
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): February 26, 2010

**BEACON ENTERPRISE SOLUTIONS GROUP,
INC.**

(Exact name of registrant as specified in Charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

000-31355
(Commission File No.)

81-0438093
(IRS Employee Identification
No.)

**1311 Herr Lane, Suite 205
Louisville, KY 40222**
(Address of Principal Executive Offices)

502-657-3500
(Issuer Telephone number)
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

On February 26, 2010, Beacon Enterprise Solutions Group, Inc. (“Beacon”) entered into a promissory note with a private company as more fully described in Item 2.03 of this Current Report on Form 8-K, incorporated here by reference.

Item 2.03 Creation of a direct financial obligation

On February 26, 2010, Beacon Enterprise Solutions Group, Inc. received \$500,000 in loan proceeds from Gelt Funding, LLC and issued a related short-term, non-interest bearing promissory note (the “Note”). The Note is secured but subordinate to all existing senior debt outstanding. Terms of the Note include a principal payment of \$250,000 on March 31, 2010 with the balance of \$250,000, in addition to a \$10,000 origination fee, to be paid on April 30, 2010. In the event of default, an interest rate of 10% per annum will be applied to all past due amounts. No commissions or other fees were paid in relation to the transaction. The proceeds will be used for working capital purposes.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
2.03a	Non-Interest-Bearing Promissory Note dated February 26, 2010.
2.03b	Subordinated Security Agreement dated February 26, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

**BEACON ENTERPRISE SOLUTIONS GROUP,
INC.**

Date: March 2, 2010

By: /s/ Michael Grendi
Michael Grendi,
Principal Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
2.03a	Non-Interest-Bearing Promissory Note dated February 26, 2010.
2.03b	Subordinated Security Agreement dated February 26, 2010.

PROMISSORY NOTE
[Non-Interest-Bearing]

\$500,000.00

Louisville, Kentucky

February 26, 2010

FOR VALUE RECEIVED, the undersigned, Beacon Enterprise Solutions Group, Inc., a Nevada corporation ("Maker"), hereby and unconditionally promises to pay to the order of Gelt Funding, LLC, a Delaware limited liability company ("Payee"), at 2255 Glades Road, Suite 324A, Boca Raton, Florida 33431, or such other address given to Maker by Payee, the principal sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00), or so much thereof as may be advanced prior to maturity, in lawful money of the United States of America. This Promissory Note (this "Note") shall be non-interest bearing.

Section 1. Definition. When used in this Note, the following terms shall have the respective meanings specified herein or in the section referred to:

"Business Day" shall mean a day upon which business is transacted by national banks in Boca Raton, Florida.

"Collateral Documents" shall mean the Security Agreement or any other collateral security document or instruments executed in connection herewith and securing the payment and performance of this Note.

"Event of Default" shall have the meaning ascribed to it in *Section 5* hereof.

"Maximum Rate" shall mean, with respect to the holder hereof, the maximum non-usurious rate of interest which, under all legal requirements, such holder is permitted to contract for, charge, take, reserve, or receive on this Note.

"Obligation" shall mean all indebtedness, liabilities and obligations, of every kind and character, of Maker, now or hereafter existing in favor of Payee, regardless of whether they are direct, indirect, primary, secondary, joint, several, joint and several, liquidated, unliquidated, fixed or contingent, and regardless of whether the same may, prior to their acquisition by Payee, be or have been payable to some other person or entity, including, but not limited to, all indebtedness, liabilities and obligations arising under this Note and under the Collateral Documents.

"Security Agreement" shall mean, that certain Subordinated Security Agreement dated as of the date hereof executed by Maker in favor of Payee to secure payment and performance of this Note.

Section 2. Payment. The principal of this Note shall be due and payable as follows: (i) in one monthly installment in the amount of Two Hundred Fifty Thousand and No/100ths dollars (\$250,000.00) on March 31, 2010, and (ii) in one final installment, on April 30, 2010, in the amount of the unpaid principal balance of this Note as of such date.

Should the principal of, or any installment of the principal of or interest upon, this Note become due and payable on any day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day, and interest shall be payable with respect to such extension. All payments of principal of and interest on this Note shall be made by Maker to Payee in federal or other immediately available funds. Payments made to Payee by Maker hereunder shall be applied first to accrued interest and then to principal.

All past due principal of and, to the extent permitted by applicable law, interest upon this Note shall bear interest at the Maximum Rate, or if no Maximum Rate is established by applicable law, then at the rate per annum which shall from day-to-day be equal to ten percent (10%).

Section 3. Waiver. Maker and each surety, endorser, guarantor and other party ever liable for payment of any sums of money payable upon this Note, jointly and severally waive presentment, demand, protest, notice of protest and non-payment or other notice of default, notice of acceleration and intention to accelerate or other notice of any kind, and agree that their liability under this Note shall not be affected by any renewal or extension in the time of payment hereof, or in any indulgences, or by any release or change in any security for the payment of this Note, and hereby consent to any and all renewals, extensions, indulgences, releases or changes, regardless of the number of such renewals, extensions, indulgences, releases or changes.

No waiver by Payee of any of its rights or remedies hereunder or under any other document evidencing or securing this Note or otherwise, shall be considered a waiver of any other subsequent right or remedy of Payee; no delay or omission in the exercise or enforcement by Payee of any rights or remedies shall ever be construed as a waiver of any right or remedy of Payee; and no exercise or enforcement of any such rights or remedies shall ever be held to exhaust any right or remedy of Payee.

Section 4. Security. This Note is secured by, among other collateral, the Security Agreement and is entitled to the benefit of the liens and security interests created therein.

Section 5. Events of Default and Remedies. An "Event of Default" shall exist hereunder if any one or more of the following events shall occur and be continuing: (a) Maker shall fail to pay when due any principal of, or interest upon, this Note or the Obligation; (b) any representation or warranty made by Maker to Payee herein or in any of the Collateral Documents shall prove to be untrue or inaccurate in any material respect; (c) default shall occur in the performance of any of the covenants or agreements of Maker contained herein, in the Collateral Documents or in any other document executed or delivered to Payee in connection herewith; (d) default shall occur in the payment of any material indebtedness of Maker, or any such indebtedness shall become due before its stated maturity by acceleration of the maturity thereof or otherwise or shall become due by its terms and shall not be promptly paid or extended; (e) any of the Collateral Documents shall cease to be legal, valid, binding agreements enforceable against any party executing the same in accordance with the respective terms thereof or shall in any way be terminated or become or be declared ineffective or inoperative or shall in any way whatsoever cease to give or provide the respective liens, security interests, rights, titles, interests, remedies, powers or privileges intended to be created thereby; (f) Maker shall (1) apply for or consent to the appointment of a receiver, trustee, intervenor, custodian or liquidator of itself or of all or a substantial part of its assets, (2) be adjudicated a bankrupt or insolvent or file a voluntary petition for bankruptcy or admit in writing that it is unable to pay its debts as they become due, (3) make a general assignment for the benefit of creditors, (4) file a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy or insolvency laws, or (5) file an answer admitting the material allegations of, or consent to, or default in answering, a petition filed against it in any bankruptcy, reorganization or insolvency proceeding, or take corporate action for the purpose of effecting any of the foregoing; or (g) an order, judgment or decree shall be entered by any court of competent jurisdiction or other competent authority approving a petition seeking reorganization of Maker or appointing a receiver, trustee, intervenor or liquidator of any such person, or of all or substantially all of its or their assets, and such order, judgment or decree shall continue unstayed and in effect for a period of sixty (60) days.

If Maker fails or refuses to pay any part of the principal of or interest upon this Note or the Obligation as the same become due, or upon the occurrence of any Event of Default hereunder or under any other agreement or instrument securing or assuring the payment of this Note or executed in connection

herewith, including without limitation the Collateral Documents, then in any such event the holder hereof may, at its option, (i) declare the entire unpaid balance of principal of and accrued interest upon the Obligation to be immediately due and payable without presentment or notice of any kind which Maker waives pursuant to Section 3 herein, (ii) reduce any claim to judgment; and/or (iii) pursue and enforce any of Payee's rights and remedies available pursuant to any applicable law or agreement including, without limitation, foreclosing all liens and security interests securing payment thereof or any part thereof; provided, however, in the case of any Event of Default specified in Paragraph (f) or (g) above with respect to Maker, without any notice to Maker or any other act by Payee, the principal of and interest accrued on this Note shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Maker.

If Payee makes an advance hereunder at any time that an Event of Default has occurred hereunder and is continuing (which Payee is in no event obligated to do), such act shall not be deemed to be a waiver of Payee's right to require the satisfaction of all conditions set forth herein, prior to Payee's being obligated to make any further advance hereunder. If Payee does so make an advance or advances hereunder, any failure thereafter by Maker to promptly comply with all requirements set forth herein upon demand by Payee to so do shall constitute a default under this Note.

Section 6. Notice. Whenever this Note requires or permits any notice, approval, request or demand from one party to another, the notice, approval, request or demand must be in writing and shall be deemed to have been given when personally served or when deposited in the United States mails, certified, return receipt requested, addressed to the party to be notified at the following address (or at such other address as may have been designated by written notice):

Payee: Gelt Funding, LLC
2255 Glades Road, Suite 324A
Boca Raton, Florida 33431

Maker: Beacon Enterprise Solutions Group, Inc.
1311 Herr Lane, Suite 205
Louisville, Kentucky 40218

Section 7. Voluntary Prepayment. Maker reserves the right to prepay the outstanding principal balance of this Note, in whole or in part, at any time and from time to time, without premium or penalty. Any such prepayment shall be made together with payment of interest accrued on the amount of principal being prepaid through the date of such prepayment, and shall be applied to the installments of principal due hereunder in the inverse order of maturity.

Section 8. Usury Laws. Regardless of any provisions contained in this Note, the Payee shall never be deemed to have contracted for or be entitled to receive, collect or apply as interest on the Note, any amount in excess of the highest lawful rate, and, in the event Payee ever receives, collects or applies as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of this Note, and, if the principal balance of this Note is paid in full, any remaining excess shall forthwith be paid to Maker. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, Maker and Payee shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment (other than payments which are expressly designated as interest payments hereunder) as an expense, fee, or premium, rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of this Note so that the interest rate is uniform throughout such term.

Section 9. Costs. If this Note is placed in the hands of an attorney for collection, or if it is collected through any legal proceeding at law or in equity, or in bankruptcy, receivership or other court proceedings, Maker agrees to pay all costs of collection, including, but not limited to, court costs and reasonable attorneys' fees, including all costs of appeal.

Section 10. Origination Fee. In addition to the other payments due hereunder, Maker covenants and agrees to pay to Payee on April 30, 2010, a loan origination fee in the amount of \$10,000.00.

Section 11. Applicable Law. This Note is being executed and delivered, and is intended to be performed in the State of Kentucky. Except to the extent that the laws of the United States may apply to the terms hereof, the substantive laws of the State of Kentucky shall govern the validity, construction, enforcement and interpretation of this Note. In the event of a dispute involving this Note or any other instruments executed in connection herewith, the undersigned irrevocably agrees that venue for such dispute shall lie in any court of competent jurisdiction in Palm Beach County, Florida.

Section 12. Notice of Final Agreement. THIS NOTE, TOGETHER WITH THE COLLATERAL DOCUMENTS, REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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Beacon Enterprise Solutions Group, Inc.

By: /s/ Bruce Widener

Printed Name: Bruce Widener

Title: Chairman and Chief Executive Officer

Signature Page

SUBORDINATED SECURITY AGREEMENT
(this "Security Agreement")

Dated as of February 26, 2010

1. THE SUBORDINATED ASSIGNMENT. The undersigned Beacon Enterprise Solutions Group, Inc., a Nevada corporation (the "**Debtor**"), hereby grants a security interest in, and assigns and transfers to Gelt Funding, LLC, a Delaware limited liability company (the "**Secured Party**") the following described property now owned or hereafter acquired by the Debtor (collectively, the "**Collateral**"):
- (a) All accounts, contract rights, chattel paper, instruments, payment intangibles and general intangibles;
 - (b) All inventory, including all materials, work in process and finished goods.
 - (c) All machinery, furniture, fixtures and other equipment of every type now owned or hereafter acquired by the Debtor,
 - (d) All instruments, notes, chattel paper, documents, certificates of deposit, securities and investment property of every type. The Collateral shall include all liens, security agreements, leases and other contracts securing or otherwise relating to the foregoing.
 - (e) All negotiable and nonnegotiable documents of title covering any Collateral.
 - (f) All accessions, attachments and other additions to the Collateral, and all tools, parts and equipment used in connection with the Collateral.
 - (g) All substitutes or replacements for any Collateral, all cash or non-cash proceeds, product, rents and profits of any Collateral, all income, benefits and property receivable on account of the Collateral, all rights under warranties and insurance contracts, letters of credit, guaranties or other supporting obligations covering the Collateral, and any causes of action relating to the Collateral.
 - (h) All books and records pertaining to any Collateral, including but not limited to any computer-readable memory and any computer hardware or software necessary to process such memory ("**Books and Records**")

The foregoing security interest, assignment and transfer of the Collateral by the Debtor to the Secured Party is inferior and subordinate to perfected security interests, assignments and transfers which have been granted by the Debtor in the Collateral to secure payment of "**Senior Debt**" (hereafter defined) in existence on the date hereof. "**Senior Debt**" means (a) all obligations for borrowed money; and (b) all obligations evidenced by bonds, debentures, notes, or similar instruments. The Senior Debt shall exclude, and not include, the "**Gelt Note**" (hereafter defined).

2. THE INDEBTEDNESS. This security interest, assignment and transfer of the Collateral is made for the purpose of securing payment and performance of all "**Indebtedness**" (hereafter defined) of Debtor to Secured Party. "**Indebtedness**" means all loans and advances made by Secured Party to Debtor and all other obligations and liabilities of Debtor to Secured Party, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by Secured Party by assignment or otherwise. The Indebtedness includes — but is not limited to — the obligations of Debtor to the Secured Party under the Promissory Note (the "**Gelt Note**") dated as of February 25, 2010, in the original principal amount of \$500,000.00, executed by Debtor payable to the order of Secured Party, including any amendments, renewals, extensions, restatements or replacements thereof.

3. DEBTOR'S COVENANTS. The Debtor represents, covenants and warrants that unless compliance is waived by the Secured Party in writing:

(a) The Debtor will properly preserve the Collateral; defend the Collateral against any adverse claims and demands; and keep accurate Books and Records.

(b) The Debtor's chief executive office, and mailing address is specified on the signature page hereof. In addition, the Debtor is incorporated in the state specified on such signature page. The Debtor shall give the Secured Party at least thirty (30) days notice before changing its residence or its chief executive office or state of incorporation or organization. The Debtor will notify the Secured Party in writing prior to any change in the location of any Collateral, including the Books and Records.

(c) The Debtor will notify the Secured Party in writing prior to any change in the Debtor's name, identity or business structure.

(d) Excluding perfected liens and security interests granted by the Debtor in the Collateral to secure Senior Debt, the Debtor has not granted and will not grant any security interest in any of the Collateral except to the Secured Party, and will keep the Collateral free of all liens, claims, security interests and encumbrances of any kind or nature except such security interests to secure Senior Debt and the Secured Party.

(e) The Debtor will promptly notify the Secured Party in writing of any event which affects the value of the Collateral, the ability of the Debtor or the Secured Party to dispose of the Collateral, or the rights and remedies of the Secured Party in relation thereto, including, but not limited to, the levy of any legal process against any Collateral and the adoption of any marketing order, arrangement or procedure affecting the Collateral, whether governmental or otherwise.

(f) The Debtor shall pay all costs necessary to preserve, defend, enforce and collect the Collateral, including but not limited to expenses of sales, and any costs to perfect the Secured Party's security interest (collectively, the "**Collateral Costs**"). Without waiving the Debtor's default for failure to make any such payment, the Secured Party at its option may pay any such Collateral Costs, and discharge encumbrances on the Collateral, and such Collateral Costs payments shall be a part of the Indebtedness and bear interest at the rate set out in the Indebtedness. The Debtor agrees to reimburse the Secured Party on demand for any Collateral Costs so incurred.

(g) Until the Secured Party exercises its rights to make collection, the Debtor will diligently collect all Collateral.

(h) The Debtor will not sell, agree to sell or otherwise dispose of any Collateral except with the prior written consent of the Secured Party; provided, however, prior to the occurrence of a "**Default**" (hereafter defined), Debtor may, without the prior written consent of the Secured Party, sell or dispose of: (i) inventory in the ordinary course of Debtor's business; (ii) sales or other dispositions of equipment in the ordinary course of business that are obsolete or no longer useable provided that Debtor replaces such equipment sold; and (iii) other dispositions of assets which individually and in the aggregate are immaterial to the Debtor's ongoing business operations and financial condition.

4. ADDITIONAL OPTIONAL REQUIREMENTS. The Debtor agrees that the Secured Party may at its option at any time, whether or not a Default (hereafter defined) has occurred:

(a) Require the Debtor to deliver to the Secured Party (i) copies of or extracts from the Books and Records, and (ii) information on any contracts or other matters affecting the Collateral.

(b) Examine the Collateral, including the Books and Records, and make copies of or extracts from the Books and Records, and for such purposes enter at any reasonable time upon the property where any Collateral or any Books and Records are located.

(c) Notify any account debtors, any buyers of the Collateral, or any other persons of the Secured Party's interest in the Collateral.

Debtor hereby constitutes and appoints Secured Party its true, lawful and irrevocable attorney to demand, receive and enforce payments and to give receipts, releases, satisfactions for and to sue for all moneys payable to the Debtor and this may be done either in the name of the Debtor or in the name of Secured Party with the same force and effect as the Debtor could do if this Security Agreement had not been made. Any and all moneys or payments which may be received by the Debtor to which Secured Party is entitled under and by reason of this Security Agreement will be received by Debtor as trustee for the Secured Party, and will be immediately delivered in kind to Secured Party without commingling. Debtor hereby represents and warrants to Secured Party that the accounts or contract rights above assigned have not heretofore been alienated or assigned.

5. DEFAULTS. Anyone or more of the following shall be a default hereunder (individually, a "**Default**", collectively, referred to herein as the "**Defaults**"):

(a) The occurrence of any "**Event of Default**" under the terms of the Gelt Note.

(b) The Debtor breaches any term, provision, warranty or representation under this Security Agreement, or under any other obligation of the Debtor to the Secured Party, and such breach remains uncured after any applicable cure period.

(c) Any involuntary lien of any kind or character attaches to any Collateral, except for liens for taxes not yet due.

6. SECURED PARTY'S REMEDIES AFTER DEFAULT. Upon the occurrence of any of the Defaults, Secured Party may do anyone or more of the following, to the extent permitted by law:

(a) Declare any Indebtedness immediately due and payable, without notice or demand.

(b) Enforce the security interest given hereunder pursuant to the Uniform Commercial Code and any other applicable law.

(c) Require the Debtor to segregate all collections and proceeds of the Collateral so that they are capable of identification and deliver daily such collections and proceeds to the Secured Party in kind.

(d) Require the Debtor to direct all account debtors to forward all payments and proceeds of the Collateral to a post office box under the Secured Party's exclusive control.

(e) Require the Debtor to assemble the Collateral, including the Books and Records, and make them available to the Secured Party at a place designated by the Secured Party.

(f) Enter upon the property where any Collateral, including any Books and Records, are located and take possession of such Collateral and such Books and Records, and use such property (including any buildings and facilities) and any of the Debtor's equipment, if the Secured Party deems such use necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.

(g) Demand and collect any payments on and proceeds of the Collateral. In connection therewith the Debtor irrevocably authorizes the Secured Party to endorse or sign the Debtor's name on all checks, drafts, collections, receipts and other documents, and to take possession of and open the mail addressed to the Debtor and remove therefrom any payments and proceeds of the Collateral.

(h) Grant extensions and compromise or settle claims with respect to the Collateral for less than face value, all without prior notice to the Debtor.

(i) Have a receiver appointed by any court of competent jurisdiction to take possession of the Collateral. The Debtor hereby consents to the appointment of such a receiver and agrees not to oppose any such appointment.

(j) Take such measures as the Secured Party may deem necessary or advisable to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, and the Debtor hereby irrevocably constitutes and appoints the Secured Party as the Debtor's attorney-in-fact to perform all acts and execute all documents in connection therewith.

(k) Without notice or demand to the Debtor, set off and apply against any and all of the Indebtedness any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness, at any time held or owing by the Secured Party or any of the Secured Party's agents or affiliates to or for the credit of the account of the Debtor or any guarantor or endorser of the Debtor's Indebtedness.

(l) Exercise any other remedies available to the Secured Party at law or in equity.

7. MISCELLANEOUS.

(a) Any waiver, express or implied, of any provision hereunder and any delay or failure by the Secured Party to enforce any provision shall not preclude the Secured Party from enforcing any such provision thereafter.

(b) The Debtor shall, at the request of the Secured Party, execute such other agreements, documents, instruments, or financing statements in connection with this Security Agreement as the Secured Party may reasonably deem necessary to reflect the agreements intended to be reflected herein and therein.

(c) All notes, security agreements, subordination agreements and other documents executed by the Debtor or furnished to the Secured Party in connection with this Security Agreement must be in form and substance satisfactory to the Secured Party.

(d) This Security Agreement shall be governed by and construed in accordance with the laws of the State of Kentucky. In the event of a dispute involving this Security Agreement or any other instruments executed in connection herewith, the undersigned irrevocably agrees that venue for such dispute shall lie in any court of competent jurisdiction in Palm Beach County, Florida.

(e) All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(f) All terms not defined herein are used as set forth in the Uniform Commercial Code.

(g) In the event of any action by the Secured Party to enforce this Security Agreement or to protect the security interest of the Secured Party in the Collateral, or to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, the Debtor agrees to pay immediately the costs and expenses thereof, together with reasonable attorneys' fees and allocated costs for in-house legal services to the extent permitted by law.

(h) In the event the Secured Party seeks to take possession of any or all of the Collateral by judicial process, the Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

(i) This Security Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Security Agreement, and if all transactions between the Secured Party and the Debtor shall be closed at any time, shall be equally applicable to any new transactions thereafter.

(j) The Secured Party's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by the Secured Party of any of the Indebtedness or the Collateral, the Secured Party thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but the Secured Party shall retain all rights and powers hereby given with respect to any of the Indebtedness or the Collateral not so assigned or transferred. All representations, warranties and agreements of the Debtor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of the Debtor.

(k) This Security Agreement shall remain in full force and effect until its release and termination in writing by the Secured Party. Notice of this Agreement may be given at the option of the Secured Party.

8. Notice of Final Agreement. THIS SECURITY AGREEMENT, THE GELT NOTE AND THE LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

[Remainder of Page Intentionally Blank; Signature Page Follows]

SECURED PARTY:

Gelt Funding, LLC

By: _____
Printed Name:
Title:

DEBTOR:

Beacon Enterprise Solutions Group, Inc.

By: /s/ Bruce Widener
Printed Name: Bruce Widener
Title: Chairman and Chief Executive Officer.

Debtor's chief executive office
and mailing address:

1311 Herr Lane, Suite 205
Louisville, KY 40218

Debtor's state of incorporation: Nevada

Signatures