holder, use its best efforts to deliver Warrant Shares hereunder electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. For the purposes hereof, the term "Trading Day" means (a) any day on which the Common Stock is listed or quoted and traded on its primary trading market, (b) if the Common Stock is not then listed or quoted and traded on any trading market, then a day on which trading occurs on the Nasdaq Global Market (or any successor thereto), or (c) if trading ceases to occur on the Nasdaq Global Market (or any successor thereto), any Business Day.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Intentionally Omitted.

(d) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

6. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for

all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, 100% of the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Distributions Made Prior to Exercise. If the Company, at any time while this Warrant is outstanding, distributes to all of the holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by Section 9(a)), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, a "**Distribution**"), then in each such case any Exercise Price in effect immediately

prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the Weighted Average Price[1] of the Common Stock on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (ii) the denominator shall be the Weighted Average Price of the Common Stock on the Trading Day immediately preceding such record date.

(c) Notwithstanding the provisions set forth in Section 9(b) above, if the Company, at any time while this Warrant is outstanding, makes a Distribution to the holders of Common Stock, then in each such case the Holder shall have the option to receive such Distribution which would have been made to the Holder had such Holder been the holder of such Warrant Shares on the record date for the determination of stockholders entitled to such Distribution; provided, however, if the Holder elects to receive such Distribution, it will not be entitled to receive the adjustment to the Exercise Price specified in clause (b) above.

(d) Fundamental Transactions. If, at any time during the term of this Warrant, (i) the Company effects any merger or consolidation of the Company with or into (whether or not the Company is the surviving corporation) another Person, (ii) the Company effects any sale, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions; provided, however, that for avoidance of doubt, the granting of a lien on all or substantially all of the Company's assets as collateral shall not be deemed a Fundamental Transaction hereunder, (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than the 50% of either the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), or (v) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into

[1] "Weighted Average Price" means, for any security as of any date, the dollar volume-weighted average price for such security on NASDAQ during the period beginning at 9:30:01 a.m., New York Time (or such other time as NASDAQ publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as NASDAQ publicly announces is the official close of trading) as reported by Bloomberg (means Bloomberg Financial Markets) through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York Time (or such other time as such Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company in good faith. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 9(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The aggregate Exercise Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (d) and insuring that the Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(e) Weighted Average Anti-Dilution Price Protection. The Exercise Price of Warrant Shares (or any shares of stock or other securities which may be) issuable upon the exercise of this Warrant shall be subject to adjustment from time to time, as follows:

(1) "New Securities" shall mean any Common Stock or preferred stock of Company issued during the term of this Warrant, whether now authorized or not, and rights, options or warrants to purchase said Common Stock or preferred stock, and securities of any type whatsoever that are, or may become, convertible into said Common Stock or preferred stock (including but not limited to convertible debt or any other instrument exercisable for or convertible into Common Stock); provided, however, that "New Securities" does not include (i) any securities issued or issuable pursuant to any of the notes, options, warrants or other securities outstanding as of the date of the closing of the offering pursuant to the Letter Agreement, including all Warrants; (ii) the issuance or sale of any shares of capital stock, or the grant of options exercisable therefor, issued or issuable after the date of this Warrant, to directors, officers, employees, advisers and consultants of the Company or any subsidiary pursuant to any incentive or non-qualified stock option plan or agreement, stock purchase plan or agreement, stock restriction agreement or restricted stock plan, employee stock ownership plan (ESOP), consulting agreement, stock appreciation right (SAR), stock depreciation right (SDR), bonus stock arrangement, or such other similar

compensatory options, issuances, arrangements, agreements or plans approved by the Board of Directors of the Company; (iii) upon the issuance of any shares of capital stock or the grant of warrants or options (or the exercise thereof) as consideration for mergers, acquisitions, strategic alliances and other commercial transactions, other than in connection with a financing transaction or (iv) shares of Company's Common Stock issued in connection with any stock split, stock

dividend, or recapitalization by Company.

(2) In the event that Company issues New Securities for a consideration of less than the Exercise Price (as adjusted per this Section 9 hereof), or if the Exercise Price shall have been adjusted hereunder, and the Company issues New Securities for a purchase price below the adjusted Exercise Price, then the then-current Exercise Price shall be adjusted downward to a price determined by dividing

i. the sum of (w) the Exercise Price in effect before the issuance of such New Securities multiplied by the number of shares of the Company's Common Stock then issued and outstanding and (x) the consideration, if any, received by or deemed to have been received by the Company on the issue of such New Securities by:

ii. the sum of (y) the number of shares of the Company's Common Stock then issued and outstanding immediately prior to the issuance of such New Securities and (z) the number of Additional Shares of Common Stock issued or deemed to have been issued in the issuance of such New Securities.

(3) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid.

(4) In the case of the issuance of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as reasonably determined by the Company's board of directors consistent with its fiduciary duties irrespective of any accounting treatment.

(5) The Company will not by reorganization, transfer of assets, consolidation, merger, dissolution, or otherwise, avoid or seek to avoid observance or performance of any of the terms of this Section 9, but will at all times in good faith assist in the carrying out and performance of all provisions of this Section 9 in order to protect the rights of the Holder against impairment.

(f) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to paragraph (a) of this Section, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, as applicable, so that after such adjustment the aggregate Exercise Price payable hereunder for the increased or decreased, as applicable, number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment.

(g) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(h) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in

accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's Transfer Agent.

(i) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, at least ten calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Payment of Exercise Price. The Holder shall pay the Exercise Price in immediately available funds (a "cash exercise"); provided, however, that if at any time after the date that is six (6) months after the date of this Warrant (the "**Required Effective Date**") a Registration Statement covering the resale of the Warrant Shares is not effective on the Exercise Date, or no current prospectus under such Registration Statement is available, the Holder may satisfy its obligation to pay the Exercise Price through a "cashless exercise," in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised (prior to cashless exercise).

A = the average of the Closing Prices for the five Trading Days immediately prior to (but not including) the Exercise Date.

B = the Exercise Price.

For purposes of this Section 10, "Closing Prices" for any date, shall mean the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary trading market on which the Common Stock is then listed or quoted.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Letter Agreement.

11. Limitation on Exercise. Notwithstanding anything to the contrary contained herein, the number of shares of Common Stock that may be acquired by the Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 4.999% (the "**Maximum Percentage**") of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The Company's obligation to issue shares of Common Stock in excess of the limitation referred to in this Section shall be suspended (and shall not terminate or expire notwithstanding any contrary provisions hereof) until such time, if any, as such shares of Common Stock may be issued in compliance with such limitation, but in no event later than the Expiration Date. By written notice to the Company, the Holder may waive the provisions of this Section or increase or decrease the Maximum Percentage to any other percentage specified in such notice, but (i) any such waiver or increase will not be effective until the 61st day after such notice is delivered to the Company, and (ii) any such waiver or increase or decrease will apply only to the Holder and not to any other holder of Warrants.

12. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section, be issuable upon exercise of this Warrant, the number of Warrant Shares to be issued will be rounded up to the nearest whole share.

13. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Letter Agreement prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Letter Agreement on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices or communications shall be as set forth in the Letter Agreement.

14. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent

shall be a party shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. Registration of Warrant Shares. The Warrant Shares shall be entitled to registration rights as set forth in the Registration Rights Agreement which has been executed in connection with the Letter Agreement.

16. Miscellaneous.

(a) Subject to the restrictions on transfer set forth on the first page hereof, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company, except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant.

(b) The Company will not, by amendment of its governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, seek to call or redeem this Warrant or avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise, (ii) will take all such action as may be reasonably necessary or

appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares, free from all taxes, liens, security interests, encumbrances, preemptive or similar rights and charges of stockholders (other than those imposed by the Holders), on the exercise of the Warrant, and (iii) will not close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(c) Remedies; Specific Performance. The Company acknowledges and agrees that there would be no adequate remedy at law to the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant and accordingly, the Company agrees that, in addition to any other remedy to which the Holder may be entitled at law or in equity, the Holder shall be entitled to seek to compel specific performance of the obligations of the Company under this Warrant, without the posting of any bond, in accordance with the terms and conditions of this Warrant in any court of the United States or any State thereof having jurisdiction, and if any action should be brought in equity to enforce any of the provisions of this Warrant, the Company shall not raise the defense that there is an adequate remedy at law. Except as otherwise provided by law, a delay or omission by the Holder hereof in exercising any right or remedy accruing upon any such breach shall not impair the right or remedy or constitute a waiver of or acquiescence in any such

breach. No remedy shall be exclusive of any other remedy. All available remedies shall be cumulative.

(d) Amendments and Waivers. The Company may, without the consent of the Holders, by supplemental agreement or otherwise, (i) make any changes or corrections in this Agreement that are required to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein or (ii) add to the covenants and agreements of the Company for the benefit of the Holders (including, without limitation, reduce the Exercise Price or extend the Expiration Date), or surrender any rights or power reserved to or conferred upon the Company in this Agreement; provided that, in the case of (i) or (ii), such changes or corrections shall not adversely affect the interests of Holders of then outstanding Warrants in any material respect. This Warrant may also be amended or waived with the consent of the Company and the Holder. Further, the Company may, with the consent, in writing or at a meeting, of the Holders (the "**Required Holders**") of the then outstanding Warrants exercisable for a majority or greater of the Common Stock eligible under such Warrants, amend in any way, by supplemental agreement or otherwise, this Warrant and/or all of the outstanding Warrants; provided, however, that (i) no such amendment by its express terms shall adversely affect any Holder differently than it affects all other Holders, unless such Holder consents thereto, and (ii) no such amendment concerning the number of Warrant Shares or Exercise Price shall be made unless any Holder who will be affected by such amendment consents thereto. If a new warrant agent is appointed by the Company, it shall at the request of the Company, and without need of independent inquiry as to whether such supplemental agreement is permitted by the terms of this Section 16(d), join with the Company in the execution and delivery of any such supplemental agreements, but shall not be required to join in such execution and delivery for such supplemental agreement to become effective.

(e) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL. THE CORPORATE LAWS OF THE STATE OF NEW YORK SHALL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE COMPANY AND ITS STOCKHOLDERS. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND HOLDERS HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN FOR THE ADJUDICATION OF ANY DISPUTE BROUGHT BY THE COMPANY OR ANY HOLDER HEREUNDER, IN CONNECTION HEREWITH OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVE, AND AGREE NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING BROUGHT BY THE COMPANY OR ANY HOLDER, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, OR THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS WARRANT AND AGREES THAT SUCH

SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. THE COMPANY AND HOLDERS HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY.

(f) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(g) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

BEACON ENTERPRISE SOLUTIONS GROUP,

INC.

By: /s/ Bruce Widener
Name: Bruce Widener
Title: Chief Executive Officer

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To: BEACON ENTERPRISE SOLUTIONS GROUP, INC.

The undersigned is the Holder of Warrant No. _____ (the "Warrant") issued by Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company"). Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

(a) The Warrant is currently exercisable to purchase a total of _____ Warrant Shares.

(b) The undersigned Holder hereby exercises its right to purchase _____ Warrant Shares pursuant to the Warrant.

(c) The Holder shall make Payment of the Exercise Price as follows (check one):

_____ "Cash Exercise" under Section 10
_____ "Cashless Exercise" under Section 10

(d) If the holder is making a Cash Exercise, the holder shall pay the sum of $_____ to the Company in accordance with the terms of the Warrant.

(e) Pursuant to this exercise, the Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

(f) Following this exercise, the Warrant shall be exercisable to purchase a total of _____ Warrant Shares.

(g) Notwithstanding anything to the contrary contained herein, this Exercise Notice shall constitute a representation by the Holder that, after giving effect to the exercise provided for in this Exercise Notice, the Holder (together with its affiliates) will not have beneficial ownership (together with the beneficial ownership of such Person's affiliates) of a number of shares of Common Stock which exceeds the Maximum Percentage of the total outstanding shares of Common Stock as determined pursuant to the provisions of Section 11(a) of the Warrant.

Dated: _____, _____

Name of Holder: _____
(Print)

By: _____
Name: _____
Title: _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the within Warrant to purchase _____ shares of Common Stock of Beacon Enterprise Solutions Group, Inc. to which the within Warrant relates and appoints _____ attorney to transfer said right on the books of Beacon Enterprise Solutions Group, Inc. with full power of substitution in the premises.

Dated: _____, _____

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

_____

_____

In the presence of:

_____

Exhibit 4.02

FORM OF
REGISTRATION RIGHTS AGREEMENT

This REGISTRATION RIGHTS AGREEMENT (this "Agreement") is made as of _____ __, 200_, by and among (i) Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company"), (ii) each person listed on Exhibit A attached hereto (collectively, the "Investors" and each individually, an "Initial Investor"), (iii) Allen Partners, a Delaware limited liability company (the "Placement Agent") and (iv) each person or entity that subsequently becomes a party to this Agreement pursuant to, and in accordance with, the provisions of Section 12 hereof (collectively, the "Investor Permitted Transferees" and each individually an "Investor Permitted Transferee").

WHEREAS, the Company has agreed to issue and sell to the Investors, and the Investors have agreed to purchase from the Company, an aggregate of up to 3,750,000 units ("Units") at a price of $0.80 per Unit, each Unit consisting of (i) one (1) share of the Company's common stock, $0.001 par value per share (the "Common Stock") (the aggregate number of shares, hereinafter the "Purchased Shares") and (ii) a five-year warrant to purchase 0.50 shares of Common Stock at a price of $1.00 per share (each a "Warrant" and together the "Warrants"), all upon the terms and conditions set forth in that certain Subscription Agreement, dated of even date herewith, between the Company and the Investors (the "Subscription Agreement"); and

WHEREAS, the Company has agreed to provide certain registration rights with respect to the shares (the "Placement Agent Warrant Shares") of Common Stock issuable upon exercise of the warrants issued to the Placement Agent and its permitted transferees (the "Placement Agent Warrants") both on the terms and conditions provided herein; and

WHEREAS, the terms of the Subscription Agreement provide that it shall be a condition precedent to the closing of the transactions thereunder, for the Company and the Investors to execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties hereto hereby agree as follows:

1. DEFINITIONS . The following terms shall have the meanings provided therefor below or elsewhere in this Agreement as described below:

"Board" shall mean the board of directors of the Company.

"Closing" and "Closing Dates" shall have the meanings ascribed to such terms in the Subscription Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and all of the rules and regulations promulgated thereunder.

"Effectiveness Date" means, with respect to the Initial Registration Statement, as soon as practicable after the Final Closing and, with respect to any additional Registration Statements which may be required to be filed hereunder pursuant to Section 3(d) or otherwise, as soon as practicable following the date on which the additional Registration Statement is required to be filed hereunder; provided, however, that in the event the Company is notified by the SEC that one of the above Registration

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Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth (5^{th}) Trading Day following the date on which the Company is so notified if such date precedes the dates required above.

"Effectiveness Period" as defined in Section 3(b).

"Filing Date" means, with respect to the Initial Registration Statement, within thirty (30) days after the Prior Registration Statement Effectiveness and with respect to any additional Registration Statements required to be filed hereunder pursuant to Section 3(d) or otherwise, thirty (30) days following the earliest practicable date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Investors" shall mean, collectively, the Investors and the Investor Permitted Transferees; provided, however, that the term "Investors" shall not include any of the Investors or any of the Investor Permitted Transferees that does not own or hold any Registrable Securities.

"Majority Holders" shall mean, at the relevant time of reference thereto, those Investors holding more than fifty percent (50%) of the Registrable Securities held by all of the Investors.

"Placement Agent Warrants" as defined in the Preamble.

"Placement Agent Warrant Shares" as defined in the Preamble.

"Prior Registration Statement Effectiveness" means the declaration of effectiveness by the SEC of that certain resale registration statement and additional registration statement(s) that the Company is required to file for the benefit of purchasers of securities in the Company's financing that commenced July 24, 2008 and ended October 24, 2008.

"Purchased Shares" as defined in the Preamble.

"Registrable Securities" shall mean the Purchased Shares, the Underlying Shares and the Placement Agent Warrant Shares.

"Registration Statement" means any one or more registration statements filed with the SEC by the Company on Form S-3, or in the event the Company is not eligible to use Form S-3, on Form S-1, for the purpose of registering under the Securities Act all of the Registrable Securities for resale by, and for the account of, the Investors, including the Initial Registration Statement and any additional registration statements required to be filed hereunder pursuant to Section 3(d) or otherwise, including (in each case) the Prospectus, amendments and supplements to such registration statement or Prospectus, including pre-and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 144" shall mean Rule 144 promulgated by the SEC pursuant to the Securities Act and any successor or substitute rule, law or provision.

"Rule 415" means Rule 415 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the SEC pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC having substantially the same purpose and effect as such Rule.

"SEC" shall mean the Securities and Exchange Commission.

"SEC Guidance" means (i) any publicly-available written guidance, or rule of general applicability of the SEC staff, or (ii) written comments, requirements or requests of the SEC staff to the Company in connection with the review of a Registration Statement.

"Securities" shall mean the Purchased Shares, the Warrants and the Underlying Shares.

"Securities Act" shall mean the Securities Act of 1933, as amended, and all of the rules and regulations promulgated thereunder.

"Trading Day" means (a) if the Common Stock is listed or quoted on the NASDAQ Market, then any day during which securities are generally eligible for trading on the NASDAQ Market, or (b) if the Common Stock is not then listed or quoted and traded on the NASDAQ Market, then any business day.

"Underlying Shares" shall mean the shares of Common Stock issuable upon exercise of the Warrants.

2. EFFECTIVENESS; TERMINATION. This Agreement shall become effective and legally binding only if the First Closing occurs.

3. MANDATORY REGISTRATION.

(a) The Company shall be required to file a Registration Statement on or prior to each Filing Date until all of the Registrable Securities are registered for resale by the Investors and the Placement Agent as selling stockholders thereunder. On or prior to each Filing Date, the Company shall prepare and file with the SEC a Registration Statement for the purpose of registering under the Securities Act the resale of all, or such portion as permitted by SEC Guidance (provided that, the Company shall use commercially reasonable efforts to advocate with the SEC for the registration of all or the maximum number of the Registrable Securities as permitted by SEC Guidance), of the Registrable Securities by, and for the account of, the Investors and the Placement Agent as selling stockholders thereunder, that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. No other securities shall be included in the Initial Registration Statement that is filed except for the Registrable Securities. Each Registration Statement shall contain a "Plan of Distribution" section reasonably acceptable to the Placement Agent. Subject to the terms of this Agreement, the Company shall cause a Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof and will use commercially reasonable efforts in this regard.

(b) The Company shall be required to keep a Registration Statement effective (the "Effectiveness Period") until such date that is the earlier of (i) the date as of which all of the Investors as

selling stockholders thereunder may sell all of the Registrable Securities registered for resale thereon without "restriction" pursuant to Rule 144 (or any successor rule thereto) promulgated under the Securities Act or (ii) the date when all of the Registrable Securities registered thereunder shall have been sold (such date is referred to herein as the "Mandatory Registration Termination Date"). Thereafter, the Company shall be entitled to withdraw such Registration Statement and the Investors shall have no further right to offer or sell any of the Registrable Securities registered for resale thereon pursuant to the respective Registration Statement (or any prospectus relating thereto). The Company acknowledges that its former status as a "shell company" and its ongoing requirement, under current Rule 144, to be current in its SEC periodic filings for 12 months prior to any Rule 144 sale is a continual "restriction" pursuant to Rule 144 for purposes of this Agreement.

(c) Notwithstanding any other provision of this Agreement, if any SEC Guidance sets forth a limitation of the number of Registrable Securities to be registered in the Initial Registration Statement (and notwithstanding that the Company used commercially reasonable efforts to advocate with the SEC for the registration of all or a greater number of Registrable Securities unless otherwise directed in writing by the Majority Holders), the number of Registrable Securities to be registered on such Registration Statement will first be reduced by the Placement Agent Warrant Shares, second by the Registrable Securities represented by Underlying Shares (applied, in the case that some Underlying Shares may be registered, to the Investors on a pro rata basis based on the total number of unregistered Underlying Shares held by such Investors on a fully diluted basis) and third by Registrable Securities represented by Purchased Shares (applied, in the case that some Purchased Shares may be registered, to the Investors on a pro rata basis based on the total number of unregistered Purchased Shares held by such Investors).

(d) If during the Effectiveness Period, subject to Sections 3(a) and 3(c), the Company becomes aware that the number of Registrable Securities at any time exceeds the number of Registrable Securities then registered for resale in a Registration Statement, then the Company shall file as soon as reasonably practicable an additional Registration Statement covering the resale of not less than the number of such Registrable Securities that are not then registered.

4. NOTIFICATIONS OF EFFECTIVENESS; PROSPECTUSES.

The Company shall notify the Investors by facsimile or e-mail as promptly as practicable, and in any event, within two (2) Trading Days, after a Registration Statement is declared effective and shall simultaneously provide the Investors with copies of any related prospectus to be used in connection with the sale or other disposition of the Securities covered thereby. Failure to notify the Investors in accordance with this Section 4(b) shall be deemed an Event under Section 4(a).

5. OBLIGATIONS OF THE COMPANY. In connection with the Company's obligation under Section 3 hereof to file a Registration Statement with the SEC and to use its commercially reasonable efforts to cause a Registration Statement to become effective, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC such amendments and supplements to a Registration Statement and the prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by a Registration Statement;

(b) Furnish to the selling Investors such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents (including, without limitation, prospectus amendments and supplements as are prepared by the Company in accordance with Section 5(a) above) as the selling Investors may reasonably request in order to facilitate the disposition of such selling Investors' Registrable Securities;

(c) Use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final prospectus, including any supplement or amendment thereof, with the SEC pursuant to Rule 424 under the Securities Act, promptly inform the Investors in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Investors are required to deliver a prospectus in connection with any disposition of Registrable Securities; notify the selling Investors of the happening of any event as a result of which the prospectus included in or relating to a Registration Statement contains an untrue statement of a material fact or omits any fact necessary to make the statements therein not misleading; and, thereafter, subject to Section 11 hereof, the Company will promptly prepare (and, when completed, give notice and provide a copy thereof to each selling Investor) a supplement or amendment to such prospectus so that such prospectus will not contain an untrue statement of a material fact or omit to state any fact necessary to make the statements therein not misleading; provided that upon such notification by the Company (which shall be a Suspension pursuant to Section 11), the selling Investors will not offer or sell Registrable Securities until the Company has notified the selling Investors that it has prepared a supplement or amendment to such prospectus and filed it with the SEC or, if the Company does not then meet the conditions for the use of Rule 172, delivered copies of such supplement or amendment to the selling Investors (it being understood and agreed by the Company that the foregoing proviso shall in no way diminish or otherwise impair the Company's obligation to promptly prepare a prospectus amendment or supplement as above provided in this Section 5(c) and deliver copies of same as above provided in Section 5(b) hereof); and

(d) Use commercially reasonable efforts to register and qualify the Registrable Securities covered by a Registration Statement under such other securities or Blue Sky laws of such states as shall be reasonably appropriate in the opinion of the Company, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, and provided further that (notwithstanding anything in this Agreement to the contrary with respect to the bearing of expenses) if any jurisdiction in which any of such Registrable Securities shall be qualified shall require that expenses incurred in connection with the qualification therein of any such Registrable Securities be borne by the selling Investors, then the selling Investors shall, to the extent required by such jurisdiction, pay their pro rata share of such qualification expenses.

(e) Subject to the terms and conditions of this Agreement, including Section 3 hereof, the Company shall use its commercially reasonable efforts to (i) prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction in the United States, and (ii) if such an order or suspension is issued, obtain the withdrawal of such order or suspension at the earliest practicable moment and notify each holder of Registrable Securities of the issuance of such order and the resolution thereof or its receipt of notice of the initiation or threat of any proceeding such purpose.

(f) The Company shall (i) comply with all requirements of the Financial Industry Regulatory Authority, Inc. with regard to the issuance of the Purchased Shares and the listing thereof on

the OTC Bulletin Board and such other securities exchange or automated quotation system, as applicable, and (ii) engage a transfer agent and registrar to maintain the Company's stock ledger for all Registrable Securities covered by a Registration Statement not later than the effective date of a Registration Statement.

(g) The Company will notify the Investors of any pending proceeding against the Company under Section 8A of the Securities Act in connection with the offering of the Registrable Securities.

(h) The Company will file a Registration Statement and all amendments and supplements thereto electronically on EDGAR.

6. FURNISH INFORMATION. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement that the selling Investors shall furnish to the Company such information regarding them and the securities held by them as the Company shall reasonably request and as shall be required in order to effect any registration by the Company pursuant to this Agreement. Each Investor shall promptly notify the Company of any changes in the information furnished to the Company.

7. EXPENSES OF REGISTRATION. Except as set forth in Section 5(d), all expenses incurred in connection with the registration of the Registrable Securities pursuant to this Agreement (excluding underwriting, brokerage and other selling commissions and discounts), including without limitation all registration and qualification and filing fees, printing, fees and disbursements of counsel for the Company and fees and expenses of one counsel to the Investors to be designated by the Placement Agent (not to exceed $7,500), shall be borne by the Company; provided however that the Investors shall be required to pay the expenses of counsel and any other advisors for the Investors and any brokerage or other selling discounts or commissions and any other expenses incurred by the Investors for their own account. In addition, the Company shall also reimburse the Placement Agent for the fees and disbursements of its counsel in connection with its filings with NASD Rule 2710 that are required with respect to the Placement Agent's participation in the public offering with respect to the Registration Statement.

8. DELAY OF REGISTRATION. The Investors shall not take any action to restrain, enjoin or otherwise delay any registration as the result of any controversy which might arise with respect to the interpretation or implementation of this Agreement.

9. INDEMNIFICATION.

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Investor, and each officer and director of such selling Investor and each person, if any, who controls such selling Investor, within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue or alleged untrue statement of any material fact contained in a Registration Statement, in any preliminary prospectus or final prospectus relating thereto or in any amendments or supplements to a Registration Statement or any such preliminary prospectus or final prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading and (ii) any blue sky application or other document executed by the Company specifically for that purpose or based upon written information furnished by the Company filed in any state or other jurisdiction in order to

qualify any or all of the Registrable Securities under the securities laws thereof (any such application, document or information herein called a "Blue Sky Application"); (iii) the omission or alleged omission to state in a Blue Sky Application a material fact required to be stated therein or necessary to make the statements therein not misleading; (iv) any violation by the Company or its agents of any rule or regulation promulgated under the Securities Act applicable to the Company or its agents and relating to action or inaction required of the Company in connection with such registration; or (v) any failure to register or qualify the Registrable Securities included in any such Registration Statement in any state where the Company or its agents has affirmatively undertaken or agreed in writing that the Company will undertake such registration or qualification on an Investor's behalf; and will reimburse such selling Investor, or such officer, director or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided , however , that the indemnity agreement contained in this Section 9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, damage, liability or action to the extent that it arises out of or is based upon (i) an untrue statement or alleged untrue statement or omission made in connection with a Registration Statement, any preliminary prospectus or final prospectus relating thereto or any amendments or supplements to a Registration Statement or any such preliminary prospectus or final prospectus, in reliance upon and in conformity with written information furnished expressly for use in connection with a Registration Statement or any such preliminary prospectus or final prospectus by the selling Investors or (ii) at any time when the Company has advised the Investor in writing that the Company does not meet the conditions for use of Rule 172 and as a result that the Investor is required to deliver a current prospectus in connection with any disposition of Registrable Securities, an untrue statement or alleged untrue statement or omission in a prospectus that is (whether preliminary or final) corrected in any subsequent amendment or supplement to such prospectus that was delivered to the selling Investor before the pertinent sale or sales by the selling Investor.

(b) To the extent permitted by law, each selling Investor will severally and not jointly indemnify and hold harmless the Company, each of its directors, each of its officers who have signed a Registration Statement, each person, if any, who controls the Company within the meaning of the Securities Act, against any losses, claims, damages or liabilities to which the Company or any such director, officer, controlling person, may become subject to, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in a Registration Statement or any preliminary prospectus or final prospectus, relating thereto or in any amendments or supplements to a Registration Statement or any such preliminary prospectus or final prospectus, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent and only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission (i) was made in a Registration Statement, in any preliminary prospectus or final prospectus relating thereto or in any amendments or supplements to a Registration Statement or any such preliminary prospectus or final prospectus, in reliance upon and in conformity with written information furnished by the selling Investor expressly for use in connection with a Registration Statement, or any preliminary prospectus or final prospectus or (ii) at any time when the Company has advised the Investor in writing that the Company does not meet the conditions for use of Rule 172 and as a result that the Investor is required to deliver a current prospectus in connection with any disposition of Registrable Securities, was corrected in any subsequent amendment or supplement to such prospectus that was delivered to the selling Investor before the pertinent sale or sales by the selling Investor; and such selling Investor will reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, or

other selling Investor in connection with investigating or defending any such loss, claim, damage, liability or action, provided , however , that the liability of each selling Investor hereunder shall be limited to the net proceeds (net of underwriting discounts and commissions, if any) received by such selling Investor from the sale of Registrable Securities giving rise to such liability, and provided , further , however , that the indemnity agreement contained in this Section 9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of those selling Investor(s) against which the request for indemnity is being made (which consent shall not be unreasonably withheld).

(c) Promptly after receipt by an indemnified party under this Section 9 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 9, notify the indemnifying party in writing of the commencement thereof and the indemnifying party shall have the right to participate in and, to the extent the indemnifying party desires, jointly with any other indemnifying party similarly noticed, to assume at its expense the defense thereof with counsel satisfactory to the indemnifying party or indemnifying parties, but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise under the indemnity agreement contained in this Section 9 (except to the extent that such omission materially and adversely affects the indemnifying person's ability to defend such action). In the event that the indemnifying party assumes any such defense, the indemnified party may participate in such defense with its own counsel and at its own expense, provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded, based on an opinion of counsel reasonably satisfactory to the indemnifying party, that there may be a conflict of interest between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 9 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel and one local counsel, reasonably satisfactory to such indemnifying party, representing all of the indemnified parties who are parties to such action in which case the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party.

(d) Notwithstanding anything to the contrary herein, the indemnifying party shall not be entitled to settle any claim, suit or proceeding unless in connection with such settlement the indemnified party receives an unconditional release with respect to the subject matter of such claim, suit or proceeding and such settlement does not contain any admission of fault by the indemnified party.

(e) If the indemnification provided for in this Section 9 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is

appropriate to reflect the relative fault of the Company on the one hand and the Investors on the other in connection with the statements or omissions or other matters which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, in the case of an untrue statement, whether the untrue statement relates to information supplied by the Company on the one hand or an Investor on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement. The Company and the Investors agree that it would not be just and equitable if contribution pursuant to this subsection (e) were determined by pro rata allocation (even if the Investors were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to above in this subsection (e). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (e) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Investors' obligations in this subsection to contribute are several in proportion to their sales of Registrable Securities to which such loss relates and not joint. In no event shall the contribution obligation of an Investor be greater in amount than the dollar amount of the net proceeds (net of all expenses paid by such Investor in connection with any claim relating to this Section 9 and the amount of any damages such Investor has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

(f) The parties to this Agreement hereby acknowledge that they are sophisticated business persons who were represented by counsel during the negotiations regarding the provisions hereof including, without limitation, the provisions of this Section 9, and are fully informed regarding said provisions. They further acknowledge that the provisions of this Section 9 fairly allocate the risks in light of the ability of the parties to investigate the Company and its business in order to assure that adequate disclosure is made in a Registration Statement as required by the Securities Act and the Exchange Act.

10. REPORTS UNDER THE EXCHANGE ACT. With a view to making available to the Investors the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit the Investors to sell the Registrable Securities to the public without registration, the Company agrees: (i) to make and keep public information available as those terms are understood in Rule 144, (ii) to file with the SEC in a timely manner all reports and other documents required to be filed by an issuer of securities registered under the Securities Act or the Exchange Act pursuant to Rule 144, (iii) as long as any Investor owns any Registrable Securities, to furnish in writing upon such Investor's request a written statement by the Company that it has complied with the reporting requirements of Rule 144 and of

the Securities Act and the Exchange Act, and to furnish to such Investor a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested in availing such Investor of any rule or regulation of the SEC permitting the selling of any such Registrable Securities without registration and (iv) undertake any additional actions reasonably necessary to maintain the availability of the use of Rule 144.

11. SUSPENSION. Notwithstanding anything in this Agreement to the contrary, in the event (i) of any request by the SEC or any other federal or state governmental authority during the period of effectiveness of a Registration Statement for amendments or supplements to a Registration Statement or related prospectus or for additional information; (ii) of the issuance by the SEC or any other federal or

state governmental authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose; (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose; (iv) of any event or circumstance which necessitates the making of any changes in a Registration Statement or related prospectus, or any document incorporated or deemed to be incorporated therein by reference, so that, in the case of a Registration Statement, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or any omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; or (v) that the Board has made the good faith determination (A) that continued use by the selling Investors of a Registration Statement for purposes of effecting offers or sales of Registrable Securities pursuant thereto would require, under the Securities Act, premature disclosure in a Registration Statement (or the prospectus relating thereto) of material, nonpublic information concerning the Company, its business or prospects or any proposed material transaction involving the Company, (B) that such premature disclosure would be materially adverse to the Company, its business or prospects or any such proposed material transaction or would make the successful consummation by the Company of any such material transaction significantly less likely and (C) that it is therefore essential to suspend the use by the Investors of such Registration Statement (and the prospectus relating thereto) for purposes of effecting offers or sales of Registrable Securities pursuant thereto, then the Company shall furnish to the selling Investors a certificate signed by the President or Chief Executive Officer of the Company setting forth one or more of the above described circumstances, and the right of the selling Investors to use a Registration Statement (and the prospectus relating thereto) shall be suspended for a period (the "Suspension Period") of not more than forty-five (45) days after delivery by the Company of the certificate referred to above in this Section 11; provided that the Company shall be entitled to no more than two such Suspension Periods during the twelve (12) month period commencing on the Final Closing and during each subsequent twelve (12) month period until the Mandatory Registration Termination Date (including any extension thereto). During the Suspension Period, none of the Investors shall offer or sell any Registrable Securities pursuant to or in reliance upon a Registration Statement (or the prospectus relating thereto) and each of the Investors shall keep the fact of the above described certificate and its contents confidential. The Company shall use commercially reasonable efforts to terminate any Suspension Period as promptly as practicable.

12. TRANSFER OF REGISTRATION RIGHTS. An Investor may transfer or assign, in whole or from time to time in part, to one or more persons its rights hereunder in connection with the transfer of Registrable Securities by such Investor to such person, provided that such Investor complies with all laws applicable thereto and provides written notice of assignment to the Company promptly after such assignment is effected and, provided, further that such person agrees to become a party to, and bound by, all of the terms and conditions of, this Agreement by duly executing and delivering to the Company an Instrument of Adherence in the form attached as Exhibit B hereto.

13. ENTIRE AGREEMENT. This Agreement, the Warrant and the Subscription Agreement constitute and contain the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersede any and all prior negotiations, correspondence, agreements or understandings with respect to the subject matter hereof.

14. MISCELLANEOUS.

(a) This Agreement may not be amended, modified or terminated, and no rights or provisions may be waived, except with the written consent of the Majority Holders and the Company.

(b) This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of New York and without regard to any conflicts of laws concepts which would apply the substantive law of some other jurisdiction, and shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors or assigns, provided that, to the extent applicable, the terms and conditions of Section 12 hereof are satisfied. This Agreement shall also be binding upon and inure to the benefit of any transferee of any of the Registrable Securities provided that the terms and conditions of Section 12 hereof are satisfied. Notwithstanding anything in this Agreement to the contrary, if at any time any Investor shall cease to own any Registrable Securities, all of such Investor's rights under this Agreement shall immediately terminate.

(c) Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of New York located in New York County and the United States District Court for the Southern District of New York for the purpose of any suit, action, proceeding or judgment relating to or arising out of this Agreement and the transactions contemplated hereby. Service of process in connection with any such suit, action or proceeding may be served on each party hereto anywhere in the world by the same methods as are specified for the giving of notices under this Agreement. Each of the parties hereto irrevocably consents to the jurisdiction of any such court in any such suit, action or proceeding and to the laying of venue in such court. Each party hereto irrevocably waives any objection to the laying of venue of any such suit, action or proceeding brought in such courts and irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. **EACH OF THE PARTIES HERETO WAIVES ANY RIGHT TO REQUEST A TRIAL BY JURY IN ANY LITIGATION WITH RESPECT TO THIS AGREEMENT AND REPRESENTS THAT COUNSEL HAS BEEN CONSULTED SPECIFICALLY AS TO THIS WAIVER.**

(d) Any notices, reports or other correspondence (hereinafter collectively referred to as "correspondence") required or permitted to be given hereunder shall be in writing and shall be sent by postage prepaid first class mail, courier or telecopy or delivered by hand to the party to whom such correspondence is required or permitted to be given hereunder, and shall be deemed sufficient upon receipt when delivered personally or by courier, overnight delivery service or confirmed facsimile, or three (3) business days after being deposited in the regular mail as certified or registered mail (airmail if sent internationally) with postage prepaid, if such notice is addressed to the party to be notified at such party's address or facsimile number as set forth below:

(i) All correspondence to the Company shall be addressed as follows:

1961 Bishop Lane,
Louisville, KY 40218
Attention: Bruce Widener, Chief Executive Officer
Facsimile: 502-657-6604

with a copy to:

Frost Brown Todd LLC
400 West Market Street, 32d Floor
Louisville, Kentucky 40202
Attention: David O. Watson, Esq.
Fax: (502) 581-1087

(ii) All correspondence to any Investor shall be sent to such Investor at the address set forth in the Investor Counterpart Signature Page to the Subscription Agreement.

(iii) Any entity may change the address to which correspondence to it is to be addressed by written notification as provided for herein.

(e) The parties acknowledge and agree that in the event of any breach of this Agreement, remedies at law may be inadequate, and each of the parties hereto shall be entitled to seek specific performance of the obligations of the other parties hereto and such appropriate injunctive relief as may be granted by a court of competent jurisdiction.

(f) Should any part or provision of this Agreement be held unenforceable or in conflict with the applicable laws or regulations of any jurisdiction, the invalid or unenforceable part or provisions shall be replaced with a provision which accomplishes, to the extent possible, the original business purpose of such part or provision in a valid and enforceable manner, and the remainder of this Agreement shall remain binding upon the parties hereto.

(g) This Agreement may be executed in a number of counterparts, any of which together shall for all purposes constitute one Agreement, binding on all the parties hereto notwithstanding that all such parties have not signed the same counterpart.

[Signature Page to Follow]

WITNESS WHEREOF, the parties hereto have executed this Registration Rights Agreement as of the date and year first above written.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

By: /s/ Bruce Widener
Bruce Widener
Chief Executive Officer

ALLEN PARTNERS

By: /s/ Alan Goddard
Alan Goddard
Co-Chairman

THE INITIAL INVESTOR'S SIGNATURE TO THE SUBSCRIPTION AGREEMENT DATED OF EVEN DATE HEREWITH SHALL CONSTITUTE THE INVESTOR'S SIGNATURE TO THIS REGISTRATION RIGHTS AGREEMENT.

Signature Page to Registration Rights Agreement

EXHIBIT A

INVESTOR LIST

EXHIBIT B

Instrument of Adherence

Reference is hereby made to that certain Registration Rights Agreement, dated as of _____ __, 2008, among Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company"), the Investors and the Investor Permitted Transferees, as amended and in effect from time to time (the "Registration Rights Agreement"). Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Registration Rights Agreement.

The undersigned, in order to become the owner or holder of [_____] shares of common stock, par value $0.001 per share (the "Common Stock"), of the Company, or a Warrant or Warrants to purchase [_____] Underlying Shares, hereby agrees that, from and after the date hereof, the undersigned has become a party to the Registration Rights Agreement in the capacity of an Investor Permitted Transferee, and is entitled to all of the benefits under, and is subject to all of the obligations, restrictions and limitations set forth in, the Registration Rights Agreement that are applicable to Investor Permitted Transferees. This Instrument of Adherence shall take effect and shall become a part of the Registration Rights Agreement immediately upon execution.

Executed as of the date set forth below under the laws of the State of New York.

Signature: _____

Name:
Title:

Accepted:
[_____]

By: _____
Name:
Title:

Date: _____, 200__

Exhibit 4.03

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES THAT MAY BE ISSUED UPON EXERCISE OF THE WARRANTS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

Warrant No. ____ Dated: _____

Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for value received, _____ or his registered assigns (the "**Holder**"), is entitled to purchase from the Company up to a total of _____ shares of common stock, $0.001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares issuable under the warrants, the "**Warrant Shares**") at an exercise price equal to the $1.00 per share (as adjusted from time to time as provided in Section 9, the "**Exercise Price**"), at any time and from the date hereof and through and including the date that is five (5) years from the date of issuance hereof (the "**Expiration Date**"), and subject to the following terms and conditions. This Warrant ("**Warrant**") is one of a series of similar warrants issued pursuant to that certain Subscription Agreement, dated as of _____, by and among the Company and the Investors identified therein (the "**Subscription Agreement**"). All such warrants are referred to herein, collectively, as the "**Warrants**" and the holders thereof along with the Holder named herein, the "**Holders**."

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Subscription Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of

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Assignment attached hereto duly completed and signed, to the Company's transfer agent or to the Company at its address specified herein. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. Exercise and Duration of Warrants.

(a) This Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the date hereof to and including the Expiration Date. At 6:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) A Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached hereto (the "**Exercise Notice**"), appropriately completed and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised (which may take the form of a "cashless exercise" if so indicated in the Exercise Notice only if a "cashless exercise" may occur at such time pursuant to Section 10 below), and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an "**Exercise Date**." The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Exercise Disputes. In the case of any dispute with respect to the number of shares to be issued upon exercise of this Warrant, the Company shall promptly issue such number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via fax (or, it the Holder has not provided the Company with a fax number, by overnight courier) within two (2) Business Days of receipt of the Holder's election to purchase Warrant Shares. If the Holder and the Company are unable to agree as to the determination of the Purchase Price within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall in accordance with this Section, submit via facsimile the disputed determination to an independent reputable accounting firm of national standing, selected jointly by the Company and the Holder. The Company shall cause such accounting firm to perform the determinations or calculations and notify the Company and the Holder of the results as promptly as possible from the time it receives the disputed determinations of calculations. Such accounting firm's determination shall be binding upon all parties absent manifest error. The Company shall then on the next Business Day issue certificate(s) representing the appropriate number of Warrant Shares of Common Stock in accordance with such accounting firm's determination and this Section. The prevailing party shall be entitled to reimbursement of all fees and expenses of such determination and calculation.

5. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly (but in no event later than five Trading Days after the Exercise Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares to which the Holder is entitled upon such exercise, free of restrictive legends unless a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective and the Warrant Shares are not freely transferable pursuant to Rule 144 under the Securities Act of 1933, as amended. The Company shall, upon request of the Holder, use its best efforts to deliver Warrant Shares hereunder electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. For the purposes hereof, the term "Trading Day" means (a) any day on which the Common Stock is listed or quoted and traded on its primary trading market, (b) if the Common Stock is not then listed or quoted and traded on any trading market, then a day on which trading occurs on the Nasdaq Global Market (or any successor thereto), or (c) if trading ceases to occur on the Nasdaq Global Market (or any successor thereto), any Business Day.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Intentionally Omitted.

(d) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

6. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for

all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, 100% of the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Distributions Made Prior to Exercise. If the Company, at any time while this Warrant is outstanding, distributes to all of the holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by Section 9(a)), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, a "**Distribution**"), then in each such case any Exercise Price in effect immediately

prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the Weighted Average Price[1] of the Common Stock on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (ii) the denominator shall be the Weighted Average Price of the Common Stock on the Trading Day immediately preceding such record date.

(c) Notwithstanding the provisions set forth in Section 9(b) above, if the Company, at any time while this Warrant is outstanding, makes a Distribution to the holders of Common Stock, then in each such case the Holder shall have the option to receive such Distribution which would have been made to the Holder had such Holder been the holder of such Warrant Shares on the record date for the determination of stockholders entitled to such Distribution; provided, however, if the Holder elects to receive such Distribution, it will not be entitled to receive the adjustment to the Exercise Price specified in clause (b) above.

(d) Fundamental Transactions. If, at any time during the term of this Warrant, (i) the Company effects any merger or consolidation of the Company with or into (whether or not the Company is the surviving corporation) another Person, (ii) the Company effects any sale, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions; provided, however, that for avoidance of doubt, the granting of a lien on all or substantially all of the Company's assets as collateral shall not be deemed a Fundamental Transaction hereunder, (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than the 50% of either the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination), or (v) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into

[1] "Weighted Average Price" means, for any security as of any date, the dollar volume-weighted average price for such security on NASDAQ during the period beginning at 9:30:01 a.m., New York Time (or such other time as NASDAQ publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as NASDAQ publicly announces is the official close of trading) as reported by Bloomberg (means Bloomberg Financial Markets) through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York Time (or such other time as such Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company in good faith. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 9(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The aggregate Exercise Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (d) and insuring that the Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(e) Weighted Average Anti-Dilution Price Protection. The Exercise Price of Warrant Shares (or any shares of stock or other securities which may be) issuable upon the exercise of this Warrant shall be subject to adjustment from time to time, as follows:

(1) "New Securities" shall mean any Common Stock or preferred stock of Company issued during the term of this Warrant, whether now authorized or not, and rights, options or warrants to purchase said Common Stock or preferred stock, and securities of any type whatsoever that are, or may become, convertible into said Common Stock or preferred stock (including but not limited to convertible debt or any other instrument exercisable for or convertible into Common Stock); provided, however, that "New Securities" does not include (i) any securities issued or issuable pursuant to any of the notes, options, warrants or other securities outstanding as of the date of the closing of the offering pursuant to the Subscription Agreement, including all Warrants; (ii) the issuance or sale of any shares of capital stock, or the grant of options exercisable therefor, issued or issuable after the date of this Warrant, to directors, officers, employees, advisers and consultants of the Company or any subsidiary pursuant to any incentive or non-qualified stock option plan or agreement, stock purchase plan or agreement, stock restriction agreement or restricted stock plan, employee stock ownership plan (ESOP), consulting agreement, stock appreciation right (SAR), stock depreciation right (SDR), bonus stock arrangement, or such other similar

compensatory options, issuances, arrangements, agreements or plans approved by the Board of Directors of the Company; (iii) upon the issuance of any shares of capital stock or the grant of warrants or options (or the exercise thereof) as consideration for mergers, acquisitions, strategic alliances and other commercial transactions, other than in connection with a financing transaction or (iv) shares of Company's Common Stock issued in connection with any stock split, stock

dividend, or recapitalization by Company.

(2) In the event that Company issues New Securities for a consideration of less than the Exercise Price (as adjusted per this Section 9 hereof), or if the Exercise Price shall have been adjusted hereunder, and the Company issues New Securities for a purchase price below the adjusted Exercise Price, then the then-current Exercise Price shall be adjusted downward to a price determined by dividing

i. the sum of (w) the Exercise Price in effect before the issuance of such New Securities multiplied by the number of shares of the Company's Common Stock then issued and outstanding and (x) the consideration, if any, received by or deemed to have been received by the Company on the issue of such New Securities by:

ii. the sum of (y) the number of shares of the Company's Common Stock then issued and outstanding immediately prior to the issuance of such New Securities and (z) the number of Additional Shares of Common Stock issued or deemed to have been issued in the issuance of such New Securities.

(3) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid.

(4) In the case of the issuance of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as reasonably determined by the Company's board of directors consistent with its fiduciary duties irrespective of any accounting treatment.

(5) The Company will not by reorganization, transfer of assets, consolidation, merger, dissolution, or otherwise, avoid or seek to avoid observance or performance of any of the terms of this Section 9, but will at all times in good faith assist in the carrying out and performance of all provisions of this Section 9 in order to protect the rights of the Holder against impairment.

(f) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to paragraph (a) of this Section, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, as applicable, so that after such adjustment the aggregate Exercise Price payable hereunder for the increased or decreased, as applicable, number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment.

(g) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(h) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in

accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's Transfer Agent.

(i) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, at least ten calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Payment of Exercise Price. The Holder shall pay the Exercise Price in immediately available funds (a "cash exercise"); provided, however, that if at any time after the date that is six (6) months after the date of this Warrant (the "**Required Effective Date**") a Registration Statement covering the resale of the Warrant Shares is not effective on the Exercise Date, or no current prospectus under such Registration Statement is available, the Holder may satisfy its obligation to pay the Exercise Price through a "cashless exercise," in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised (prior to cashless exercise).

A = the average of the Closing Prices for the five Trading Days immediately prior to (but not including) the Exercise Date.

B = the Exercise Price.

For purposes of this Section 10, "Closing Prices" for any date, shall mean the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary trading market on which the Common Stock is then listed or quoted.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Subscription Agreement.

11. Limitation on Exercise. Notwithstanding anything to the contrary contained herein, the number of shares of Common Stock that may be acquired by the Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 4.999% (the "**Maximum Percentage**") of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The Company's obligation to issue shares of Common Stock in excess of the limitation referred to in this Section shall be suspended (and shall not terminate or expire notwithstanding any contrary provisions hereof) until such time, if any, as such shares of Common Stock may be issued in compliance with such limitation, but in no event later than the Expiration Date. By written notice to the Company, the Holder may waive the provisions of this Section or increase or decrease the Maximum Percentage to any other percentage specified in such notice, but (i) any such waiver or increase will not be effective until the 61st day after such notice is delivered to the Company, and (ii) any such waiver or increase or decrease will apply only to the Holder and not to any other holder of Warrants.

12. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section, be issuable upon exercise of this Warrant, the number of Warrant Shares to be issued will be rounded up to the nearest whole share.

13. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Subscription Agreement prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Subscription Agreement on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices or communications shall be as set forth in the Subscription Agreement.

14. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent

shall be a party shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. Registration of Warrant Shares. The Warrant Shares shall be entitled to registration rights as set forth in the Registration Rights Agreement which has been executed in connection with the Subscription Agreement.

16. Miscellaneous.

(a) Subject to the restrictions on transfer set forth on the first page hereof, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company, except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant.

(b) The Company will not, by amendment of its governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, seek to call or redeem this Warrant or avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any Warrant Shares above the amount payable therefor on such exercise, (ii) will take all such action as may be reasonably necessary or

appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares, free from all taxes, liens, security interests, encumbrances, preemptive or similar rights and charges of stockholders (other than those imposed by the Holders), on the exercise of the Warrant, and (iii) will not close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(c) Remedies; Specific Performance. The Company acknowledges and agrees that there would be no adequate remedy at law to the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant and accordingly, the Company agrees that, in addition to any other remedy to which the Holder may be entitled at law or in equity, the Holder shall be entitled to seek to compel specific performance of the obligations of the Company under this Warrant, without the posting of any bond, in accordance with the terms and conditions of this Warrant in any court of the United States or any State thereof having jurisdiction, and if any action should be brought in equity to enforce any of the provisions of this Warrant, the Company shall not raise the defense that there is an adequate remedy at law. Except as otherwise provided by law, a delay or omission by the Holder hereof in exercising any right or remedy accruing upon any such breach shall not impair the right or remedy or constitute a waiver of or acquiescence in any such

breach. No remedy shall be exclusive of any other remedy. All available remedies shall be cumulative.

(d) Amendments and Waivers. The Company may, without the consent of the Holders, by supplemental agreement or otherwise, (i) make any changes or corrections in this Agreement that are required to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein or (ii) add to the covenants and agreements of the Company for the benefit of the Holders (including, without limitation, reduce the Exercise Price or extend the Expiration Date), or surrender any rights or power reserved to or conferred upon the Company in this Agreement; provided that, in the case of (i) or (ii), such changes or corrections shall not adversely affect the interests of Holders of then outstanding Warrants in any material respect. This Warrant may also be amended or waived with the consent of the Company and the Holder. Further, the Company may, with the consent, in writing or at a meeting, of the Holders (the "**Required Holders**") of the then outstanding Warrants exercisable for a majority or greater of the Common Stock eligible under such Warrants, amend in any way, by supplemental agreement or otherwise, this Warrant and/or all of the outstanding Warrants; provided, however, that (i) no such amendment by its express terms shall adversely affect any Holder differently than it affects all other Holders, unless such Holder consents thereto, and (ii) no such amendment concerning the number of Warrant Shares or Exercise Price shall be made unless any Holder who will be affected by such amendment consents thereto. If a new warrant agent is appointed by the Company, it shall at the request of the Company, and without need of independent inquiry as to whether such supplemental agreement is permitted by the terms of this Section 16(d), join with the Company in the execution and delivery of any such supplemental agreements, but shall not be required to join in such execution and delivery for such supplemental agreement to become effective.

(e) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL. THE CORPORATE LAWS OF THE STATE OF NEW YORK SHALL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE COMPANY AND ITS STOCKHOLDERS. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND HOLDERS HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN FOR THE ADJUDICATION OF ANY DISPUTE BROUGHT BY THE COMPANY OR ANY HOLDER HEREUNDER, IN CONNECTION HEREWITH OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVE, AND AGREE NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING BROUGHT BY THE COMPANY OR ANY HOLDER, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, OR THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS WARRANT AND AGREES THAT SUCH

SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. THE COMPANY AND HOLDERS HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY.

(f) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(g) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

By: /s/ Bruce Widener
Name: Bruce Widener
Title: Chief Executive Officer

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To: BEACON ENTERPRISE SOLUTIONS GROUP, INC.

The undersigned is the Holder of Warrant No. _____ (the "Warrant") issued by Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company"). Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

(a) The Warrant is currently exercisable to purchase a total of _____ Warrant Shares.

(b) The undersigned Holder hereby exercises its right to purchase _____ Warrant Shares pursuant to the Warrant.

(c) The Holder shall make Payment of the Exercise Price as follows (check one):

_____ "Cash Exercise" under Section 10
_____ "Cashless Exercise" under Section 10

(d) If the holder is making a Cash Exercise, the holder shall pay the sum of $_____ to the Company in accordance with the terms of the Warrant.

(e) Pursuant to this exercise, the Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

(f) Following this exercise, the Warrant shall be exercisable to purchase a total of _____ Warrant Shares.

(g) Notwithstanding anything to the contrary contained herein, this Exercise Notice shall constitute a representation by the Holder that, after giving effect to the exercise provided for in this Exercise Notice, the Holder (together with its affiliates) will not have beneficial ownership (together with the beneficial ownership of such Person's affiliates) of a number of shares of Common Stock which exceeds the Maximum Percentage of the total outstanding shares of Common Stock as determined pursuant to the provisions of Section 11(a) of the Warrant.

Dated: _____, _____

Name of Holder: _____
(Print)

By: _____
Name: _____
Title: _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the within Warrant to purchase _____ shares of Common Stock of Beacon Enterprise Solutions Group, Inc. to which the within Warrant relates and appoints _____ attorney to transfer said right on the books of Beacon Enterprise Solutions Group, Inc. with full power of substitution in the premises.

Dated: _____, ____

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

In the presence of:

_____

Exhibit 4.05

THE WARRANTS REPRESENTED BY THIS CERTIFICATE AND THE SECURITIES THAT MAY BE ISSUED UPON EXERCISE OF THE WARRANTS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE AND HAVE BEEN ISSUED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

Warrant No. RA- Dated: July 30, 2008

Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "**Company**"), hereby certifies that, for value received, or its registered assigns (the "**Holder**"), is entitled to purchase from the Company up to a total of shares of common stock, $0.001 par value per share (the "**Common Stock**"), of the Company (each such share, a "**Warrant Share**" and all such shares issuable under the warrants, the "**Warrant Shares**") at an exercise price equal to the $1.00 per share (as adjusted from time to time as provided in Section 9, the "**Exercise Price**"), at any time and from the date hereof and through and including the date that is five (5) years from the date of issuance hereof (the "**Expiration Date**"), and subject to the following terms and conditions.

This Warrant ("**Warrant**") is one of a series of similar warrants issued to amend and restate the warrants granted in the Company's private placements of Series A Preferred Stock and Series A-1 Preferred Stock. All such warrants are referred to herein, collectively, as the "**Warrants**" and the holders thereof along with the Holder named herein, the "**Holders**." Upon the delivery of this Warrant to you, the warrants previously issued to you in connection with the private placements of Series A Preferred Stock and Series A-1 Preferred Stock shall be void and of no further force and effect.

1. Definitions. In addition to the terms defined elsewhere in this Warrant, capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Subscription Agreement.

2. Registration of Warrant. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "**Warrant Register**"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

3. Registration of Transfers. The Company shall register the transfer of any portion of this Warrant in the Warrant Register, upon surrender of this Warrant, with the Form of Assignment attached hereto duly completed and signed, to the Company's transfer agent or to the Company at its address specified herein. Upon any such registration or transfer, a new warrant to purchase Common Stock, in substantially the form of this Warrant (any such new warrant, a "**New Warrant**"), evidencing the portion of this Warrant so transferred shall be issued to the transferee and a New Warrant evidencing the remaining portion of this Warrant not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Warrant by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations of a holder of a Warrant.

4. Exercise and Duration of Warrants.

(a) This Warrant shall be exercisable by the registered Holder at any time and from time to time on or after the date hereof to and including the Expiration Date. At 6:30 P.M., New York City time on the Expiration Date, the portion of this Warrant not exercised prior thereto shall be and become void and of no value.

(b) A Holder may exercise this Warrant by delivering to the Company (i) an exercise notice, in the form attached hereto (the "**Exercise Notice**"), appropriately completed and duly signed, and (ii) payment of the Exercise Price for the number of Warrant Shares as to which this Warrant is being exercised (which may take the form of a "cashless exercise" if so indicated in the Exercise Notice only if a "cashless exercise" may occur at such time pursuant to Section 10 below), and the date such items are delivered to the Company (as determined in accordance with the notice provisions hereof) is an "**Exercise Date**." The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice shall have the same effect as cancellation of the original Warrant and issuance of a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Exercise Disputes. In the case of any dispute with respect to the number of shares to be issued upon exercise of this Warrant, the Company shall promptly issue such number of shares of Common Stock that is not disputed and shall submit the disputed determinations or arithmetic calculations to the Holder via fax (or, it the Holder has not provided the Company with a fax number, by overnight courier) within two (2) Business Days of receipt of the Holder's election to purchase Warrant Shares. If the Holder and the Company are unable to agree as to the determination of the Purchase Price within two (2) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall in accordance with this Section, submit via facsimile the disputed determination to an independent reputable accounting firm of national standing, selected jointly by the Company and the Holder. The Company shall cause such accounting firm to perform the determinations or calculations and notify the Company and the Holder of the results as promptly as possible from the time it receives the disputed determinations of calculations. Such accounting firm's determination shall be binding upon all parties absent manifest error. The Company shall then on the next Business Day issue certificate(s) representing the appropriate number of Warrant Shares of Common Stock in accordance with such accounting firm's

determination and this Section. The prevailing party shall be entitled to reimbursement of all fees and expenses of such determination and calculation.

5. Delivery of Warrant Shares.

(a) Upon exercise of this Warrant, the Company shall promptly (but in no event later than five Trading Days after the Exercise Date) issue or cause to be issued and cause to be delivered to or upon the written order of the Holder and in such name or names as the Holder may designate, a certificate for the Warrant Shares to which the Holder is entitled upon such exercise, free of restrictive legends unless a registration statement covering the resale of the Warrant Shares and naming the Holder as a selling stockholder thereunder is not then effective and the Warrant Shares are not freely transferable pursuant to Rule 144 under the Securities Act of 1933, as amended. The Company shall, upon request of the Holder, use its best efforts to deliver Warrant Shares hereunder electronically through the Depository Trust Corporation or another established clearing corporation performing similar functions. For the purposes hereof, the term "Trading Day" means (a) any day on which the Common Stock is listed or quoted and traded on its primary trading market, (b) if the Common Stock is not then listed or quoted and traded on any trading market, then a day on which trading occurs on the Nasdaq Global Market (or any successor thereto), or (c) if trading ceases to occur on the Nasdaq Global Market (or any successor thereto), any Business Day.

(b) This Warrant is exercisable, either in its entirety or, from time to time, for a portion of the number of Warrant Shares. Upon surrender of this Warrant following one or more partial exercises, the Company shall issue or cause to be issued, at its expense, a New Warrant evidencing the right to purchase the remaining number of Warrant Shares.

(c) Intentionally Omitted.

(d) The Company's obligations to issue and deliver Warrant Shares in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of Warrant Shares. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

6. Charges, Taxes and Expenses. Issuance and delivery of certificates for shares of Common Stock upon exercise of this Warrant shall be made without charge to the Holder for any issue or transfer tax, withholding tax, transfer agent fee or other incidental tax or expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; provided, however, that the Company shall not be required to pay any tax which may

be payable in respect of any transfer involved in the registration of any certificates for Warrant Shares or Warrants in a name other than that of the Holder. The Holder shall be responsible for all other tax liability that may arise as a result of holding or transferring this Warrant or receiving Warrant Shares upon exercise hereof.

7. Replacement of Warrant. If this Warrant is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation hereof, or in lieu of and substitution for this Warrant, a New Warrant, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable bond or indemnity, if requested. Applicants for a New Warrant under such circumstances shall also comply with such other reasonable regulations and procedures and pay such other reasonable third-party costs as the Company may prescribe.

8. Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, 100% of the number of Warrant Shares which are then issuable and deliverable upon the exercise of this entire Warrant, free from preemptive rights or any other contingent purchase rights of persons other than the Holder (after giving effect to the adjustments and restrictions of Section 9, if any). The Company covenants that all Warrant Shares so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. The Company will take all such action as may be necessary to assure that such shares of Common Stock may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of any securities exchange or automated quotation system upon which the Common Stock may be listed.

9. Certain Adjustments. The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 9.

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding, (i) pays a stock dividend on its Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination.

(b) Distributions Made Prior to Exercise. If the Company, at any time while this Warrant is outstanding, distributes to all of the

holders of Common Stock (i) evidences of its indebtedness, (ii) any security (other than a distribution of Common Stock covered by Section

9(a)), (iii) rights or warrants to subscribe for or purchase any security, or (iv) any other asset (in each case, a "**Distribution**"), then in each such case any Exercise Price in effect immediately prior to the close of business on the record date fixed for the determination of holders of Common Stock entitled to receive the Distribution shall be reduced, effective as of the close of business on such record date, to a price determined by multiplying such Exercise Price by a fraction of which (i) the numerator shall be the Weighted Average Price[1] of the Common Stock on the Trading Day immediately preceding such record date minus the value of the Distribution (as determined in good faith by the Company's Board of Directors) applicable to one share of Common Stock, and (ii) the denominator shall be the Weighted Average Price of the Common Stock on the Trading Day immediately preceding such record date.

(c) Notwithstanding the provisions set forth in Section 9(b) above, if the Company, at any time while this Warrant is outstanding, makes a Distribution to the holders of Common Stock, then in each such case the Holder shall have the option to receive such Distribution which would have been made to the Holder had such Holder been the holder of such Warrant Shares on the record date for the determination of stockholders entitled to such Distribution; provided, however, if the Holder elects to receive such Distribution, it will not be entitled to receive the adjustment to the Exercise Price specified in clause (b) above.

(d) Fundamental Transactions. If, at any time during the term of this Warrant, (i) the Company effects any merger or consolidation of the Company with or into (whether or not the Company is the surviving corporation) another Person, (ii) the Company effects any sale, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions; provided, however, that for avoidance of doubt, the granting of a lien on all or substantially all of the Company's assets as collateral shall not be deemed a Fundamental Transaction hereunder, (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than the 50% of either the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than the 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business

[1] "Weighted Average Price" means, for any security as of any date, the dollar volume-weighted average price for such security on NASDAQ during the period beginning at 9:30:01 a.m., New York Time (or such other time as NASDAQ publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as NASDAQ publicly announces is the official close of trading) as reported by Bloomberg (means Bloomberg Financial Markets) through its "Volume at Price" functions, or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York Time (or such other time as such Principal Market publicly announces is the official open of trading), and ending at 4:00:00 p.m., New York Time (or such other time as such market publicly announces is the official close of trading) as reported by Bloomberg, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Weighted Average Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Weighted Average Price of such security on such date shall be the fair market value as mutually determined by the Company in good faith. All such determinations shall be appropriately adjusted for any share dividend, share split, share combination or other similar transaction during the applicable calculation period.

combination), or (v) the Company effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (other than as a result of a subdivision or combination of shares of Common Stock covered by Section 9(a) above) (in any such case, a "**Fundamental Transaction**"), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant (the "**Alternate Consideration**"). The aggregate Exercise Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. At the Holder's request, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to purchase the Alternate Consideration for the aggregate Exercise Price upon exercise thereof. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this paragraph (d) and insuring that the Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(e) Weighted Average Anti-Dilution Price Protection. The Exercise Price of Warrant Shares (or any shares of stock or other securities which may be) issuable upon the exercise of this Warrant shall be subject to adjustment from time to time, as follows:

(1) "New Securities" shall mean any Common Stock or preferred stock of Company issued during the term of this Warrant, whether now authorized or not, and rights, options or warrants to purchase said Common Stock or preferred stock, and securities of any type whatsoever that are, or may become, convertible into said Common Stock or preferred stock (including but not limited to convertible debt or any other instrument exercisable for or convertible into Common Stock); provided, however, that "New Securities" does not include (i) any securities issued or issuable pursuant to any of the notes, options, warrants or other securities outstanding as of the date of the closing of the offering pursuant to the Subscription Agreement, including all Warrants; (ii) the issuance or sale of any shares of capital stock, or the grant of options exercisable therefor, issued or issuable after the date of this Warrant, to directors, officers, employees, advisers and consultants of the Company or any subsidiary pursuant to any incentive or non-qualified stock option plan or agreement, stock purchase plan

or agreement, stock restriction agreement or restricted stock plan, employee stock ownership plan (ESOP), consulting agreement, stock appreciation right (SAR), stock depreciation right (SDR), bonus stock arrangement, or such other similar compensatory options, issuances, arrangements, agreements or plans approved by the Board of Directors of the Company; (iii) upon the issuance of any shares of capital stock or the grant of warrants or options (or the exercise thereof) as consideration for mergers, acquisitions, strategic alliances and

other commercial transactions, other than in connection with a financing transaction or (iv) shares of Company's Common Stock issued in connection with any stock split, stock dividend, or recapitalization by Company.

(2) In the event that Company issues New Securities for a consideration of less than the Exercise Price (as adjusted per this Section 9 hereof), or if the Exercise Price shall have been adjusted hereunder, and the Company issues New Securities for a purchase price below the adjusted Exercise Price, then the then-current Exercise Price shall be adjusted downward to a price determined by dividing

i. the sum of (w) the Exercise Price in effect before the issuance of such New Securities multiplied by the number of shares of the Company's Common Stock then issued and outstanding and (x) the consideration, if any, received by or deemed to have been received by the Company on the issue of such New Securities by:

ii. the sum of (y) the number of shares of the Company's Common Stock then issued and outstanding immediately prior to the issuance of such New Securities and (z) the number of Additional Shares of Common Stock issued or deemed to have been issued in the issuance of such New Securities.

(3) In the case of the issuance of Common Stock for cash, the consideration shall be deemed to be the amount of cash paid.

(4) In the case of the issuance of Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as reasonably determined by the Company's board of directors consistent with its fiduciary duties irrespective of any accounting treatment.

(5) The Company will not by reorganization, transfer of assets, consolidation, merger, dissolution, or otherwise, avoid or seek to avoid observance or performance of any of the terms of this Section 9, but will at all times in good faith assist in the carrying out and performance of all provisions of this Section 9 in order to protect the rights of the Holder against impairment.

(f) Number of Warrant Shares. Simultaneously with any adjustment to the Exercise Price pursuant to paragraph (a) of this Section, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, as applicable, so that after such adjustment the aggregate Exercise Price payable hereunder for the increased or decreased, as applicable, number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment.

(g) Calculations. All calculations under this Section 9 shall be made to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

(h) Notice of Adjustments. Upon the occurrence of each adjustment pursuant to this Section 9, the Company at its expense will promptly compute such adjustment in accordance with the terms of this Warrant and prepare a certificate setting forth such adjustment, including a statement of the adjusted Exercise Price and adjusted number or type of Warrant Shares or other securities issuable upon exercise of this Warrant (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Company will promptly deliver a copy of each such certificate to the Holder and to the Company's Transfer Agent.

(i) Notice of Corporate Events. If the Company (i) declares a dividend or any other distribution of cash, securities or other property in respect of its Common Stock, including without limitation any granting of rights or warrants to subscribe for or purchase any capital stock of the Company or any Subsidiary, (ii) authorizes or approves, enters into any agreement contemplating or solicits stockholder approval for any Fundamental Transaction or (iii) authorizes the voluntary dissolution, liquidation or winding up of the affairs of the Company, then the Company shall deliver to the Holder a notice describing the material terms and conditions of such transaction, at least ten calendar days prior to the applicable record or effective date on which a Person would need to hold Common Stock in order to participate in or vote with respect to such transaction, and the Company will take all steps reasonably necessary in order to insure that the Holder is given the practical opportunity to exercise this Warrant prior to such time so as to participate in or vote with respect to such transaction; provided, however, that the failure to deliver such notice or any defect therein shall not affect the validity of the corporate action required to be described in such notice.

10. Payment of Exercise Price. The Holder shall pay the Exercise Price in immediately available funds (a "cash exercise"); provided, however, that if at any time after the date that is six (6) months after the date of this Warrant (the "**Required Effective Date**") a Registration Statement covering the resale of the Warrant Shares is not effective on the Exercise Date, or no current prospectus under such Registration Statement is available, the Holder may satisfy its obligation to pay the Exercise Price through a "cashless exercise," in which event the Company shall issue to the Holder the number of Warrant Shares determined as follows:

$$X = Y [(A-B)/A]$$

where:

X = the number of Warrant Shares to be issued to the Holder.

Y = the number of Warrant Shares with respect to which this Warrant is being exercised (prior to cashless exercise).

A = the average of the Closing Prices for the five Trading Days immediately prior to (but not including) the Exercise Date.

B = the Exercise Price.

For purposes of this Section 10, "Closing Prices" for any date, shall mean the closing price per share of the Common Stock for such date (or the nearest preceding date) on the primary trading market on which the Common Stock is then listed or quoted.

For purposes of Rule 144 promulgated under the Securities Act, it is intended, understood and acknowledged that the Warrant Shares issued in a cashless exercise transaction shall be deemed to have been acquired by the Holder, and the holding period for the Warrant Shares shall be deemed to have commenced, on the date this Warrant was originally issued pursuant to the Subscription Agreement.

11. Limitation on Exercise. Notwithstanding anything to the contrary contained herein, the number of shares of Common Stock that may be acquired by the Holder upon any exercise of this Warrant (or otherwise in respect hereof) shall be limited to the extent necessary to insure that, following such exercise (or other issuance), the total number of shares of Common Stock then beneficially owned by such Holder and its Affiliates and any other Persons whose beneficial ownership of Common Stock would be aggregated with the Holder's for purposes of Section 13(d) of the Exchange Act, does not exceed 4.999% (the "**Maximum Percentage**") of the total number of issued and outstanding shares of Common Stock (including for such purpose the shares of Common Stock issuable upon such exercise). For such purposes, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. The Company's obligation to issue shares of Common Stock in excess of the limitation referred to in this Section shall be suspended (and shall not terminate or expire notwithstanding any contrary provisions hereof) until such time, if any, as such shares of Common Stock may be issued in compliance with such limitation, but in no event later than the Expiration Date. By written notice to the Company, the Holder may waive the provisions of this Section or increase or decrease the Maximum Percentage to any other percentage specified in such notice, but (i) any such waiver or increase will not be effective until the 61st day after such notice is delivered to the Company, and (ii) any such waiver or increase or decrease will apply only to the Holder and not to any other holder of Warrants.

12. Fractional Shares. The Company shall not be required to issue or cause to be issued fractional Warrant Shares on the exercise of this Warrant. If any fraction of a Warrant Share would, except for the provisions of this Section, be issuable upon exercise of this Warrant, the number of Warrant Shares to be issued will be rounded up to the nearest whole share.

13. Notices. Any and all notices or other communications or deliveries hereunder (including without limitation any Exercise Notice) shall be in writing and shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Subscription Agreement prior to 6:30 p.m. (New York City time) on a Trading Day, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified in the Subscription Agreement on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (iii) the Trading Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given. The address for such notices or communications shall be as set forth in the Subscription Agreement.

14. Warrant Agent. The Company shall serve as warrant agent under this Warrant. Upon 30 days' notice to the Holder, the Company may appoint a new warrant agent. Any corporation into which the Company or any new warrant agent may be merged or any corporation resulting from any consolidation to which the Company or any new warrant agent

shall be a party shall be a successor warrant agent under this Warrant without any further act. Any such successor warrant agent shall promptly cause notice of its succession as warrant agent to be mailed (by first class mail, postage prepaid) to the Holder at the Holder's last address as shown on the Warrant Register.

15. Registration of Warrant Shares. The Warrant Shares shall be entitled to registration rights as set forth in the Registration Rights Agreement which has been executed in connection with the Subscription Agreement.

16. Miscellaneous.

(a) Subject to the restrictions on transfer set forth on the first page hereof, this Warrant may be assigned by the Holder. This Warrant may not be assigned by the Company, except to a successor in the event of a Fundamental Transaction. This Warrant shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns. Subject to the preceding sentence, nothing in this Warrant shall be construed to give to any Person other than the Company and the Holder any legal or equitable right, remedy or cause of action under this Warrant.

(b) The Company will not, by amendment of its governing documents or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, seek to call or redeem this Warrant or avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder against dilution or other impairment. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any

Warrant Shares above the amount payable therefor on such exercise, (ii) will take all such action as may be reasonably necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares, free from all taxes, liens, security interests, encumbrances, preemptive or similar rights and charges of stockholders (other than those imposed by the Holders), on the exercise of the Warrant, and (iii) will not close its stockholder books or records in any manner which interferes with the timely exercise of this Warrant.

(c) Remedies; Specific Performance. The Company acknowledges and agrees that there would be no adequate remedy at law to the Holder of this Warrant in the event of any default or threatened default by the Company in the performance of or compliance with any of the terms of this Warrant and accordingly, the Company agrees that, in addition to any other remedy to which the Holder may be entitled at law or in equity, the Holder shall be entitled to seek to compel specific performance of the obligations of the Company under this Warrant, without the posting of any bond, in accordance with the terms and conditions of this Warrant in any court of the United States or any State thereof having jurisdiction, and if any action should be brought in equity to enforce any of the provisions of this Warrant, the Company shall not raise the defense that there is an adequate remedy at law. Except as otherwise provided by law, a delay or omission by the Holder hereof in exercising any right or remedy accruing upon any such breach shall not impair the right or remedy or constitute a waiver of or acquiescence in any such

breach. No remedy shall be exclusive of any other remedy. All available remedies shall be cumulative.

(d) Amendments and Waivers. The Company may, without the consent of the Holders, by supplemental agreement or otherwise, (i) make any changes or corrections in this Agreement that are required to cure any ambiguity or to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein or (ii) add to the covenants and agreements of the Company for the benefit of the Holders (including, without limitation, reduce the Exercise Price or extend the Expiration Date), or surrender any rights or power reserved to or conferred upon the Company in this Agreement; provided that, in the case of (i) or (ii), such changes or corrections shall not adversely affect the interests of Holders of then outstanding Warrants in any material respect. This Warrant may also be amended or waived with the consent of the Company and the Holder. Further, the Company may, with the consent, in writing or at a meeting, of the Holders (the "**Required Holders**") of the then outstanding Warrants exercisable for a majority or greater of the Common Stock eligible under such Warrants, amend in any way, by supplemental agreement or otherwise, this Warrant and/or all of the outstanding Warrants; provided, however, that (i) no such amendment by its express terms shall adversely affect any Holder differently than it affects all other Holders, unless such Holder consents thereto, and (ii) no such amendment concerning the number of Warrant Shares or Exercise Price shall be made unless any Holder who will be affected by such amendment consents thereto. If a new warrant agent is appointed by the Company, it shall at the request of the Company, and without need of independent inquiry as to whether such supplemental agreement is permitted by the terms of this Section 16(d), join with the Company in the execution and delivery of any such supplemental agreements, but shall not be required to join in such execution and delivery for such supplemental agreement to become effective.

(e) GOVERNING LAW; VENUE; WAIVER OF JURY TRIAL. THE CORPORATE LAWS OF THE STATE OF NEW YORK SHALL GOVERN ALL ISSUES CONCERNING THE RELATIVE RIGHTS OF THE COMPANY AND ITS STOCKHOLDERS. ALL QUESTIONS CONCERNING THE CONSTRUCTION, VALIDITY, ENFORCEMENT AND INTERPRETATION OF THIS WARRANT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. THE COMPANY AND HOLDERS HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN FOR THE ADJUDICATION OF ANY DISPUTE BROUGHT BY THE COMPANY OR ANY HOLDER HEREUNDER, IN CONNECTION HEREWITH OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVE, AND AGREE NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING BROUGHT BY THE COMPANY OR ANY HOLDER, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, OR THAT SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF VIA REGISTERED OR CERTIFIED MAIL OR OVERNIGHT DELIVERY (WITH EVIDENCE OF DELIVERY) TO SUCH PARTY AT THE ADDRESS IN EFFECT FOR NOTICES TO IT UNDER THIS WARRANT AND AGREES THAT SUCH

SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. THE COMPANY AND HOLDERS HEREBY WAIVE ALL RIGHTS TO A TRIAL BY JURY.

(f) The headings herein are for convenience only, do not constitute a part of this Warrant and shall not be deemed to limit or affect any of the provisions hereof.

(g) In case any one or more of the provisions of this Warrant shall be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Warrant shall not in any way be affected or impaired thereby and the parties will attempt in good faith to agree upon a valid and enforceable provision which shall be a commercially reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by its authorized officer as of the date first indicated above.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

By:_____
Name: Bruce Widener
Title: Chief Executive Officer

FORM OF EXERCISE NOTICE

(To be executed by the Holder to exercise the right to purchase shares of Common Stock under the foregoing Warrant)

To: BEACON ENTERPRISE SOLUTIONS GROUP, INC.

The undersigned is the Holder of Warrant No. _____ (the "Warrant") issued by Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company"). Capitalized terms used herein and not otherwise defined have the respective meanings set forth in the Warrant.

(a) The Warrant is currently exercisable to _____ purchase a total of Warrant Shares.

(b) The undersigned Holder hereby exercises its right to purchase _____ Warrant Shares pursuant to the Warrant.

(c) The Holder shall make Payment of the Exercise Price as follows (check one):

____ "Cash Exercise" under Section 10
____ "Cashless Exercise" under Section 10

(d) If the holder is making a Cash Exercise, the holder shall pay the sum of $_____ to the Company in accordance with the terms of the Warrant.

(e) Pursuant to this exercise, the Company shall deliver to the holder _____ Warrant Shares in accordance with the terms of the Warrant.

(f) Following this exercise, the Warrant shall be exercisable to purchase a total of _____ Warrant Shares.

(g) Notwithstanding anything to the contrary contained herein, this Exercise Notice shall constitute a representation by the Holder that, after giving effect to the exercise provided for in this Exercise Notice, the Holder (together with its affiliates) will not have beneficial ownership (together with the beneficial ownership of such Person's affiliates) of a number of shares of Common Stock which exceeds the Maximum Percentage of the total outstanding shares of Common Stock as determined pursuant to the provisions of Section 11(a) of the Warrant.

Dated: _____, _____ ,Name of Holder: _____
(Print)

By: _____
Name: _____
Title: _____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

FORM OF ASSIGNMENT

[To be completed and signed only upon transfer of Warrant]

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the within Warrant to purchase _____ shares of Common Stock of Beacon Enterprise Solutions Group, Inc. to which the within Warrant relates and appoints _____ attorney to transfer said right on the books of Beacon Enterprise Solutions Group, Inc. with full power of substitution in the premises.

Dated: _____, _____

_____
(Signature must conform in all respects to name of holder as specified on the face of the Warrant)

_____
Address of Transferee

_____

_____

In the presence of:

_____

Exhibit 10.01

July 30, 2008

Allen Partners
7700 Congress Avenue, Suite 3207
Boca Raton, FL 33487

Ladies and Gentlemen:

This letter is being delivered to you in connection with the Placement Agency Agreement (the "**Placement Agency Agreement**") between Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "Company") and Allen Partners ("**Allen Partners**") relating to the private offering of up to 3,750,000 units ($3,000,000), with each unit (a "**Unit**") being offered and sold at $0.80 per Unit. Each Unit shall consist of (i) I share of the Company's common stock, $0.001 par value ("**Common Stock**") per share (each, a "**Share**" and collectively, the "**Shares**") and (ii) warrants (each, a "**Warrant**" and collectively, the "**Warrants**") to purchase 0.50 shares of Common Stock (the "**Warrant Shares**") at an initial exercise price equal to $1.00 per share. The Units are being offered to "accredited investors" as such term is defined in Regulation D promulgated under the Securities Act of 1933, as amended, pursuant to the Private Placement Memorandum dated July 25, 2008, as the same may be supplemented from time to time (the "**Memorandum**").

As a condition of the consummation of the Offering, the undersigned hereby agrees that the undersigned or its assigns will not, without the prior consent of Allen Partners, which consent shall not be unreasonably withheld, during the period beginning as of the date hereof and ending upon the earlier of (i) 90 days following the effectiveness of the initial resale registration statement that is filed pursuant to the Registration Rights Agreement and (ii) 270 days from the Final Closing (l) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of common stock of the Company held by the undersigned (the "Common Stock") or any securities convertible into or exercisable or exchangeable for Common Stock or; (2) enter into any swap, option, future, forward or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Common Stock or any securities of the Company which are substantially similar to the Common Stock. The foregoing shall not restrict transfers to (i) a trust for the benefit of the undersigned or to any immediate family member of the undersigned (spouse, father, mother, sister, brother, son, daughter, grandson and/or granddaughter) or a trust for the benefit of any such person, but in each case only if, prior to any transfer, the proposed transferee delivers its irrevocable proxy to the undersigned granting the undersigned exclusive voting rights with respect to the shares to be transferred or (ii) a corporation or other entity controlled by the undersigned.

In addition, the undersigned hereby agrees to consult with Allen Partners with regard to any private sales the undersigned may wish to consummate while this agreement is in

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effect and, provided that Allen Partners consents to a proposed private sale (such consent not to be unreasonable withheld), the undersigned will offer Allen Partners the exclusive opportunity to purchase or sell such securities on terms at least as favorable to the undersigned as they can secure elsewhere. If Allen Partners fails to accept in writing any such proposal for sale by the undersigned within three (3) business days after receipt of a notice containing such proposal and provided that Allen Partners has consented to such proposed sale, then Allen Partners shall have no claim or right with respect to any such sales contained in any such notice. If, thereafter, such proposal is modified in any material respect, the undersigned shall adopt the same procedure as with respect to the original proposal.

Yours very truly,

/s/ Bruce Widener

Bruce Widener
15312 Champion Lakes Place
Louisville, KY 40245

Exhibit 10.02

As of July 25, 2008

Beacon Enterprise Solutions Group, Inc.
124 North First Street,
Louisville, KY 40202
Attention: Bruce Widener, Chief Executive Officer

Dear Mr. Widener:

Beacon Enterprise Solutions Group, Inc., a Nevada corporation (hereinafter referred to as the "Client") has agreed to engage Allen, Goddard, McGowan, Pak & Partners, LLC ("Allen Partners") on a non-exclusive basis to perform services related to financial consulting and public relations matters ("Services") pursuant to the terms and conditions of this Consulting Agreement ("Agreement") as set forth herein.

1. Services. Allen Partners shall act as advisor to the Client and perform such Services as requested by the Client, which Services may include, but will not necessarily be limited to:

    a. advice regarding obtaining financing, including introducing the Company to accredited investors, which may be corporations, partnerships, mutual funds, hedge funds, investment partnerships, securities firms, lending and other institutions and entities, as well as select high net worth individuals for the purposes of providing financing in the form of equity or equity- linked securities of the Company or a combination of the foregoing (a "Corporate Financing Transaction");

    b. advice regarding the financial structure of the Company or its divisions or any programs and projects undertaken by any of the foregoing;

    c. counsel Client regarding its overall strategy and related activities within the financial community;

    d. assist Client with the preparation and revision of presentation materials for meetings with the investment community; and

    e. Such other duties as Client may reasonably request of Allen Partners from time to time.

    In addition, from time to time, subject to scheduling availability, Allen Partners shall:

        i. meet with the financial community on behalf of Client;

        ii. survey key analysts, brokers and institutional investors nationwide;

        iii. maintain ongoing personal contact programs and establish a schedule of activities; and

        iv. arrange meetings between Client's senior management and members of the financial community, including individual meetings, informal group meetings and formal presentations.

2. Performance of Services. Allen Partners shall be obligated to provide the Services as and when requested by Client but shall not be obligated to expend any specific amount of time in so doing and shall not be authorized or obligated to perform any Services on Allen Partners' own initiative. The Services shall be performed reasonably promptly after Client's request, consistent with Allen Partners' availability and good faith. The Company acknowledges that the Services to be provided hereunder are not exclusive to the Client and Allen Partners has other business obligations, including providing investment banking, financial advisory and consultant services to others, and the Company

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agrees that the provision of such services shall not constitute a breach hereof of any duty owed to the Company by virtue of this Agreement. Nothing contained herein, other than Allen Partners' obligations relating to the Company's Confidential Material as provided in Section 9 hereof, shall be construed to limit or restrict Allen Partners or its affiliates in conducting such businesses with respect to others or in rendering such services to others

3. Relationship of the Parties. Allen Partners shall be, and at all times during the Term of the Agreement shall remain, an independent contractor. As such, Allen Partners shall determine the means and methods of performing the Services hereunder and shall render the Services at such places it determines. The Client shall pay all reasonable costs and expenses incurred by Allen Partners in the performance of its duties hereunder, including but not limited to reasonable and documented travel, legal fees and other expenses. Allen Partners shall provide notice to the Company at such time, if any, the foregoing expenses exceed $2,500 in the aggregate. Allen Partners will not bear any of the Company's legal, accounting, printing or other expenses in connection with any transaction considered or consummated hereby. It also is understood that neither Allen Partners, nor any of its officers, directors, employees or agents, will be responsible for any fees or commissions payable to any finder or to any other financial or other advisor utilized or retained by the Company.

4. Assurances. Client acknowledges that all opinions and advices (written or oral) given by Allen Partners to the Client in connection with

this Agreement are intended solely for the benefit and use of Client, and Client agrees that no person or entity other than Client shall be entitled to make use of or rely upon the advice of Allen Partners to be given hereunder. Furthermore, no such opinion or advice given by Allen Partners shall by used at any time, in any manner or for any purpose, and shall not be reproduced, disseminated, quoted or referred to at any time, in any manner or for any purpose, except as may be contemplated herein. Client shall not make any public references to Allen Partners without Allen Partners' prior written consent or as required by applicable law.

5. Compensation. In consideration of such Services, the Company agrees to issue Allen Partners a warrant to purchase an aggregate of 1,500,000 shares of the Company's common stock at exercise prices as follows: (i) 500,000 exercisable at $1.00, (ii) 250,000 exercisable at $1.50, (iii) 250,000 exercisable at $2.00, (iv) 250,000 exercisable at $2.25 and (v) 250,000 exercisable at $2.50. The foregoing warrants shall contain customary terms, including, without limitation, provisions for cashless exercise, weighted average anti-dilution price protection and piggyback registration rights.

6. Additional Services. Should Client desire Allen Partners to perform additional services not outlined herein, Client may make such request to Allen Partners in writing. Allen Partners may agree to perform those services at its sole discretion and may enter into additional definitive agreements with the Company which shall set forth Allen Partners' obligations in connection with such transactions, as well as the compensation to be paid Allen Partners with respect to its additional services.

7. Approval of Client Information. Client will be required to approve all stockholder communications, press release and other materials prepared and disseminated on its behalf by Allen Partners.

8. Term. This Agreement shall remain in effect until July 31, 2010.

9. Due Diligence/Disclosure

   a. Client recognizes and confirms that, in advising Client and in fulfilling its retention hereunder, Allen Partners will use and rely upon data, material and other information furnished to it by Client. Client acknowledges and agrees that in performing its Services under this Agreement, Allen Partners may rely upon the data, material and other information

supplied by Client without independently verifying the accuracy, completeness or veracity of same. Such information shall be deemed "Confidential Material".

b. Except as contemplated by the terms hereof or as required by applicable law, Allen Partners shall keep confidential, indefinitely, all Confidential Material provided to it by Client, and shall not disclose such information to any third party without Client's prior written consent, other than such of its employees and advisors as Allen Partners reasonably determines to have a need to know. In the event Allen Partners is required by applicable law or legal process to disclose any of the Confidential Material, Allen Partners will deliver to the Company prompt notice of such requirement (by fax or overnight courier promptly following Allen Partners' knowledge or determination of such requirement) prior to such disclosure so the Company may seek an appropriate protective order and/or waive compliance of this provision. If, in the absence of a protective order (because the Company elected to not seek such an order or it was denied by a court of competent jurisdiction) or receipt of written waiver, Allen Partners is nonetheless, upon advise of its counsel, compelled to disclose any Confidential Material, Allen Partners may do so without liability hereunder.

10. Indemnification. The Company agrees to indemnify Allen Partners in accordance with the provisions of Annex A hereto, which is incorporated by reference and made a part hereof.

11. Limitation Upon the Use of Advice and Services

   (a) No person or entity, other than the Company (including its directors, officers and employees), shall be entitled to make use of, or rely upon any advice of Allen Partners to be given hereunder, and the Company shall not transmit such advice to, or encourage or facilitate the use or reliance upon such advice by others without the prior written consent of Allen Partners.

   (b) Use of Allen Partners' name in annual reports or any other report of the Company or releases by the Company requires the prior written approval of Allen Partners unless the Company is required by law to include Allen Partners' name in such annual reports, other report or release of the Company, in which event the Company shall furnish to Allen Partners copies of such annual reports or other reports or releases using Allen Partners' name in advance of publication by the Company.

12. Cooperation**.** The Company will cooperate with and will furnish Allen Partners or entities introduced by Allen Partners with all reasonable information and data concerning the Company which Allen Partners appropriate and will provide Allen Partners with reasonable access to the Company's officers, directors, employees, independent accountants and legal counsel. The Company represents that all information made available to Allen Partners for distribution to investors will be complete and correct in all material respects. Notwithstanding anything set forth above to the contrary, Allen Partners shall not be responsible for any due diligence investigation of the Company on behalf of any other party in connection with its services hereunder or in connection with any Corporate Finance Transaction.

13. Termination**.** This Agreement may be terminated at any time prior to the expiration of the Term by either party upon five (5) days prior written notice to the other party. In the event of any such termination, this engagement letter shall terminate and shall be of no further force and effect except for (i) continuing indemnity obligations hereunder, and (ii) Allen Partners shall be entitled to retain compensation for services it has rendered (including the retention of warrants granted to it hereunder), and receive reimbursement for

expenses it has incurred up to the date of such termination in accordance with Section 3.

In the event this Agreement shall be terminated in accordance with the provisions of this Section 13 or upon expiration of this Agreement, the sections headed "Due Diligence/Disclosure," "Indemnification," "Non-Contravention," "Miscellaneous," "Relationship of the Parties," "Limitation of Liability" will survive.

14. General Provisions.

a. Entire Agreement. This Agreement between Client and Allen Partners constitutes the entire agreement between and understandings of the parties hereto, and supersedes any and all previous agreements and understandings, whether oral or written, between the parties with respect to the matters set forth herein.

b. Notice. Any notice or communication permitted or required hereunder shall be in writing and deemed sufficiently given if hand-delivered (i) five (5) calendar days after being sent postage prepaid by registered mail, return receipt requested; or (ii) one (1) business day after being sent via facsimile with confirmatory notice by U.S. mail, to the respective parties as set forth above, or to such other address as either party may notify the other in writing.

c. Binding Nature. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors, legal representatives and assigns. All materials generated pursuant to Section 1 or otherwise produced by Allen Partners for and on behalf of Client during the Term of this Agreement shall be the sole and exclusive property of Client.

d. Counterparts. This Agreement may be executed in one or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

e. Amendments. No provisions of the Agreement may be amended, modified or waived, except in writing signed by all parties hereto.

f. Assignment. This Agreement cannot be assigned or delegated, by either party, without the prior written consent of the party to be charged with such assignment or delegation, and any unauthorized assignments shall be null and void without effect and shall immediately terminate the Agreement.

g. Applicable Law. This Agreement shall be deemed to have been made and delivered in New York City and shall be governed as to validity, interpretation, construction, affect and in all other respects by the internal laws of the State of New York. The parties agree that any dispute, claim or controversy directly or indirectly relating to or arising out of this Agreement, the termination or validity hereof, any alleged breach of this Agreement or the engagement contemplated hereby (any of the foregoing, a "Claim") shall be submitted to the Judicial Arbitration and Mediation Services, Inc (JAMS), or its successor, in New York, for final and binding arbitration in front of a panel of three arbitrators with JAMS in New York, New York under the JAMS Comprehensive Arbitration Rules and Procedures (with each of Allen Partners and the Company choosing one arbitrator, and the chosen arbitrators choosing the third arbitrator). The arbitrators shall, in their award, allocate all of the costs of the arbitration, including the fees of the arbitrators and the reasonable attorneys' fees of the

prevailing party, against the party who did not prevail. The award in the arbitration shall be final and binding. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. Sec.1-16, and the judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The Company and Allen Partners agree and consent to personal jurisdiction, service of process and venue in any federal or state court within the State and County of New York in connection with any action brought to enforce an award in arbitration.

h. There is no relationship of partnership, agency, employment, franchise or joint venture between the parties. No party has the authority to bind the other or incur any obligation on the other's behalf.

i. The Company hereby acknowledges that Allen Partners is not a fiduciary of the Company. The execution of this Agreement does not constitute a commitment by Allen Partners or the Company to consummate any transaction contemplated hereunder and does not ensure the successful placement or underwriting of securities of the Company or the success of Allen Partners with respect to securing any financing or acquisition targets on behalf of the Company.

j. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only as broad as is enforceable.

15. Limitation of Liability. The Company agrees that Allen Partners will not be liable to the Company for any claims, losses, damages, liabilities, costs or expenses related to the engagement hereunder, except to the extent finally judicially determined to have resulted solely from the gross negligence or willful misconduct of Allen Partners, and then only to the extent of any compensation paid to Allen Partners by the Company hereunder. In no event will Allen Partners be liable for consequential, special, indirect, incidental, punitive or exemplary losses, damages or expenses.

16. Non Contravention**.** During the Engagement Period, the Company shall not negotiate, enter into or attempt to negotiate or enter into any agreement, covenant or understanding, written or oral, with any other person or entity, directly or indirectly, that could in any manner be construed to be inconsistent with this Agreement or could undermine any of the rights or interests of Allen Partners, in, under or in respect of this Agreement and agrees not to interfere with, circumvent, frustrate or otherwise impede in any manner the realization by Allen Partners of any of the objectives it seeks or benefits derived, or to be derived, from any of the foregoing.

(The remainder of this page has been intentionally left blank)

If you are in agreement with the foregoing, please execute two copies of this Agreement in the space provided below and return them to the undersigned.

Very truly yours,

Allen Goddard McGowan Pak & Partners, LLC

By: /s/ Alan D. Goddard
Alan D. Goddard, Chairman

ACCEPTED AND AGREED TO AS OF THE DATE FIRST ABOVE WRITTEN

Beacon Enterprise Solutions Group, Inc.

By: /s/ Bruce Widener
Bruce Widener, CEO

ANNEX A

INDEMNIFICATION

The Company agrees to indemnify and hold harmless Allen Partners and its affiliates and their respective officers, directors, employees, agents (including selected dealers) and controlling persons (Allen Partners and each such person being an “Indemnified Party”), from and against any losses, claims, damages and liabilities, joint or several, to which such Indemnified Party may become subject under any applicable law, or otherwise, which relate to or arise in any manner out of any transaction, financing, or any other matter (collectively, the "Matters") contemplated by the engagement letter of which this Annex A forms a part and the performance by Allen Partners of the services contemplated thereby, and will promptly reimburse each Indemnified Party for all reasonable expenses (including reasonable fees and expenses of legal counsel) as incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party and whether or not such claim, action or proceeding is initiated or brought by or on behalf of the Company. Notwithstanding the foregoing, the Company shall not be liable under the foregoing to the extent that any loss, claim, damage, liability or expense is found in a final judgment by a court of competent jurisdiction to have resulted solely from Allen Partners’ bad faith or gross negligence.

The Company also agrees that no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company or its security holders or creditors related to, arising out of, or in connection with, any Matters, the engagement of Allen Partners pursuant to, or the performance by Allen Partners of the services contemplated by, the engagement letter, except to the extent any loss, claim, damage, liability if found in a final judgment by a court of competent jurisdiction to have resulted solely from Allen Partners’ bad faith or gross negligence.

If the indemnification of an Indemnified Party provided for this letter agreement is for any reason held unenforceable, although otherwise applicable in accordance with its terms, the Company agrees to contribute to the losses, claims, damages and liabilities for which such indemnification is held unenforceable (i) in such proportion as is appropriate to reflect the relative benefits to the Company, on the one hand, and Allen Partners, on the other hand, of any Matter (whether or not the Matter is consummated) or (ii) if (but only if) the allocation provided for in clause (i) is for any reason held unenforceable, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and Allen Partners, on the other hand, as well as any other relevant equitable considerations. The Company agrees that for the purposes of this paragraph the relative benefits to the Company and Allen Partners of any contemplated Matter (whether or not such Matter is consummated) shall be deemed to be in the same proportion that the total value paid or received or to be paid or received by the Company as a result of or in connection with any Matter, bears to the fees paid or to be paid to Allen Partners under the engagement letter; provided, however, that, to the extent permitted by applicable law, in no event shall the Indemnified Parties be required to contribute an aggregate amount in excess of the aggregate fees actually paid to Allen Partners under the engagement letter of which this Annex A is a part.

Promptly after receipt by Allen Partners or any other Indemnified Party of any notice of any proceeding, or the commencement of any

legal action or proceeding in respect of which indemnity may be sought against the Company, Allen Partners or such other Indemnified Party shall notify the Company promptly in writing of the receipt of any such notice or commencement of such an action or proceeding. In the event the Company shall be obligated under this Indemnification Annex to indemnify Allen Partners and/or such other Indemnified Party, the Company may assume and control all aspects of the defense of such proceeding, including, *inter alia*, selection of counsel (which counsel shall be reasonably acceptable to Allen Partners) and, subject to the next paragraph, settlement; provided, however, that the Indemnified Parties shall have the right to retain separate counsel, but the fees and expenses of such

counsel shall be at the expense of the Indemnified Parties, unless (i) the employment of such counsel has been specifically authorized in writing by the Company, (ii) the Company has failed to assume the defense and employ reasonably acceptable counsel as required above, or (iii) the named parties to any such action (including any impleaded parties) include both (a) the Indemnified Parties and (b) the Company, and the Indemnified Parties shall have reasonably determined that the defenses available to them are not available to the Company and/or may not be consistent with the best interests of the Company or the Indemnified Parties (in which case the Company shall not have the right to assume the defense of such action on behalf of the Indemnified Parties); it being understood, however, that the Company shall not, in connection with any one such action or separate, substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for the Indemnified Parties, which firm shall be designated in writing by Allen Partners.

The Company agrees that it will not, without the prior written consent of Allen Partners, settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding in respect of which indemnification may be sought hereunder (whether or not Allen Partners or any other Indemnified Party is an actual or potential party to such claim, action or proceeding), unless such settlement, compromise or consent includes an unconditional release of Allen Partners and each other Indemnified Party hereunder from all liability arising out of such claim, action or proceeding.

If Allen Partners or any other Indemnified Party is requested or required to appear as a witness in any action brought by or on behalf of or against the Company in which such party is not named as a defendant, the Company will reimburse Allen Partners for all reasonable expenses incurred in connection with such party's appearing and preparing to appear as such a witness, including, without limitation, the fees and disbursements of its legal counsel.

The provisions of this Annex A shall continue to apply and shall remain in full force and effect regardless of any modification or termination of the engagement or engagement letter of which this Annex A is a part or the completion of Allen Partners' services thereunder.

Exhibit 10.03

August 19, 2008

Dr. John D. Rhodes, III

Dear Dr. Rhodes:

This letter amends and restates the terms of the put right (the "Put Right") granted by you to the Company on May 15, 2008.

Upon each written request by the Company, which request shall first be authorized by the unanimous consent of the Board of Directors of the Company, upon a finding by the Board of Directors that the Company has no other financing options available to it, you agree to purchase shares of Common Stock of the Company, at the purchase price per share and upon the same other terms as the most recent sale of shares of Common Stock of the Company to third party in a transaction intended to raise capital; provided, however, the aggregate purchase price of all shares purchased pursuant to the Put Right shall not exceed $3,000,000.00 (the "Put Amount").

The Put Amount shall decrease by $1.00 for each $1.00 of gross proceeds received by the Company from and after the date hereof from the sale of equity securities.

In consideration of your agreement to the terms hereof, the Company will issue a five-year warrant to purchase 100,000 shares of Common Stock at an exercise price of $1.00 per share as soon as practicable after your execution hereof.

In addition, as set forth in May 15 letter describing the Put Right, you will receive a five-year warrant to purchase shares of Common Stock (the "Warrant") at an exercise price of $1.00 per share. The number of shares subject to the Warrant shall be equal to 33,333 for each month (or portion thereof) that elapses from May 15, 2008 until the full termination of the Put Right. The Company shall issue and deliver the Warrant for all such earned Common Stock on December 31, 2008 or termination of the Put Right.

The Put Right shall immediately terminate upon December 31, 2008 or upon certain events of default, including acceleration of other indebtedness in an amount greater than $25,000, judgments against the Company in net amount greater than $25,000, and insolvency or bankruptcy or similar proceedings. Additionally, this Put Right may be terminated by the mutual consent of the Company and you. After an event of default or other termination of the Put Right, you will have no further obligations to purchase shares of Common Stock under the Put Right.

Finally, in consideration of the value being conferred to the Company by the extension of the Put Right, which will benefit Bruce Widener and Brook Street Enterprises LLC as stockholders of the Company, each of Bruce Widener and Brook Street Enterprises, LLC, agrees that, upon the

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exercise of the Put Right in whole or in part by the Company, you shall have the right to purchase up to 1,285,000 shares of Common Stock from Bruce Widener and up to 370,425 shares of Common Stock from Brook Street Enterprises, LLC for a purchase price of $0.01 per share.

If these terms are acceptable to you, please indicate your consent by signing below.

Sincerely,

/s/ Bruce Widener

Bruce Widener, Chief Executive Officer
Beacon Enterprise Solutions Group, Inc.

/s/ Bruce Widener

Bruce Widener

/s/ Richard Hughes

Richard Hughes, Manager
Brook Street Enterprises, LLC

ACKNOWLEDGED AND AGREED:

/s/ John D. Rhodes III

John D. Rhodes, III

Exhibit 10.04

BEACON ENTERPRISE SOLUTIONS GROUP INC 124 N 1ST STREET LOUISVILLE KY 40202	FIRST SAVINGS BANK, F.S.B. 501 EAST LEWIS & CLARK PARKWAY, CLARK COUNTY CLARKSVILLE, IN 47129	Line of Credit No. Date	0379000032 08-29-2008
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	**LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	Max. Credit Amt. Loan Ref. No.	100,000.00 0379000032

You have extended to me a line of credit in the
AMOUNT of ONE HUNDRED THOUSAND AND N0/100 $100,000.00.

You will make loans to me from time to time until 12:00 A.m. on 09292009. Although the line of credit expires on that date, I will remain obligated to perform all my duties under this agreement so long as I owe you any money advanced according to the terms of this agreement, as evidenced by any note or notes I have signed promising to repay these amounts. This line of credit is an agreement between you and me. It is not intended that any third party receive any benefit from this agreement, whether by direct payment, reliance for future payment or in any other manner. This agreement is not a letter of credit.

1. AMOUNT: This line of credit is:

|X| OBLIGATORY: You may not refuse to make a loan to me under this line of credit unless one of the following occurs:

a. I have borrowed the maximum amount available to me;

b. This line of credit has expired;

c. I have defaulted on the note (or notes) which show my indebtedness under this line of credit;

d. I have violated any term of this line of credit or any note or other agreement entered into in connection with this line of credit;

e. _____
_____
_____.

|_| DISCRETIONARY: You may refuse to make a loan to me under this line of credit once the aggregate outstanding advances equal or exceed _____ $ _____.

Subject to the obligatory or discretionary limitations above, this line of credit is:

|X| OPEN-END (Business or Agricultural only): I may borrow up to the maximum amount of principal more than one time.

|_| CLOSED-END: I may borrow up to the maximum only one time.

2. PROMISSORY NOTE: I will repay any advances made according to this line of credit agreement as set out in the promissory note, I signed on 08-29-2008, or any note(s) I sign at a later time which represent advances under this agreement. The note(s) set(s) out the terms relating to maturity, interest rate, repayment and advances. If indicated on the promissory note, the advances will be made as follows: A SIGNED AUTHORIZATION BY BRUCE W. WIDENER OR ROBERT R. MOHR AND AN AVAILABLE BALANCE.

3. RELATED DOCUMENTS: I have signed the following documents in connection with this line of credit and note(s) entered into in accordance with this line of credit:

|X| security agreement dated 09-29-2008
|_| mortgage dated
|_| guaranty dated

|X| UCC-1 DATED 08-29-2008
|_|
|_|

4. REMEDIES: If I am in default on the note(s) you may:

a. take any action as provided in the related documents;

b. without notice to me, terminate this line of credit.

By selecting any of these remedies you do not give up your right to later use any other remedy. By deciding not to use any remedy should I default, you do not waive your right to later consider the event a default, if it happens again.

5. **COSTS AND FEES:** If you hire an attorney to enforce this agreement I will pay your reasonable attorney's fees, where permitted by law. I will also pay your court costs and costs of collection, where permitted by law.

6. **COVENANTS:** For as long as this line of credit is in effect or I owe you money for advances made in accordance with the line of credit, I will do the following:

a. maintain books and records of my operations relating to the need for this line of credit;

b. permit you or any of your representatives to inspect and/or copy these records;

c. provide to you any documentation requested by you which support the reason for making any advance under this line of credit;

d. permit you to make any advance payable to the seller (or seller and me) of any items being purchased with that advance;

e. _____
_____
_____.

7. **NOTICES:** All notices or other correspondence with me should be sent to my address stated above. The notice or correspondence shall be effective when deposited in the mail, first class, or delivered to me in person.

8. **MISCELLANEOUS:** This line of credit may not be changed except by a written agreement signed by you and me. The law of the state in which you are located will govern this agreement. Any term of this agreement which is contrary to applicable law will not be effective, unless the law permits you and me to agree to such a variation.

FOR THE LENDER

_____

_____

DONALD ALLEN
Title VICE PRESIDENT

_____

SIGNATURES: I AGREE TO THE TERMS OF THIS LINE OF CREDIT. I HAVE RECEIVED A COPY ON TODAY'S DATE.

_____

_____

BRUCE W. WIDENER, CEO/SECRETARY

_____

_____

ROBERT R. MOHR, CHIEF ACCOUNTING OFFICER

_____

GUARANTY

CLARKSVILLE, (City) INDIANA (State)

AUGUST 29 2008

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce FIRST SAVINGS BANK F.S.B. (herein, with its participants, successors and assigns, called "Lender"), at its option, at any time or from time to time to make loans or extend other accommodations to or for the account of BEACON ENTERPRISE SOLUTIONS GROUP INC (herein called "Borrower") or to engage in any other transactions with Borrower, the Undersigned hereby absolutely and unconditionally guarantees to Lender the full and prompt payment when due, whether at maturity or earlier by reason of acceleration or otherwise, of the debts, liabilities and obligations described as follows:

A. If this |_| is checked, the Undersigned guarantees to Lender the payment and performance of the debt, liability or obligation of Borrower to Lender evidenced by or arising out of the following:
_____ and any extensions, renewals or replacements thereof (hereinafter referred to as the "Indebtedness").

B. If this |X| is checked, the Undersigned guarantees to Lender the payment and performance of each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several, or joint and several; all such debts, liabilities and obligations being hereinafter collectively referred to as the "Indebtedness"). Without limitation, this guaranty includes the following described debt(s):
_____

The Undersigned further acknowledges and agrees with Lender that:

1. No act or thing need occur to establish the liability of the Undersigned hereunder, and no act or thing, except full payment and discharge of all indebtedness, shall in any way exonerate the Undersigned or modify, reduce, limit or release the liability of the Undersigned hereunder.

2. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the Undersigned, whether or not all Indebtedness is paid in full, until this guaranty is revoked by written notice actually received by the Lender, and such revocation shall not be effective as to Indebtedness existing or committed for at the time of actual receipt of such notice by the Lender, or as to any renewals, extensions and refinancings thereof. If there be more than one Undersigned, such revocation shall be effective only as to the one so revoking. The death or incompetence of the Undersigned shall not revoke this guaranty, except upon actual receipt of written notice thereof by Lender and then only as to the decedent or the incompetent and only prospectively, as to future transactions, as herein set forth.

3. If the Undersigned shall be dissolved, shall die, or shall be or become insolvent (however defined) or revoke this guaranty, then the Lender shall have the right to declare immediately due and payable, and the Undersigned will forthwith pay to the Lender, the full amount of all Indebtedness, whether due and payable or unmatured. If the Undersigned voluntarily commences or there is commenced involuntarily against the Undersigned a case under the United States Bankruptcy Code, the full amount of all Indebtedness, whether due and payable or unmatured, shall be immediately due and payable without demand or notice thereof.

4. The liability of the Undersigned hereunder shall be limited to a principal amount of $100,000.00 (if unlimited or if no amount is stated, the Undersigned shall be liable for all Indebtedness, without any limitation as to amount), plus accrued interest thereon and all other costs, fees, and expenses agreed to be paid under all agreements evidencing the Indebtedness and securing the payment of the Indebtedness, and all attorneys' fees, collection costs and enforcement expenses referable thereto. Indebtedness may be created and continued in any amount, whether or not in excess of such principal amount, without affecting or impairing the liability of the Undersigned hereunder. The Lender may apply any sums received by or available to Lender on account of the Indebtedness from Borrower or any other person (except the Undersigned), from their properties, out of any collateral security or from any other source to payment of the excess. Such application of receipts shall not reduce, affect or impair the liability of the Undersigned hereunder. If the liability of the Undersigned is limited to a stated amount pursuant to this paragraph 4, any payment made by the Undersigned under this guaranty shall be effective to reduce or discharge such liability only if accompanied by a written transmittal document, received by the Lender, advising the Lender that such payment is made under this guaranty for such purpose.

5. The Undersigned will pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Lender in connection with the protection, defense or enforcement of this guaranty in any litigation or bankruptcy or insolvency proceedings.

This guaranty includes the additional provisions on page 2, all of which are made a part hereof.

This guaranty is |X| unsecured; |_| secured by a mortgage or security agreement dated _____; |_| secured by _____

IN WITNESS WHEREOF, this guaranty has been duly executed by the Undersigned the day and year first above written.

_____

BRUCE W. WIDENER

_____

_____

_____

"Undersigned" shall refer to all persons who sign this guaranty, severally and Jointly.

DEBTOR NAME AND ADDRESS	**SECURED PARTY NAME AND ADDRESS**
BEACON ENTERPRISE SOLUTIONS GROUP INC 124 N 1ST STREET LOUISVILLE KY 40202	FIRST SAVINGS BANK, F.S.B. 501 EAST LEWIS & CLARK PARKWAY, CLARK COUNTY CLARKSVILLE, IN 47129

Type: |_| individual |_| partnership |X| corporation |_| _____

State of organization/registration (if applicable) IN

|_| If checked, refer to addendum for additional Debtors and signatures.

COMMERCIAL SECURITY AGREEMENT

The date of this Commercial Security Agreement (Agreement) is 08-29-2008

SECURED DEBTS. This Agreement will secure all sums advanced by Secured Party under the terms of this Agreement and the payment

and performance of the following described Secured Debts that (check one) |X| Debtor |_| _____ _____ (Borrower) owes to Secured Party:

|_| **Specific Debts.** The following debts and all extensions, renewals, refinancings, modifications, and replacements (describe):

|X| **All Debts.** All present and future debts, even if this Agreement is not referenced, the debts are also secured by other collateral, or the future debt is unrelated to or of a different type than the current debt. Nothing in this Agreement is a commitment to make future loans or advances.

SECURITY INTEREST. To secure the payment and performance of the Secured Debts, Debtor gives Secured Party a security interest in all of the Property described in this Agreement that Debtor owns or has sufficient rights in which to transfer an interest, now or in the future, wherever the Property is or will be located, and all proceeds and products of the Property. "Property" includes all parts, accessories, repairs, replacements, improvements, and accessions to the Property; any original evidence of title or ownership; and all obligations that support the payment or performance of the Property. "Proceeds" includes anything acquired upon the sale, lease, license, exchange, or other disposition of the Property; any rights and claims arising from the Property; and any collections and distributions on account of the Property. This Agreement remains in effect until terminated in writing, even if the Secured Debts are paid and Secured Party is no longer obligated to advance funds to Debtor or Borrower.

PROPERTY DESCRIPTION. The Property is described as follows:

|X| **Accounts and Other Rights to Payment:** All rights to payment, whether or not earned by performance, including, but not limited to, payment for property or services sold, leased, rented, licensed, or assigned. This includes any rights and interests (including all liens) which Debtor may have by law or agreement against any account debtor or obligor of Debtor.

|X| **Inventory:** All inventory held for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in Debtor's business.

|X| **Equipment:** All equipment including, but not limited to, machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and record keeping equipment, parts, and tools. The Property includes any equipment described in a list or schedule Debtor gives to Secured Party, but such a list is not necessary to create a valid security interest in all of Debtor's equipment.

|_| **Instruments and Chattel Paper:** All instruments, including negotiable instruments and promissory notes and any other writings or records that evidence the right to payment of a monetary obligation, and tangible and electronic chattel paper.

|X| **General Intangibles:** All general intangibles including, but not limited to, tax refunds, patents and applications for patents, copyrights, trademarks, trade secrets, goodwill, trade names, customer lists, permits and franchises, payment intangibles, computer programs and all supporting information provided in connection with a transaction relating to computer programs, and the right to use Debtor's name.

|_| **Documents:** All documents of title including, but not limited to, bills of lading, dock warrants and receipts, and warehouse receipts.

|_| **Farm Products and Supplies:** All farm products including, but not limited to, all poultry and livestock and their young, along with their produce, products, and replacements; all crops, annual or perennial, and all products of the crops; and all feed, seed, fertilizer, medicines, and other supplies used or produced in Debtor's farming operations.

|_| **Government Payments and Programs:** All payments, accounts, general intangibles, and benefits including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance and diversion payments, production flexibility contracts, and conservation reserve payments under any preexisting, current, or future federal or state government program.

|_| **Investment Property:** All investment property including, but not limited to, certificated securities, uncertificated securities, securities entitlements, securities accounts, commodity contracts, commodity accounts, and financial assets.

|_| **Deposit Accounts:** All deposit accounts including, but not limited to, demand, time, savings, passbook, and similar accounts.

|_| **Specific Property Description:** The Property includes, but is not limited by, the following (if required, provide real estate description);

USE OF PROPERTY. The Property will be used for |_| personal |X| business |_| agricultural |_|_____ purposes.

SIGNATURES. Debtor agrees to the terms on pages 1 and 2 of this Agreement and acknowledges receipt of a copy of this Agreement.

DEBTOR	**SECURED PARTY**
BEACON ENTERPRISE SOLUTIONS GROUP INC	FIRST SAVINGS BANK, F.S.B.
_____	_____
BRUCE W. WIDENER	DONALD ALLEN

CEO/SECRETARY VICE PRESIDENT

ROBERT R. MOHR
CHIEF ACCOUNTING OFFICER

BEACON ENTERPRISE SOLUTIONS GROUP INC	FIRST SAVINGS BANK, F.S.B.		
124 N 1ST STREET	501 EAST LEWIS & CLARK PARKWAY, CLARK COUNTY	Loan No.	0379000032
LOUISVILLE KY 40202	CLARKSVILLE, IN 47129	Date	08-29-2008
		Maturity Date	09-29-2008
BORROWER'S NAME AND ADDRESS "I" includes each borrower above, jointly and severally.	**LENDER'S NAME AND ADDRESS** "You" means the lender, its successors and assigns.	Loan Amount	$100,000.00
		Renewal Of	_____

For value received, I promise to pay to you, or your order, at your address listed above the **PRINCIPAL** sum of ONE HUNDRED THOUSAND AND NO/100 Dollars $100,000.00

|_| **Single Advance:** I will receive all of this principal sum on _____. No additional advances are contemplated under this note.

|X| **Multiple Advance:** The principal sum shown above is the maximum amount of principal I can borrow under this note. On 08-29-2008 I will receive the amount of $_____ and future principal advances are contemplated.

Conditions: The conditions for future advances are A SIGNED AUTHORIZATION BY BRUCE W. WIDENER OR ROBERT R. MOHR AND AN AVAILABLE BALANCE

|X| **Open End Credit:** You and I agree that I may borrow up to the maximum amount of principal more than one time. This feature is subject to all other conditions and expires on 09292009

|_| **Closed End Credit:** You and I agree that I may borrow up to the maximum only one time (and subject to all other conditions).

INTEREST: I agree to pay interest on the outstanding principal balance from 08-29-2008 at the rate of 5.000% per year until 08-30-2008

|X| **Variable Rate:** This rate may then change as stated below.

|_| **Index Rate:** The future rate will be EQUAL TO the following index rate: THE BASE RATE ON CORPORATE LOANS POSTED BY AT LEAST 75% OF THE 30 LARGEST U.S. BANKS KNOWN AS THE WALL STREET JOURNAL U.S. PRIME RATE.

|_| **No Index:** The future rate will not be subject to any internal or external index. It will be entirely in your control.

|X| **Frequency and Timing:** The rate on this note may change as often as EVERY DAY BEGINNING 08-30-2008

A change in the interest rate will take effect ON THE FOLLOWING DAY

|X| **Limitations:** During the term of this loan, the applicable annual interest rate will not be more than 21.000%, or less than 5.000%. The rate may not change more than _____% each _____.

Effect of Variable Rate: A change in the interest rate will have the following effect on the payments:

|_| The amount of each scheduled payment will change. |X| The amount of the final payment will change.

|_|

ACCRUAL METHOD: Interest will be calculated on a ACTUAL/365 basis.

POST MATURITY RATE: I agree to pay interest on the unpaid balance of this note owing after maturity, and until paid in full, as stated below:

|X| on the same fixed or variable rate basis in effect before maturity (as indicated above).

|_| at a rate equal to _____

|X| **LATE CHARGE:** If a payment is made more than 10 days after it is due, I agree to pay a late charge of 5.000% OF THE PAYMENT AMOUNT WITH A MIN OF $17.50.

|_| **ADDITIONAL CHARGES:** In addition to interest, I agree to pay the following charges which |_| are |_| are not included in the principal amount above: _____

PAYMENTS: I agree to pay this note as follows: INTEREST ON THE AMOUNT OF CREDIT OUTSTANDING DUE AT MATURITY AND PRINCIPAL DUE ON 09-29-2008.

|_| **Unpaid Interest:** Any accrued interest not paid when due (whether due by reason of a schedule of payments or due because of Lender's demand) will become part of the principal thereafter, and will bear interest at the interest rate in effect from time to time as provided for in this agreement.

ADDITIONAL TERMS: LENDER MAY IMPOSE A NON-SUFFICIENT FUNDS FEE FOR ANY CHECK THAT IS PRESENTED FOR PAYMENT THAT IS RETURNED FOR ANY REASON. SUCH FEE SHALL BE IN THE AMOUNT OF $20.00

|X| **SECURITY:** This note is separately secured by (describe separate document by type and date): UCC DATED 08-29-2008

(This section is for your internal use. Failure to list a separate security document does not mean the agreement will not secure this note.)

PURPOSE: The purpose of this loan is CASH FLOW.

SIGNATURES: I AGREE TO THE TEAMS OF THIS NOTE (INCLUDING THOSE ON PAGE 2). I have received a copy on today's date.

BEACON ENTERPRISE SOLUTIONS GROUP INC

Signature for Lender

BRUCE W. WIDENER, CEO/SECRETARY

ROBERT R. MOHR, CHIEF ACCOUNTING OFFICER

DONALD ALLEN, VICE PRESIDENT

UNIVERSAL NOTE

Exhibit 14.01

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

(formerly Suncrest Global Energy Corp.)

Code of Ethics

(Adopted as of March 26, 2008)

It is the policy of Beacon Enterprise Solutions Group, Inc., its subsidiaries and affiliates (collectively, the "Company") to conduct all business transactions in accordance with the highest ethical standards. The Company conducts its business affairs with honesty, integrity and in compliance with governmental rules and regulations including, but not limited to, the rules and regulations of the Securities and Exchange Commission ("SEC"), the Nasdaq National Market, Inc. ("NASDAQ"), the Federal Trade Commission ("FTC") and the U.S. Department of Labor.

This Code of Ethics (the "Code") sets forth the ethical standards that the Company's directors, officers (including the Company's "senior financial officers," as such term is defined in Section 406 of the Sarbanes-Oxley Act of 2002 and any rules and regulations of the SEC, or persons performing similar functions ("Senior Financial Officers")) and employees are expected to abide by when acting on behalf of the Company. The Code serves, among other things, to (i) focus the Board of Directors of the Company (the "Board") and management on areas of ethical risk, (ii) provide guidance to all employees to assist them in recognizing and handling ethical issues, (iii) present mechanisms for reporting unethical conduct and (iv) foster a culture of honesty and accountability.

The Code is intended to comply with the requirements of NASDAQ, Section 406 of the Sarbanes-Oxley Act of 2002 and any rules and regulations of the SEC.

Violations

Violations of the Code may subject the violator to disciplinary action, including where appropriate, termination of employment.

The Audit Committee of the Board shall report significant violations to the full Board and recommend appropriate action. Any claim that a director has violated the Code will be reviewed by the full Board.

Employees, Directors and Officers

All employees, directors and officers of the Company are expected to perform their duties in compliance with the Code and conduct themselves honestly and ethically at all times. All employees, directors and officers shall be treated, and are expected to treat others, with fairness, respect and dignity. The Company offers equal opportunities for employment to all individuals and does not tolerate intimidation, harassment or discrimination based on race, sex, age, color, religion, national origin, ancestry, veteran's status or disability.

Compliance with Laws and Regulations

All employees, directors and officers of the Company shall conduct their business affairs on behalf of the Company in accordance with all applicable laws, rules and regulations.

Confidential Information

All employees, directors and officers of the Company must respect and maintain the confidentiality of information entrusted to them by the Company or its customers, suppliers, vendors or other business partners, except when disclosure is authorized or legally mandated.

Insider Trading

All employees, directors and officers of the Company shall comply with all applicable "insider trading" laws, rules and regulations that restrict securities trading by persons with access to material nonpublic information.

Conflict of Interest

Personal interests of employees, directors and officers of the Company shall not interfere with, or appear to interfere with, the interests of the Company. Employees, directors and officers of the Company shall avoid situations in which their actions or interests make it difficult to perform their duties on behalf of the Company in an objective and effective manner. Employees, directors and officers of the Company may not compete with the Company or disadvantage the Company by taking for personal gain corporate opportunities or engage in any action that creates actual or apparent conflicts of interest with the Company. Any employee involved in a transaction with the Company or that has an interest or a relationship that reasonably could be expected to give rise to a conflict of interest must report the matter promptly to the employee's manager. Any officer or director involved in a transaction with the Company or that has an interest or a relationship that reasonably could be expected to give rise to a conflict of interest must report the matter promptly to the Audit Committee.

Gifts and Gratuities

The exchange of gifts, entertainment and other gratuities is a common practice in business interactions. It is the Company's policy to generally prohibit the acceptance, offer or exchanges of such gifts, entertainment and other gratuities that are not a reasonable part of a business interaction. Hospitality may, however, be exercised with discretion and in a manner that will not jeopardize the integrity of any party involved.

Competitive Practices

It is the Company's policy to compete vigorously but fairly in its business transactions, and in compliance with all applicable antitrust and competition laws.

Financial Integrity

The Company is committed to recording all business transactions accurately and truthfully in accordance with generally accepted accounting principles. The Company maintains appropriate internal controls to prevent, and detect, fraud, and to ensure that the Company's accounting and financial records and supporting data describes transactions without omission, concealment or falsification.

Disclosure

The Company shall make full, fair, accurate, timely and understandable disclosure (including financial disclosure) in all reports and documents that it is required to file with the SEC and in other public communications.

All individuals (including Senior Financial Officers) involved in the preparation, review and filing of financial reports and other information for public disclosure regarding the Company must comply with the laws, rules and regulations regarding such activities. All individuals who provide information as a part of this process must comply with the Company's disclosure controls and procedures.

Protection of Assets

All employees, officers and directors of the Company shall protect the Company's assets and ensure their efficient use. The Company's assets should be used only for legitimate business purposes.

Duty to Seek Guidance and Report

Any individual who has questions regarding compliance with the Code or legal requirements should seek guidance from management.

Any employee, director and officer of the Company who observes any conduct or business practice that may violate the Code or legal requirements has an obligation to report the matter promptly to the attention of management or to the Chairman of the Audit Committee.

Any individual who wishes to make such a report may, at their discretion, bring the matter to the attention of the individuals listed in Attachment A. Reports will be held in confidence to the extent practical based on the specific facts and circumstances of the report. Any individual who makes a report may choose to make such report anonymously. If an individual making a report believes that the matter is not being properly addressed, such individual has an obligation to bring the matter to the attention of a higher level of management or to make a supplemental report directly to the Chairman of the Audit Committee.

Officers and directors shall promptly report significant violations of the Code or legal requirements to the Audit Committee.

It is the Company's policy that there will be no retaliation for reporting violations of the Code where such reports are made in good faith.

Waivers

Requests for waiver of any provision of the Code may be granted by an executive officer of the Company. Only the Board or a committee designated by the Board may grant any waiver involving an officer (including any Senior Financial Officer) or director of the Company, and such waivers shall be disclosed to the Company's shareholders. Generally, waivers will not be granted, except in cases where good cause is demonstrated.

Conclusion

The Company is committed to maintaining the highest ethical standard in all business related endeavors and expects and requires an equal commitment from each of its employees, directors and officers.

ATTACHMENT A

Possible violations of the Beacon Enterprise Solutions Group, Inc. Code of Ethics may be reported to any of the following individuals:

Name	Mailing and Street Addresses	Telephone and Fax	Email Address
Paige Reh Beacon Solutions Human Resources Generalist	Beacon Enterprise Solutions Group, Inc. 1961 Bishop Lane Louisville, KY 40218	**Telephone:** (502) 657-3506 **Fax:** (502) 657-6606	paige.reh@ askbeacon.com

Bruce Widener Beacon Solutions Chairman of the Board of Directors and Chief Executive Officer	Beacon Enterprise Solutions Group, Inc. 1961 Bishop Lane Louisville, KY 40218	**Telephone:** (502) 657-3501 **Fax:** (502) 657-6601	bruce.widener@ askbeacon.com
Robert Mohr Beacon Solutions Chief Accounting Officer	Beacon Enterprise Solutions Group, Inc. 1961 Bishop Lane Louisville, KY 40218	**Telephone:** (502) 657-3503 **Fax:** (502) 357-6603	Robert.mohr@ askbeacon.com

Exhibit 21.01

Subsidiaries of Registrant.

Beacon Enterprise Solutions Group, Inc., Indiana corporation, registered to do business in Kentucky.

BH Acquisition Sub, Inc., Nevada corporation, registered to do business in Ohio. BH Acquisition Sub, Inc. is a subsidiary of Beacon Enterprise Solutions Group, Inc., Indiana corporation.

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bruce Widener, certify that:

1. I have reviewed this annual report on Form 10-K of Beacon Enterprise Solutions Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and,

    d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 13, 2009

Signed: /s/ Bruce Widener

Bruce Widener
Chief Executive Officer and Chairman of the Board

Exhibit 31.2

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Mohr, certify that:

1. I have reviewed this annual report on Form 10-K of Beacon Enterprise Solutions Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and,

   d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

   a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: January 13, 2009

Signed: /s/ Robert Mohr

Robert Mohr
Chief Accounting Officer and Principal Financial Officer

Exhibit 32.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Beacon Enterprise Solutions Group, Inc. (the "Company") on Form 10-K for the twelve months ended September 30, 2008 as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), the undersigned Chief Executive Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his individual knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 13, 2009

Signed: /s/ Bruce Widener

Bruce Widener
Chief Executive Officer and Chairman of the Board

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in said filing.

Exhibit 32.2

CERTIFICATIONS OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Beacon Enterprise Solutions Group, Inc. (the "Company") on Form 10-K for the twelve months ended September 30, 2008 as filed with the Securities and Exchange Commission on the date therein specified (the "Report"), the undersigned Principal Financial Officer of the Company, certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of his individual knowledge and belief:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: January 13, 2009

Signed: /s/ Robert Mohr

Robert Mohr
Chief Accounting Officer and Principal Financial Officer

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in said filing.