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

FORM 10-Q

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

For the quarterly period ended March 31, 2011.

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

For the transition period from ______________ to _________________

Commission File No. 000-31355

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

(Name of registrant in its charter)

Nevada	81-0438093
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

9300 Shelbyville Road, Suite 1020, Louisville, KY 40222
(Address of principal executive offices)

502-657-3500
(Issuer's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☑

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☑

Indicate by check mark 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 ☐ (Do not check if a smaller reporting company) Smaller reporting company ☑

As of May 12, 2011, Beacon Enterprise Solutions Group, Inc. had a total of 37,376,396 shares of common stock issued and outstanding.

Beacon Enterprise Solutions Group, Inc.
FORM 10-Q
For the fiscal three months ended March 31, 2011

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Beacon Enterprise Solutions Group, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(all amounts in 000's except share data)

	March 31, 2011 (unaudited)	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 646	$ 246
Accounts receivable, net	3,745	4,535
Inventory, net	512	557
Prepaid expenses and other current assets	958	357
Current assets of discontinued operations	-	133
Total current assets	5,861	5,828
Property and equipment, net	389	420
Goodwill	2,792	2,792
Other intangible assets, net	2,882	3,011
Other assets	28	20
Total assets	$ 11,952	$ 12,071
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities:		
Bridge note - related party	$ 100	$ 100
Current portion of long-term debt	239	379
Senior Secured Notes Payable, net of unamortized deferred debt discount of $143	2,857	-
Accounts payable	2,401	2,971
Accrued expenses and other current liabilities	2,145	880
Current liabilities of discontinued operations	-	8,558
Total current liabilities	7,742	12,888
Non-current Line of Credit - related party	-	630
Long-term debt, less current portion	94	403
Deferred tax liability	182	153
Total liabilities	8,018	14,074
Stockholders' equity (deficiency)		
Preferred Stock: $0.01 par value, 5,000,000 shares authorized, 1,216 and 1,041 shares outstanding in the following classes:		
Series A convertible preferred stock, $1,000 stated value, 4,500 shares authorized, 30 shares issued and outstanding at March 31, 2011 and September 30, 2010, respectively, (liquidation preference $95).	30	30
Series A-1 convertible preferred stock, $1,000 stated value, 1,000 shares authorized, 311 shares issued and outstanding at March 31, 2011 and September 30, 2010, respectively, (liquidation preference $452).	311	311
Series B convertible preferred stock, $1,000 stated value, 4,000 shares authorized, 700 shares issued and outstanding at March 31, 2011 and September 30, 2010, respectively, (liquidation preference $994).	700	700
Series C-1 convertible preferred stock, $1,500 stated value, 400 shares authorized, 175 issued and outstanding at March 31, 2011 (liquidation preference $341)	263	-
Common stock, $0.001 par value 70,000,000 shares authorized 37,376,396 shares issued and outstanding at March 31, 2011 and September 30, 2010, respectively.	37	37
Additional paid in capital	37,881	37,137
Accumulated deficit	(35,326)	(39,711)
Accumulated other comprehensive income (loss)	38	(507)
Total stockholders' equity (deficiency)	3,934	(2,003)
Total liabilities and stockholders' equity	$ 11,952	$ 12,071

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

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(all amounts in 000's except share and per share data)

	For the Three Months Ended March 31 2011	For the Three Months Ended March 31 2010	For the Six Months Ended March 31 2011	For the Six Months Ended March 31 2010
Net sales	$ 5,003	$ 3,269	$ 8,977	$ 6,142
Cost of materials sold	350	374	626	857
Cost of services	3,253	1,360	5,776	2,636
Gross profit	1,400	1,535	2,575	2,649
Operating expenses				
Salaries and benefits	1,863	1,738	3,538	2,779
Selling, general and administrative	980	1,682	1,868	2,699
Total operating expense	2,843	3,420	5,406	5,478
Loss from operations	(1,443)	(1,885)	(2,831)	(2,829)
Other expenses				
Other expenses	(265)	(65)	(550)	(250)
Change in fair value of warrants	-	(4,349)	-	(4,373)
Total other expenses	(265)	(4,414)	(550)	(4,623)
Net loss before income taxes	(1,708)	(6,299)	(3,381)	(7,452)
Income tax benefit (expense)	(126)	127	(88)	88
Loss from continuing operations	(1,834)	(6,172)	(3,469)	(7,364)
Net income of discontinued operations	-	283	7,892	444
Net income (loss)	(1,834)	(5,889)	4,423	(6,920)
Series A, A-1 and B Preferred Stock:				
Contractual dividends	(19)	(79)	(38)	(127)
Deemed dividends related to beneficial conversion feature	-	(44)	-	(69)
Net income (loss) available to common stockholders	$ (1,853)	$ (6,012)	$ 4,385	$ (7,116)
Net income (loss) per share to common stockholders - basic and diluted				
Net loss per share from continuing operations	(0.05)	(0.20)	(0.09)	(0.26)
Net income per share from discontinued operations	-	0.01	0.21	0.02
	$ (0.05)	$ (0.19)	$ 0.12	$ (0.24)
Weighted average shares outstanding basic and diluted	37,376,396	30,258,763	37,376,396	28,184,868
Other comprehensive loss, net of tax				
Net income (loss)	$ (1,853)	$ (6,012)	$ 4,385	$ (7,116)
Foreign currency translations adjustment	(43)	101	545	86
Comprehensive income (loss)	$ (1,896)	$ (5,911)	$ 4,930	$ (7,030)

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

Beacon Enterprise Solutions Group, Inc. and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Deficiency)
(Unaudited)
(all amounts in 000's except share data)

	Series A Convertible Preferred Stock		Series A-1 Convertible Preferred Stock		Series B Convertible Preferred Stock		Series C-1 Convertible Preferred Stock		Common Stock					
	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$1,000 Stated Value	Shares	$1,500 Stated Value	Shares	$0.001 Par Value	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance at September 30, 2010	30	$ 30	311	$ 311	700	$ 700	-	$ -	37,376,396	$ 37	$ 37,137	$ (39,711)	$ (507)	(2,003)
Vested portion of share based payments to employees for services											369			369
Warrants issued under consulting agreements											91			91
Amortization of market value of common stock vested for investor relations agreement											12			12
Amortization of non-employee stock options issued for performance of services											31			31
Warrants issued for credit facility											61			61
Discount on senior secured notes payable											180			180
Series C-1 Preferred Stock issued in private placement							175	263						263
Series A Preferred Stock contractual dividends												(2)		(2)
Series A-1 Preferred Stock contractual dividends												(16)		(16)
Series B Preferred Stock contractual dividends												(20)		(20)
Net income												4,423		4,423
Net change in accumulated other comprehensive income													545	545
Balance at December 31, 2010	30	$ 30	311	$ 311	700	$ 700	175	$ 263	37,376,396	$ 37	$ 37,881	$ (35,326)	$ 38	$ 3,934

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

Beacon Enterprise Solutions Group, Inc. and Subsidiäres
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(all amounts in 000's)

	For the Six Months Ended March 31, 2011	For the Six Months Ended March 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ 4,423	$ (6,920)
Net income from discontinued Operations (including gain on deconsolidation of $7,892 for the six months ended March 31, 2011)	(7,892)	$ (444)
Net loss from continuing operations	(3,469)	(7,364)
Adjustments to reconcile net income (loss) to net cash used in continuing operating activities:		
Change in reserve for obsolete inventory	30	23
Change in reserve for doubtful accounts	138	68
Depreciation and amortization	258	368
Non-cash interest	156	108
Share based payments	503	639
Amortization of deferred finance fees	84	-
Accretion of debt discount	37	-
Change in fair value of warrants with anti-dilution rights	-	4,373
Change in deferred tax liability	30	-
Changes in operating assets and liabilities:		
Accounts receivable	739	926
Unbilled accounts receivable	-	(1,744)
Inventory	15	85
Prepaid expenses and other assets	(360)	(32)
Accounts payable	(608)	8
Accrued expenses	1,130	(939)
CASH USED IN CONTINUING OPERATING ACTIVITIES	(1,317)	(3,481)
CASH PROVIDED BY DISCONTINUED OPERATIONS	-	3,129
NET CASH USED IN OPERATING ACTIVITIES	(1,317)	(352)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(95)	(268)
Capital expenditures of discontinued operations	-	(183)
NET CASH USED IN INVESTING ACTIVITIES	(95)	(451)
CASH FLOWS FROM CONTINUING FINANCING ACTIVITIES		
Proceeds from sale of common stock, net of offering costs	-	2,398
Proceeds from warrant exercises, net of offering costs	-	2,091
Proceeds from issuance of notes	-	500
Proceeds from issuance of senior secured notes payable, net of offering costs	2,667	-
Proceeds from non-current line of credit - related party	310	-
Proceeds from sale of preferred stock	263	-
Payments on non-current line of credit - related party	(940)	-
Payments on short term debt	-	(550)
Repayment of convertible notes	-	(298)
Payments of notes payable	(448)	(261)
NET CASH PROVIDED BY CONTINUING FINANCING ACTIVITIES	1,852	3,880
Effect of exchange rate changes on cash and cash equivalents	(40)	89
NET INCREASE IN CASH AND CASH EQUIVALENTS	400	3,166
CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD	246	264
CASH AND CASH EQUIVALENTS - END OF PERIOD	$ 646	$ 3,430
Supplemental disclosures		
Cash paid for:		
Interest	$ 91	$ 85
Income taxes	$ -	$ -

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

BEACON ENTERPRISE SOLUTIONS GROUP, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(Amounts in thousands, except share and per share data)

NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization

The condensed 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. In these footnotes to the condensed consolidated financial statements, the terms “Company,” “Beacon,” “we,” “us” or “our” mean Beacon Enterprise Solutions Group, Inc. and all subsidiaries included in our condensed consolidated financial statements.

Beacon provides international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings. Beacon’s portfolio of infrastructure services spans all professional and construction requirements for design, build and management of telecommunications, network and technology systems infrastructure. Professional services offered include consulting, engineering, program management, project management, construction services and infrastructure management services. Beacon offers these services under either a comprehensive contract option or unbundled to our global and regional clients.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements for the three and six months ended March 31, 2011 have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial information and pursuant to the instructions to Form 10-Q and Article 8 of Regulation S-X of the Securities and Exchange Commission (“SEC”) and on the same basis as the annual audited consolidated financial statements. The unaudited Condensed Consolidated Balance Sheet as of March 31, 2011, Condensed Consolidated Statement of Operations for the three and six months ended March 31, 2011, and Condensed Consolidated Statements of Cash Flows and Stockholders’ Equity for the six months ended March 31, 2011 are unaudited, but include all adjustments, consisting only of normal recurring adjustments, which Beacon considers necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented. The results for the three and six months ended March 31, 2011 are not necessarily indicative of results to be expected for the year ending September 30, 2011 or for any future interim period. The accompanying condensed consolidated financial statements should be read in conjunction with Beacon’s consolidated financial statements and notes thereto included in Beacon’s Annual Report on Form 10-K, which was filed with the SEC on December 16, 2010.

NOTE 2 — LIQUIDITY AND FINANCIAL CONDITION

For the six months ended March 31, 2011, we generated net income of $4,423, which includes a gain on the deconsolidation of discontinued operations of $7,892 (see Note 4), non-cash expenses for share based compensation of $503, non-cash depreciation and amortization expense of $258, and other non-cash charges of $475. Cash used in continuing operations amounted to $1,317 for the six months ended March 31, 2011. Our accumulated deficit amounted to $35,326, while we had cash of $646 and a working capital deficit of $1,881.

On August 17, 2010 we entered into a long term line of credit facility with one of our directors for $4,000, the facility has an annual interest rate of 7.73% on any outstanding balance and a facility fee of the greater of $40 or 1% of the unused balance. Additionally, 15,000 warrants, with a five year term exercisable at $1.00 per share, per month are being issued for each month the facility is outstanding. As of March 31, 2011, we have issued 120,000 warrants. Using the Black Scholes pricing model, we determined the fair value of the warrants and recorded as other expense of $30 and $61, respectively for the three and six months ended March 31, 2011. As of March 31, 2011, we do not have an outstanding balance under this facility. See Note 6.

On November 23, 2010, we initiated a private placement (the “Placement”) of up to $3,000 of 12 month Senior Secured Notes (“Notes”) with warrants to purchase 150 shares of Beacon’s common stock at $0.40 per share for every $1 in principal invested, and bear interest at 9% APR. The Placement was made on a "best efforts" basis with a Minimum of $600 and a Maximum of $3,000. Net proceeds have been used to repay and replace an existing Senior Secured Bank Note totaling approximately $300 and for general working capital purposes. The Placement expired on March 30, 2011, the date the Maximum was raised, with net proceeds received of $2,667 (gross proceeds of $3,000 less offering costs of $333).

On March 25, 2011 Beacon offered in a private placement 350 units (the "Series C-1 Units"), to two existing shareholders, at a purchase price of $2 per Series C-1 Unit. See Note 9 for more details. As of March 31, 2011, we completed the sale of 175 Series C-1 Units for an aggregate purchase price of $263 and are obligated to issue 175,000 warrants.

Based on the recent progress we made in the execution of our business plan, we believe that our currently available cash, availability of aforementioned credit line and cash received from the issuance of notes payable, and funds we expect to generate from operations will enable us to operate our business and repay our debt obligations as they become due through April 1, 2012. However, we may require additional capital in order to execute our business plan. If we are unable to raise additional capital, or encounter unforeseen circumstances that place constraints on our capital resources, 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 condensed consolidated financial statements include the accounts of Beacon Enterprise Solutions Group, Inc., a Nevada corporation and its wholly-owned subsidiaries including BESG Ireland Ltd. and Beacon Solutions S.R.O., which began operations November 1, 2009 and January 1, 2010, respectively. Additionally Datacenter Contractors AG (formerly Beacon Solutions AG) acquired on July 29, 2009 and discontinued as of June 30, 2010, has been deconsolidated as of December 31, 2010 due to cessation of controlling financial interest in the subsidiary (see Note 4). All significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts in the prior period financial statement have been reclassified to conform to the current period presentation.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with GAAP 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 net sales 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 including those unique to our industry and general economic conditions. It is reasonably possible that these external factors could have an effect on our estimates that could cause actual results to differ from our estimates. We re-evaluate all of our accounting estimates at least quarterly based on these conditions and record adjustments, when necessary.

Accounts receivable

Accounts receivable of $4,771 and $5,401 as of March 31, 2011 and September 30, 2010, respectively include customer billings on invoices issued by us after the service is rendered or the sale 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.

We establish an allowance for doubtful accounts based on our best estimate of the amount of potential credit losses based on specific customer information and historical experience. Changes in economic conditions might result in changes to the estimated allowance. Account balances deemed to be uncollectible are charged to the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts amounted to $1,026 and $866 as of March 31, 2011 and September 30, 2010, respectively.

Inventory

Inventory consists of parts and system components of $692 and $707 as of March 31, 2011 and September 30, 2010, respectively, and is stated at the lower of cost (first-in, first-out method) or market. In the case of slow moving items, we calculate a reserve for obsolescence to reflect a reduced marketability for the items. The actual percentage reserved will depend on the total quantity on hand, its sales history, and expected near term sales prospects. The reserve for obsolescence amounted to $180 and $150 as of March 31, 2011 and September 30, 2010, respectively.

Net Loss Per Share

Basic net loss per share is computed by dividing net income or loss per share available to common stockholders by the weighted average shares of common stock outstanding for the periods presented. Diluted net income per share reflects the potential dilution that could occur if securities or other instruments to issue common stock were exercised or converted into common stock. Potentially dilutive securities, consisting of options and warrants, are excluded from the calculation of diluted per share data when they have an anti-dilutive effect or their per share exercise price is greater than the average market price of common stock during the periods presented. The computation of net income (loss) available to common stockholders per share for the three and six months ended March 31, 2011 and 2010, respectively, 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 March 31, 2011 are as follows:

	Stock Options and Warrants	Common Stock Equivalents	Total Common Stock Equivalents
Series A Convertible Preferred Stock with Warrants	20,131	40,263	60,394
Series A-1 Convertible Preferred Stock with Warrants	207,260	414,518	621,778
Series B Convertible Preferred Stock with Warrants	350,000	875,000	1,225,000
Series C-1 Convertible Preferred Stock with Warrants	175,000	350,000	525,000
Common Stock Offering Warrants	2,807,322	-	2,807,322
Placement Agent Warrants	2,847,497	-	2,847,497
Affiliate Warrants	55,583	-	55,583
Bridge Financing	285,500	166,667	452,167
Convertible Notes Payable Warrants	50,000	-	50,000
Senior Secured Notes Payable Warrants	449,999	-	449,999
Compensatory Warrants	300,000	-	300,000
Bonding Warrants	33,120	-	33,120
Equity Financing Arrangements Warrants	836,662	-	836,662
Consulting Warrants	2,500,000		2,500,000
Employee Stock Options	3,952,414	-	3,952,414
Non-Employee Stock Options	250,000	-	250,000
	15,120,488	1,846,448	16,966,936

Recently Adopted Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued ASU No. 2010-02, *"Accounting and Reporting for Decreases in Ownership of a Subsidiary- a Scope Clarification* to address implementation issues related to the changes in ownership provisions in the Consolidation-Overall Subtopic (Subtopic 810-10) of the *FASB Accounting Standards Codification.* Subtopic 810-10 establishes the accounting and reporting guidance for noncontrolling interests and changes in ownership interests of a subsidiary. An entity is required to deconsolidate a subsidiary when the entity ceases to have a controlling financial interest in the subsidiary. Upon deconsolidation of a subsidiary, an entity recognizes a gain or loss on the transaction and measures any retained investment in the subsidiary at fair value. The gain or loss includes any gain or loss associated with the difference between the fair value of the retained investment in the subsidiary and its carrying amount at the date the subsidiary is deconsolidated. In contrast, an entity is required to account for a decrease in its ownership interest of a subsidiary that does not result in a change of control of the subsidiary as an equity transaction. See Note 4 for the impact on the condensed consolidated financial statements as of March 31, 2011.

In December 2010 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-28, "*Intangibles — Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts"*. ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts by requiring an entity to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. This update will be effective for fiscal years beginning after December 15, 2010. The adoption of this is not anticipated to have a material impact on the Company's consolidated financial position and results of operations.

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

NOTE 4 — DISCONTINUED OPERATIONS

As previously disclosed in the Company's Current Report on Form 10-Q filed on August 16, 2010, due to a contractual dispute with its one significant customer and the inability to reach a settlement, Datacenter Contractors AG's ("DC", formerly known as "Beacon Solutions AG") Board has elected to discontinue DC's operations. As a result, the net sales and expenses associated with DC have been reclassified as discontinued operations for the three months and six months ended March 31, 2011 and 2010, respectively in the condensed consolidated financial statements.

On December 14, 2010, Beacon announced that, as a result of DC's inability to reach a settlement of unpaid invoices by its largest debtor, the DC Board has filed the relevant statutory notices with the local judge in Switzerland in accordance with its fiduciary obligations under Swiss law. As a result of this action, Beacon ceases to have a controlling financial interest in DC and therefore, in accordance with ASC 810-10-65, must deconsolidate the subsidiary from the condensed consolidated financial statements for the three and six months ended March 31, 2011. The resultant deconsolidation generated a net income of $0 and $7,892, respectively for the three and six months ended March 31, 2011 which is mainly composed of the elimination of the net liabilities of the discontinued DC operations from Beacon's operations.

We accounted for the filing under the guidance of ASU No. 2010-02, *"Accounting and Reporting for Decreases in Ownership of a Subsidiary - a Scope Clarification"* which requires an entity to deconsolidate a subsidiary when the entity ceases to have a controlling financial interest in the subsidiary.

NOTE 5 — ACCRUED EXPENSES

Accrued expenses consist of the following:

	As of March 31, 2011	As of September 30, 2010
Compensation related	$ 1,141	$ 483
Service delivery	578	-
Dividends	191	153
Interest	38	50
Other	197	194
	$ 2,145	$ 880

NOTE 6 — NOTES PAYABLE AND LINE OF CREDIT – RELATED PARTY

Notes Payable

On November 23, 2010, we initiated a private placement (the "Placement") of up to $3,000 of 12 month Senior Secured Notes ("Notes") with warrants to purchase 150 shares of Beacon's common stock at $0.40 per share for every $1 in principal invested and bear interest at 9% APR due on various dates through March 30, 2012. The Placement was made on a "best efforts" basis with a Minimum of $600 and a Maximum of $3,000. Net proceeds have been used to repay and replace an existing Senior Secured Bank Note totaling approximately $300 and will also be used for additional working capital. The Placement expired on March 30, 2011, when the Maximum was attained. The notes are secured by all business assets of the Company, as defined. As of March 31, 2011 we have issued $3,000 of notes, 449,999 warrants and have recorded interest expense of $53. We incurred financing fees of $333 which have been recognized as deferred finance fees as part of prepaid expenses and are be amortized ratably over the life of the debt.

Using the Black-Scholes model we have determined the fair value of the issued warrants to be $205 and allocated the debt proceeds in accordance with the relative fair value method. The notes payable have been recorded on the Condensed Consolidated Balance Sheet as of March 31, 2011 at $2,857 which is net of the discount representing the allocation of the $180 relative fair value to the warrants. We recorded interest of $37 in the condensed consolidated statements of operations as accretion of the note discount as of March 31, 2011.

Long Term Line of Credit – Related Party

On August 17, 2010 we entered into a long term line of credit facility with one of our directors for $4,000, the facility has an annual interest rate of 7.73% on any outstanding balance and a facility fee of the greater of $40 or 1% of the unused balance. Additionally, 15,000 warrants, with a five year term at $1.00 per share, per month will be paid for each month the facility is outstanding. As of March 31, 2011, we have issued 120,000 warrants. Using the Black Scholes pricing model, we determined the fair value of the warrants and recorded as other expense of $30 and $61, respectively for the three and six months ended March 31, 2011. As of March 31, 2011, we do not have an outstanding balance under this facility.

NOTE 7 — RELATED PARTY TRANSACTIONS

The Company has obtained insurance through an agency owned by one of its founding stockholders/directors. Insurance expense of $52 and $33 was paid to the agency for each of the three months ended March 31, 2011 and 2010, respectively. Insurance expense of $83 and $78 was paid to the agency for each of the six months ended March 31, 2011 and 2010, respectively.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

Litigation

On September 7, 2010, Beacon was named a party in a lawsuit filed in Jefferson Circuit Court in the State of Kentucky, seeking $270 plus other costs, attorney's fees and damages, regarding the Company's alleged conduct during the course of the purchase of the assets and assumption of certain liabilities of Strategic Communications, LLC. Although the outcome of this matter cannot be predicted at this time, Beacon believes this lawsuit is without merit. As of March 31, 2011, no provision has been made in the condensed consolidated financial statements related to this action, as the Company believes that the ultimate disposition of this matter will not have a material adverse effect on the Company's financial position or results of operations.

Operating Leases

The Company has entered into operating leases for office facilities in Louisville, KY, Columbus, OH, Cincinnati, OH, and Prague, Czech Republic. Rent expense for the three months ended March 31, 2011 and 2010, respectively amounted to $87 and $75. For the six months ended March 31, 2011 and 2010, rent expense was $137 and $123, respectively. A summary of the minimum lease payments due on these operating leases, exclusive of the Company's share of operating expenses and other costs, is as follows:

2011	$	131
2012		244
2013		236
2014		228
2015		184
Thereafter		82
	$	1,105

Engagement of Investor Relations Firm

On December 17, 2009, we engaged an investor relations firm for a twenty four month period, providing for compensation payable in 50,000 shares of fully vested non-forfeitable common stock with an aggregate fair value of $45. For the three months ended March 31, 2011 and 2010, we recorded approximately $6 and $0, respectively, of investor relations expense related to this agreement. For the six months ended March 31, 2011 and 2010, we recorded approximately $12 and $4, respectively, of investor relations expense related to this agreement.

Engagement for Advisory Services

On January 1, 2009, we entered into a three year advisory agreement with a stockholder, whereby the party will provide corporate finance and business strategy advisory services pertaining to Beacon's business affairs in the areas of business combinations, financing, etc. This agreement was subsequently extended to a total of 5 years in April 2010. We recorded $9 and $75 of professional fees expense under this agreement for the three months ended March 31, 2011 and 2010, respectively. We recorded $19 and $150 of professional fees expense under this agreement for the six months ended March 31, 2011 and 2010, respectively.

Consulting Agreement

On December 1, 2009, we entered into two 36 month consulting agreements, which were subsequently extended to 60 months in April 2010, issuing an aggregate of 2,500,000 consulting warrants. The warrants, issued on December 1, 2009 were fully vested upon issuance and have a fair value of $915, determined using the Black Scholes model. We are recognizing investor relations expense ratably over a 60 month term. For the three months ended March 31, 2011 and 2010, we recorded approximately $46 and $76, respectively of investor relation expense related to these agreements. For the six months ended March 31, 2011 and 2010, we recorded approximately $91 and $102, respectively of investor relation expense related to these agreements.

NOTE 9 — STOCKHOLDERS' EQUITY

Preferred Stock

On March 25, 2011 Beacon offered in a private placement 350 units (the "Series C-1 Units"), to two existing shareholders, at a purchase price of $2 per Series C-1 Unit. A Series C-1 Unit comprised of (i) one (1) share of $2 Stated Value Series C-1 Convertible Preferred Stock (with each share having 130% nonparticipating liquidation preference, bearing dividends at a rate of 6% per annum payable quarterly in cash or additional Preferred Stock at the holder's option and convertible at the holder's discretion into 2,000 shares of the Company's Common Stock, at a conversion price of $0.75, and (ii) a five (5) year warrant to purchase 1,000 shares of its Common Stock (each, an "Investor Warrant") at a purchase price of $0.75 per share (collectively the "Series C-1 Offering"). As of March 31, 2011, we completed the sale of 175 Series C-1 Units for an aggregate purchase price of $263 and are obligated to issue 175,000 warrants.

Each share of Series A, Series A-1, Series B and Series C-1 preferred stock has voting rights equal to the 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. The holders of the Series C-1 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, Series A-1, and Series B) 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 as of March 31, 2011, are $46 for Series A, $50 for Series A-1 and $95 for Series B, respectively. Due to the date of issuance of Series C-1, no dividends were earned or accrued as of March 31, 2011.

The Company applies the classification and measurement principles enumerated in ASC 815 with respect to accounting for its issuances of the Series A, A-1, B, and C-1 preferred stock. The Company is required, under Nevada law, to obtain the approval of its 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 its assets.

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

Preferred Stock Dividends

We follow the guidelines of ASC 505 Equity - Dividends and Stock Splits when accounting for pay-in-kind ("PIK") dividends that are settled in convertible securities with beneficial conversion features. Therefore, we recorded $0 and $44 of deemed dividends for the three months ended March 31, 2011 and 2010, respectively, 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 PIK election dates. We recorded $0 and $69 of deemed dividends for the six months ended March 31, 2011 and 2010, respectively, 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 PIK election dates.

Issuance of non-employee compensatory options

During the fiscal year ended September 30, 2010, in consideration for services, we granted options to purchase 250,000 shares of Common Stock vesting ratably over a 36 month period. We calculated the fair value of the options using the Black-Scholes option pricing model resulting in a fair value determination of $188, to be recognized over a 36 month period. For the three and six months ended March 31, 2011 we recognized share based compensation of $15 and $31, respectively related to these options.

Stock Options and Other Equity Compensation Plans

During the three months ended December 31, 2010, our Board of Directors authorized the grant of employee stock options to purchase an aggregate of 725,115 shares of common stock. The options have ten year terms with variable vesting periods between 3 and 5 years. We calculated the $447 fair value of the options using the Black-Scholes option pricing model with the assumptions shown below.

During the three months ended March 31, 2011, our Board of Directors authorized the grant of employee stock options to purchase an aggregate of 18,333 shares of common stock. The options have ten year terms and vest over 3 years. We calculated the $9 fair value of the options using the Black-Scholes option pricing model with the following assumptions:

	For the Three Months Ended March 31, 2011	For the Six Months Ended March 31, 2011
Stock Price	$ 0.51	$ 0.51 - $0.63
Expected Life	6.5	5.5 - 7.5
Volatility	171%	171% - 178%
Risk-free interest rate	2.30%	1.17% - 2.30%
Dividend Yield	0%	0%
Fair value of options	$ 0.49	$ 0.49 - $0.62

We recognized non-cash share-based employee compensation expenses as follows:

	For the Three Months Ended March 31, 2011	For the Three Months Ended March 31, 2010	For the Six Months Ended March 31, 2011	For the Six Months Ended March 31, 2010
Non-Cash Share-Based Compensation Expense				
Restricted Stock	$ -	$ 10	$ -	$ 55
Stock Options	190	231	369	431
Total Stock Compensation Expense	$ 190	$ 241	$ 369	$ 486

A summary of the status of our stock option plan and the changes during the three and six months ended March 31, 2011, is presented in the table below:

	Number Of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Options Outstanding at October 1, 2010	3,718,533	$ 1.47		
Granted	743,448	0.92		
Forfeited	(259,567)	(0.80)		
Options Outstanding at March 31, 2011	4,202,414	$ 1.59	8.76	$ -
Options Exercisable, March 31, 2011	1,226,796	$ 1.19	8.36	$ -

As of March 31, 2011, there was $1,999 in unamortized share-based compensation cost. This cost is expected to be recognized over the remaining weighted average vesting period of approximately 2 years.

NOTE 10 — ***Segment Reporting***

In accordance with ASC 280 "Segment Reporting," our operating segments are those components of our business for which separate and discrete financial information is available and is used by our chief operating decision makers, or decision-making group, in making decisions on how we allocate resources and assess performance.

In accordance with ASC 280, the Company reports two operating segments, North America and Europe. The Company's chief decision-makers review financial information presented on a consolidated basis, accompanied by disaggregated information about net sales and operating profit each year by operating segment. This information is used for purposes of allocating resources and evaluating financial performance.

The accounting policies of the segments are the same as those described in the "Summary of Significant Accounting Policies." Segment data includes segment net sales, segment operating profitability, and total assets by segment. Shared corporate operating expenses are reported in the United States ("U.S.") segment.

The Company is organized primarily on the basis of operating units which are segregated by geography in the U.S. and Europe. For the three months ended March 31, 2011 our segment results, net of Discontinued Operations (see Note 4 for more details) are as follows:

	North America	Europe	Total
Net sales	$ 2,468	$ 2,535	$ 5,003
(Loss) income from operations	(1,805)	362	(1,443)
Other (expense) income	(355)	90	(265)
Depreciation and amortization	(116)	(10)	(126)
Net (loss) income from continuing operations	(2,176)	342	(1,834)
Assets	9,573	2,379	11,952
Capital expenditures	60	-	60
Goodwill	2,792	-	2,792
Intangible Assets	2,882	-	2,882

For the six months ended March 31, 2011 our segment results, net of Discontinued Operations are as follows:

	North America	Europe	Total
Net sales	$ 5,177	$ 3,800	$ 8,977
Loss from operations	(2,489)	(342)	(2,831)
Other expense	(539)	(11)	(550)
Depreciation and amortization	(238)	(20)	(258)
Net loss from continuing operations	(3,059)	(410)	(3,469)
Net income from discontinued operations	-	7,892	7,892
Capital Expenditures	95	-	95

For the six months ended March 31, 2011, one customer accounted for approximately 54% and 96% of our North American and European sales, respectively.

NOTE 11 — SUBSEQUENT EVENTS

As of April 5, 2011, we completed the sale of 175 Series C-1 Units for an aggregate purchase price of $263 and are obligated to issue 175,000 warrants. This transaction completed the private placement.

On May 11, 2011 Beacon offered in a private placement 100 units (the "Series C-2 Units"), at a purchase price of $2 per Series C-2 Unit. A Series C-2 Unit comprised of (i) one (1) share of $2 Stated Value Series C-2 Convertible Preferred Stock (with each share having 125% nonparticipating liquidation preference, bearing dividends at a rate of 6% per annum payable quarterly in cash or additional Preferred Stock at the company's option and convertible at the holder's discretion into 2,000 shares of the Company's Common Stock, at a conversion price of $0.75, and (ii) a five (5) year warrant to purchase 1,000 shares of its Common Stock (each, an "Investor Warrant") at a purchase price of $0.75 per share (collectively the "Series C-2 Offering"). As of May 11, 2011, we completed the sale of 100 Series C-2 Units for an aggregate purchase price of $150 and are obligated to issue 100,000 warrants.

Management has evaluated all subsequent events or transactions occurring through the date the financial statements were issued.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Beacon Enterprise Solutions Group, Inc. and subsidiaries (collectively the *"Company"*) is a provider of international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings. Beacon's portfolio of infrastructure services spans all professional and construction requirements for design, build and management of telecommunications, network and technology systems infrastructure. Professional services offered include consulting, engineering, program management, project management, construction services and infrastructure management services. Beacon offers these services under a comprehensive contract vehicle or unbundled to some global and regional clients. Beacon also offers special services in support of qualified projects in the smart buildings/campuses/cities and data center verticals. Finally, Beacon provides managed information technology and telecommunications services in selected local markets. 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 quarterly report on Form 10-Q, 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 the Company's current plans, expectations and projections about future events. However, such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company 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:

- general economic and business conditions, such as the current global recession, that may affect demand for our services and products and the ability of our customers to pay for such services and products;
- effects of competition in the markets in which the Company operates;
- liability and other claims asserted against the Company;
- 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;
- 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 the Company's actual results to differ materially from the results contemplated by the forward-looking statements, please refer to Item 1A "Risk Factors" in the Company's Current Report on Form 10-K filed on December 16, 2010. 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, the Company assumes no responsibility for updating forward-looking statements to reflect unforeseen or other events after the date of this report.

Overview

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 was originally formed to acquire companies that would 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. In response to identification of a significant under-served market, our business strategy has shifted to become a leading provider of global, international and regional telecommunications and technology systems infrastructure services, encompassing a comprehensive suite of consulting, design, installation, and infrastructure management offerings, while continuing to provide managed information technology and telecommunications services in selected local markets.

Organic Growth Strategy

With respect to our plans to increase net sales organically, we have identified, and are currently pursuing, several significant strategies including:

- Strengthening existing customer relationships to ensure we are their partner for all design, implementation and management of ITS infrastructure solutions.
- Add additional major account sales resources to facilitate the introduction of Fortune 1000, Global 2000 and qualifying multi-national firms. We refer to these current and future clients as Fortune 10000.
- Continued expansion of the a la carte services offered to existing major national, multi-national and global clients who have not already signed an infrastructure managed services agreement.

Results of Operations

For the three and six months ended March 31, 2011 and 2010

In order to best discuss and compare operations for the three and six month periods ended March 31, 2011 and 2010 our North American and European operations will be presented and discussed separately.

North American Operations

	For the three months ended March 31,					For the six months ended March 31,				
	2011 North America		2010 North America		change	2011 North America		2010 North America		change
Net Sales	$ 2,468	100%	$ 2,334	100%	$ 134	$ 5,177	100%	$ 4,595	100%	$ 582
Cost of materials sold	335	14%	246	11%	89	611	12%	729	16%	(118)
Cost of services	1,663	67%	992	43%	671	3,141	61%	1,934	42%	1,207
Gross profit	470	19%	1,096	47%	(626)	1,425	28%	1,932	42%	(507)
Operating expense										
Salaries and benefits	1,752	71%	1,198	51%	554	3,312	64%	2,239	49%	1,073
Selling, general and administrative	751	30%	1,307	56%	(556)	1,555	30%	2,258	49%	(703)
Intercompany services	(228)	-9%	(334)	-14%	106	(953)	-18%	(558)	-12%	(395)
Loss from operations	(1,805)	NM	(1,075)	NM	(730)	(2,489)	NM	(2,007)	NM	(482)
Other expense	(355)		(7)		(348)	(539)		(192)		(347)
Change in Fair Value of Warrants	-		(4,349)		4,349	-		(4,373)		4,373
Net loss before income taxes	(2,160)		(5,431)		3,271	(3,028)		(6,572)		3,544
Income tax expense	(16)		(29)		13	(31)		(29)		(2)
Net loss from continuing operations	(2,176)		(5,460)		3,284	(3,059)		(6,601)		3,542
Net income from discontinued operations	-		-		-	-		-		-
Net loss	$ (2,176)		$ (5,460)		$ 3,284	$ (3,059)		$ (6,601)		$ 3,542

Net sales from our North American operations for the three months ended March 31, 2011 and 2010 was $2,468 and $2,334. Net sales from our North American operations for the six months ended March 31, 2011 and 2010 was $5,177 and $4,595. The increase in net sales in both periods was due to focused market development and customer penetration leading to additional work from existing and new customers.

	For the three months ended March 31			For the six months ended March 31		
	2011 **North America**	2010 **North America**	**Change**	2011 **North America**	2010 **North America**	**Change**
Cost of services						
Direct labor	375	544	(169)	829	1,113	(284)
Subcontractor	1,110	351	759	2,024	582	1,442
Project expenses	178	97	81	288	239	49
Total cost of services	1,663	992	671	3,141	1,934	1,207

Cost of services sold increased for the three and six months ended March 31, 2011 compared to the same period in 2010 as a result of a shift in our business model whereby we utilize subcontractors to perform a larger portion of our service delivery as opposed to internal resources. This change in business model was also the source of the reduction in direct labor expenses in 2011 compared to the same period in 2010. In addition, sales in all periods in 2011 reflect a sales mix weighted toward our infrastructure management services business versus design and engineering services. This resulting product mix for the period contributed to an increase in subcontractor expenses in 2011 compared to the same periods in 2010.

Salaries and benefits of approximately $1,752 and $1,198 for the three months ended March 31, 2011 and 2010 consisted of salaries and wages of approximately $919 and $635, commissions and bonuses of $319 and $14, benefits and payroll taxes of $311 and $305. Non-cash share-based compensation of $203 and $244 related primarily to granted stock options is included in salaries and wages. Salaries and benefits of approximately $3,312 and $2,239 for the six months ended March 31, 2011 and 2010 consisted of salaries and wages of approximately $1,800 and $1,234, commissions and bonuses of $618 and $61, benefits and payroll taxes of $498 and $455. Non-cash share-based compensation of $396 and $489 related primarily to granted stock options is included in salaries and wages. While headcount is relatively consistent, the increase in salaries is attributable to a workforce shift to higher salaried professional administrative and management workforce.

Selling, general and administrative expense for the three months ended March 31, 2011 and 2010 of approximately $751 and $1,307 include approximately $167 and $462 of accounting, investor relations and professional fees, $35 and $30 of bad debt expense, $80 and $86 of office related expense, $70 and $86 of telecommunications and data related expenses, $94 and $179 of travel related expenses, $60 and $33 of expenses related to business insurance, depreciation and amortization of $116 and $170, and $129 and $261 of other administrative services. These costs were offset by intercompany services of $228 and $334 charged to the European business for administrative functions provided and are eliminated upon consolidation. Selling, general and administrative expense for the six months ended March 31, 2011 and 2010 of approximately $1,555 and $2,258 include approximately $427 and $839 of accounting, investor relations and professional fees, $72 and $67 of bad debt expense, $147 and $163 of office related expense, $132 and $173 of telecommunications and data related expenses, $155 and $216 of travel related expenses, $129 and $78 of expenses related to business insurance, depreciation and amortization of $238 and $333, and $255 and $389 of other administrative services. These costs were offset by intercompany services of $953 and $558 charged to the European business for administrative functions provided and are eliminated upon consolidation. The reduction selling, general and administrative costs reflects an ongoing, concerted effort to streamline operations and control costs while increasing the efficiency and scalability of Beacon's office infrastructure.

European Operations

	For the three months ended March 31,					For the six months ended March 31,				
	2011 **Europe**		2010 **Europe**		**change**	2011 **Europe**		2010 **Europe**		**change**
Net Sales	$ 2,535	100%	$ 935	100%	$ 1,600	$ 3,800	100%	$ 1,547	100%	$ 2,253
Cost of materials sold	15	1%	128	14%	(113)	15	0%	128	8%	(113)
Cost of services	1,590	63%	368	39%	1,222	2,635	69%	702	45%	1,933
Gross profit	930	37%	439	47%	491	1,150	30%	717	46%	433
Operating expense										
Salaries and benefits	111	4%	540	58%	(429)	226	6%	540	35%	(314)
Selling, general and administrative	229	9%	375	40%	(146)	313	8%	441	29%	(128)
Intercompany services	228	9%	334	36%	(106)	953	25%	558	36%	395
Income (loss) from operations	362	NM	(810)	NM	1,172	(342)	NM	(822)	NM	480
Other income (expense)	90		(58)		148	(11)		(58)		47
Change in Fair Value of Warrants	-		-		-	-		-		-
Net income (loss) before income taxes	452		(868)		1,320	(353)		(880)		527
Income tax (expense) benefit	(110)		156		(266)	(57)		117		(174)
Net income (loss) from continuing operations	342		(712)		1,054	(410)		(763)		353
Net income from discontinued operations	-		283		(283)	7,892		444		7,448
Net loss	$ 342		$ (429)		$ 771	$ 7,482		$ (319)		$ 7,801

Net sales from European operations for the three months ended March 31, 2011 and 2010 was $2,535 and $935. Net sales from European operations for the six months ended March 31, 2011 and 2010 was $3,800 and $1,547 and show the growth in this segment as we solidify our foothold in Europe and further expand operations abroad. Now that we have a full fiscal year of activity in Europe with a proven services solution, we have been able to leverage the experience to increase business from our largest customer.

	For the three months ended March 31			For the six months ended March 31		
	2011 **Europe**	2010 **Europe**	**Change**	2011 **Europe**	2010 **Europe**	**Change**
Cost of services						
Subcontractor	1,480	-	1,480	2,457	-	2,457
Project expenses	110	368	(258)	178	702	(524)
Total cost of services	1,590	368	1,222	2,635	702	1,933

The increase in cost of services sold primarily reflects the increased net sales in Europe in 2011. In addition, the increase illustrates the maturing business in Europe and installation of our subcontractor business model. The shift in the type of sales being delivered in 2011 is primarily responsible for the increase in subcontractor cost incurred in 2011 in comparison with the same periods in 2010.

Additionally gross profit as a percentage of sales decreased significantly during the three and six months ended March 31, 2011 compared to 2010 due to the majority of work being completed in European countries with higher cost structures.

Salaries and benefits of approximately $111 and $540 for the three months ended March 31, 2011 and 2010 consisted of salaries and wages of $64 and $462, and $47 and $78 of related benefits. Salaries and benefits of approximately $226 and $540 for the six months ended March 31, 2011 and 2010 consisted of salaries and wages of $122 and $462, and $104 and $78 of related benefits.

Selling, general and administrative expense for the three months ended March 31, 2011 and 2010 was approximately $229 and $375. Additionally, intercompany services of $228 and $334 were charged to the European business for administrative functions provided by the North American corporate office and were eliminated upon consolidation. Selling, general and administrative expense for the six months ended March 31, 2011 and 2010 was approximately $313 and $441. Additionally, intercompany services of $953 and $558 were charged to the European business for administrative functions provided by the North American corporate office and were eliminated upon consolidation.

Liquidity and Capital Resources

For the six months ended March 31, 2011, we generated net income of $4,423, which includes a gain on the deconsolidation of discontinued operations of $7,892 (see Note 4), non-cash expenses for share based compensation of $503, non-cash depreciation and amortization expense of $258, and other non-cash charges of $475. Cash used in continuing operations amounted to $1,317 for the six months ended March 31, 2011. Our accumulated deficit amounted to $35,326, while we had cash of $646 and a working capital deficit of $1,881.

On August 17, 2010 we entered into a long term line of credit facility with one of our directors for $4,000, the facility has an annual interest rate of 7.73% on any outstanding balance and a facility fee of the greater of $40 or 1% of the unused balance. Additionally, 15,000 warrants, with a five year term at $1.00 per share, per month will be paid for each month the facility is outstanding. As of March 31, 2011, we have issued 120,000 warrants. Using the Black Scholes pricing model, we determined the fair value of the warrants and recorded as other expense of $30 and $61, respectively for the three and six months ended March 31, 2011. As of March 31, 2011, we do not have an outstanding balance under this facility. See Note 6.

On November 23, 2010, we initiated a private placement (the "Placement") of up to $3,000 of 12 month Senior Secured Notes ("Notes") with warrants to purchase 150 shares of Beacon's common stock at $0.40 per share for every $1 in principal invested, and bear interest at 9% APR. The Placement will be made on a "best efforts" basis with a Minimum of $600 and a Maximum of $3,000. Net proceeds have been used to repay and replace an existing Senior Secured Bank Note totaling approximately $300 and will also be used for additional working capital. The Placement expired on March 30, 2011, the date the Maximum was raised, with net proceeds received of $2,667 (gross proceeds of $3,000 less offering costs of $333).

On March 25, 2011 Beacon offered in a private placement 350 units (the "Series C-1 Units"), to two existing shareholders, at a purchase price of $2 per Series C-1 Unit. A Series C-1 Unit comprised of (i) one (1) share of $2 Stated Value Series C-1 Convertible Preferred Stock (with each share having 130% nonparticipating liquidation preference, bearing dividends at a rate of 6% per annum payable quarterly in cash or additional Preferred Stock at the holder's option and convertible at the holder's discretion into 2,000 shares of the Company's Common Stock, and (ii) a five (5) year warrant to purchase 1,000 shares of its Common Stock (each, an "Investor Warrant") at a purchase price of $0.75 per share (collectively the "Series C-1 Offering"). As of March 31, 2011, we completed the sale of 175 Series C-1Units for an aggregate purchase price of $263 and issued 175,000 warrants.

Based on the recent progress we made in the execution of our business plan, we believe that our currently available cash, availability of aforementioned credit line and cash received from the issuance of notes payable, Series C-1 Units and funds we expect to generate from operations will enable us to operate our business and repay our debt obligations as they become due through April 1, 2012. However, we may require additional capital in order to execute our business plan. If we are unable to raise additional capital, or encounter unforeseen circumstances that place constraints on our capital resources, 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 four operating lease commitments for real estate used for office space and production facilities.

Contractual Obligations

The following is a summary of our contractual obligations as of March 31, 2011:

Contractual Obligations	Total	2011	2012	2013	2014	2015	Thereafter
Long-term debt obligations	$ 3,433	$ 3,339	$ 94	$ -	$ -	$ -	$ -
Interest obligations (1)	290	287	3	-	-	-	
Operating lease obligations (2)	1,105	131	244	236	228	184	82
	$ 4,828	$ 3,757	$ 341	$ 236	$ 228	$ 184	$ 82

(1) Interest obligations assume Prime Rate of 3.25% at March 31, 2011. 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 ASC 840 "Accounting for Leases," as may be modified or supplemented. These amounts are not recorded as liabilities as 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 and C-1 Preferred Stock are payable quarterly at an annual rate of 6% in cash or the issuance of additional shares of Preferred Stock, at our option for Series A, A-1 and B. Series C-1 is payable in cash of additional stock at the holders discretion. If we were to fund dividends accruing during the year ending September 30, 2011 in cash, the total obligation would be $237 based on the number of shares of Series A, A-1, B and C-1 Preferred Stock outstanding as of March 31, 2011.

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 be significant for the year ended September 30, 2011 and could be curtailed should we experience a shortfall in expected financing.

Customer Concentration

For the three months and six months ended March 31, 2011 our largest customer accounted for approximately 73% and 72% of total sales. Although we expect 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 have been operating for a number of years. In addition, current economic conditions could harm the liquidity of and/or 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.

Employees

Beacon currently employs approximately 110 people in the Columbus, OH, Louisville, KY, Raritan, NJ, Cincinnati, OH and Prague, Czech Republic.

Certain Relationships and Related Party Transactions

The Company has obtained insurance through an agency owned by one of its founding stockholders/directors. Insurance expense of $52 and $33 was paid to the agency for each of the three months ended March 31, 2011 and 2010, respectively. Insurance expense of $83 and $78 was paid to the agency for each of the six months ended March 31, 2011 and 2010, respectively.

Filing Status

Beacon Enterprise Solutions Group, Inc., a Nevada corporation has in the past filed reports with the SEC and will continue to do so as Beacon. You can read and copy any materials we file with the SEC at its Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission, including us.

ITEM 4. 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 March 31, 2011, our Chief Executive Officer, who acts in the capacity of principal executive officer and our Chief Financial 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, our Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of March 31, 2011, based on their evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rules 13a-15 or 15d-15.

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 Financial 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 September 30, 2010, management of our Company had reported at previous dates of assessment that we identified various deficiencies in our accounting processes and procedures that constitute material weaknesses in internal control over financial reporting and disclosure controls. During the year ended September 30, 2010, we took certain steps in an effort to correct these material weaknesses, including hiring a Chief Financial Officer and Corporate Controller, both whom have significant experience with publicly held companies. The addition of the Corporate Controller has allowed us to implement more complete segregation of duties while also dedicating a resource solely to financial and SEC reporting.

Although we believe that these steps have enabled us to improve our internal controls, additional time is still required to fully document our systems, implement control procedures and test their operating effectiveness before we can definitively conclude that we have remediated our deficiencies.

We believe that our internal control risks are sufficiently mitigated by the fact that our Chief Executive Officer and Chief Financial 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. Additionally, we believe the addition of the aforementioned Chief Financial Officer and Corporate Controller will enable us to continue implementing the proper controls and making the necessary changes until these material weaknesses are remediated.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during our last fiscal quarter that materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II: OTHER INFORMATION

ITEM 1. 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 1.

ITEM 4. Removed and Reserved.

ITEM 5. Other Information

ITEM 6. EXHIBITS

3.1 Certificate of Designation of the Series C Preferred Stock.

3.2 Amendment No. 1 to the Certificate of Designation of the Series C Preferred Stock.

31.1 Certification of Principal Executive Officer, pursuant to Rules 13a-14(a) of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Principal Financial Officer, pursuant to Rules 13a-14(a) of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Principal Executive Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

32.2 Certification of Principal Financial Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

* *This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section, nor shall it be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934*

SIGNATURES

Pursuant to the requirements 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.

Date: May 16, 2011

Beacon Enterprise Solutions Group, Inc.

By: */s/ Bruce Widener*
Bruce Widener
Chief Executive Officer and Chairman of the Board of Directors

and

Date: May 16, 2011

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

Exhibit 3.1

**CERTIFICATE OF DESIGNATION
OF
SERIES C PREFERRED STOCK
OF
BEACON ENTERPRISE SOLUTIONS GROUP, INC.**

Pursuant to Section 78.1955 of Nevada Private Corporations Law

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**"), amended and restated on February 15, 2008 (the "**First Amended Articles of Incorporation** ") and amended and restated on April 24, 2008 (the "**Second Amended Articles of Incorporation** "). The articles of incorporation of the Corporation, as such may be amended or restated from time to time, are the "**Articles of Incorporation**."

SECOND: The Certificate of Designation of Series B Preferred Stock (the "**Series B Certificate of Designation**") was filed on June 19, 2008.

THIRD: This Certificate of Designation of Series C Preferred Stock was duly adopted in accordance with the Articles of Incorporation and Section 78.1955 of the Nevada Private Corporations Law (the "**NPCL**") by the written consent of the Board of Directors of the Corporation on March 24, 2011 and filed with the Secretary of State of Nevada on March 25, 2011.

FOURTH: No shares of Series C Preferred Stock have been issued as of the date hereof.

FIFTH: This Certificate of Designation was duly adopted in accordance with the Articles of Incorporation and Section 78.1955 of the NPCL by written consent of the Board of Directors of the Corporation on March 24, 2011 and is as follows:There is hereby created from the Five Million (5,000,000) shares of Preferred Stock, par value $0.01 per share (the "Preferred Stock"), authorized under the Articles of Incorporation a series of preferred stock designated as Series C Convertible Preferred Stock, par value $0.01 per share (the "Series C Preferred Stock"). The authorized number of shares of the Series C Preferred Stock is Four Thousand (4,000) shares. The number of shares of Series C Preferred Stock may only be increased or decreased as provided in this Certificate of Designation. The rights of the Series C Preferred Stock shall be junior and subordinate to the rights of the Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock (collectively, the "Senior Preferred Stock") as set forth in the Articles of Incorporation. As long as any shares of Series C Preferred Stock are outstanding, the Series C Preferred Stock will rank senior to the Corporation's common stock, par value $0.001 per share (the "Common Stock").

A. The Board of Directors is also authorized to increase or decrease the number of shares of Series C 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.

B. From time to time, the Board of Directors may designate subseries of Series C Preferred Stock, which shall have the rights, privileges and preferences as the Board of Directors may designated by resolution and which shall be set forth in this Certificate of Designation or amendments thereto.

C. The Board of Directors hereby designates 400 shares of Series C Preferred Stock as "Series C-1 Preferred Stock," a subseries of Series C Preferred Stock, which shall have the rights, privileges and preferences set forth herein.

D. The rights, preferences and privileges of the Series C Preferred Stock are as follows:

(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 the Series C 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 Series C 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 in an appropriate Certificate of Designation, the holders of shares of Preferred Stock (including Series C 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 Series C Preferred Stock held by each holder could be converted) shall be rounded down to the nearest whole number.

(2) **Stated Value.** Each share of Series C Preferred Stock shall have a "**Stated Value**" equal to One Thousand Five Hundred Dollars ($1,500).

(3) **Conversion of Shares of Preferred Stock.** Shares of Series C 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 Series C 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 Series C Preferred Stock, at any time or times on or after the date of issuance of such shares of Series C Preferred Stock (such date for each share of Series C 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(b)** and **Section 3(c)**.

(b) Conversion Price. (i) Subject to anti-dilution adjustment as provided in **Section 3(d)**, upon an Optional Conversion pursuant to **Section 3(a)**, the conversion price (the "**Conversion Price**") of each share of each subseries of Series C Preferred Stock shall set forth below in clause (ii) *et seq.* of this **Section 3(b)**. Upon a conversion pursuant to **Section 3(a)**, all accrued and unpaid dividends on shares of Series C 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 Series C Preferred Stock (based on their stated value) 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 Series C 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.

(ii) Subject to anti-dilution adjustment as provided in **Section 3(d)**, upon an Optional Conversion pursuant to **Section 3(a)**, the Conversion Price of each share of Series C-1 Preferred Stock shall equal $0.75.

(c) Mechanics of Conversion.

(i) To convert shares of Series C 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 Series C 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 Series C Preferred Stock.

(ii) On or before the third (3rd) Business Day following the date of receipt of a fully executed and completed Optional Conversion Notice (the "**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 or 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, or the shares may be sold without registration under the securities Act subject to no direct and/or indirect selling limitations and/or restrictions have been met, 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 Series C Preferred Stock represented by the Preferred Stock Certificate(s) submitted for conversion pursuant to **Section 3(c)(i)** is greater than the number of shares of Series C 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 Series C Preferred Stock certificate representing the number of shares of Series C Preferred Stock not converted. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of shares of Series C 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.

(d) 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 Series C 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(d)(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(d)(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 Series C 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 Series C 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(d)** with respect to the rights of the Holders of the shares of Series C 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 Series C 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(d)**), then and in any such event each Holder of shares of Series C 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 Series C 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(d)**) 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 Series C Preferred Stock shall thereafter be entitled to receive upon conversion of the shares of Series C 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(d)** with respect to the rights of the Holders of the shares of Series C Preferred Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this **Section 3(d)** (including adjustment of the Conversion Price then in effect and the number of shares purchasable upon conversion of the shares of Series C Preferred Stock) shall be applicable after that event and be as nearly equivalent as is practicable.

(e) 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.

(f) 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.

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

(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 Series C 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 Series C 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 Series C 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 Series C 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 Series C 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 Series C 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 Series C 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, after the liquidation amounts payable to holders of Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock have been paid as set forth in the Articles of Incorporation or the Series B Certificate of Designation, respectively, and 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 Series C 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) the liquidation percentage specified with respect to each subseries of Series C Preferred Stock (the "**Liquidation Percentage**," set forth below with respect to each subseries) and (ii) the sum of (a) the Stated Value of all shares of Series C 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 Series C 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 Series C 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 Series C Preferred Stock (after full payment has been made to the holders of Series A Preferred Stock, Series A-1 Preferred Stock and Series B Preferred Stock as is set forth in the Articles of Incorporation and the Series B Certificate of Designation, respectively), then each holder of shares of Series C Preferred Stock shall receive, prior to any payment to holders of shares of Common Stock, a percentage of the Liquidation Funds (up to 100%) equal to the full amount of remaining 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 C Preferred Stock. In no event shall the holders of shares of Series C 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, Series A-1 Preferred Stock and Series B Preferred Stock. No Holder of shares of Series C 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 Series C 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 Series C 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.

The Liquidation Percentage of the Series C-1 Preferred Stock shall be equal to 130%.

(7) **Preferred Rank.** The rights of the shares of Series C 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, Series A-1 Preferred Stock and Series B Preferred Stock.

(8) **Dividends; Participation.** Each share of Series C Preferred Stock shall accrue and be paid a dividend at the rate of six (6%) 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 Series C Preferred Stock are issued and outstanding (the "**Series C Preferred Share Dividend**") beginning on the date each such shares of Series C Preferred Stock is issued (including upon issuance as a stock dividend). With respect to shares of Series C-1 Preferred Stock, the dividend payments shall be made in either cash or at the option of the holder through the issuance of additional shares of Series C-1 Preferred Stock in such amount of shares of Series C-1 Preferred Stock equal to the quotient of (i) the dividend amount payment then due, divided by (ii) the Stated Value of one share of Series C-1 Preferred Stock.

(9) **Vote to Issue, or Change the Terms of Shares of Series C 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 Series C 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 Series C Preferred Stock shall be required for any direct and/or indirect amendment to the Corporation's Articles of Incorporation, this Certificate of Designation 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 Series C 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 shares of Series C 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.

IN WITNESS WHEREOF, this Certificate of Designation was duly adopted by the Board in accordance with the Articles of Incorporation and Section 78.1955 of the NPCL and executed as of March 25, 2011.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.,
a Nevada corporation

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

Exhibit 3.2

**AMENDMENT NO. 1
TO THE
CERTIFICATE OF DESIGNATION
OF
SERIES C PREFERRED STOCK
OF
BEACON ENTERPRISE SOLUTIONS GROUP, INC.**

Pursuant to Section 78.1955 of Nevada Private Corporations Law

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**"), amended and restated on February 15, 2008 (the "**First Amended Articles of Incorporation**") and amended and restated on April 24, 2008 (the "**Second Amended Articles of Incorporation**"). The articles of incorporation of the Corporation, as such may be amended or restated from time to time, are the "**Articles of Incorporation**."

SECOND: The Certificate of Designation of Series C Preferred Stock (the "**Series C Certificate of Designation**") was filed on March 25, 2011.

THIRD: This Amendment No. 1 to the Series C Certificate of Designation (this "**Amendment No. 1**") was duly adopted in accordance with the Articles of Incorporation and Section 78.1955 of the Nevada Private Corporations Law (the "**NPCL**") by the written consent of the Board of Directors of the Corporation on May 10, 2011 and filed with the Secretary of State of Nevada on May 11, 2011.

FOURTH: 350 shares of Series C Preferred Stock, all of which were designated as Series C-1 Preferred Stock, have been issued as of the date hereof. This Amendment No. 1 does not directly and/or indirectly amend, alter, change, repeal or otherwise adversely affect any of the powers, designations, preferences and rights of the outstanding shares of Series C Preferred Stock.

FIFTH: This Amendment No. 1 makes the following amendments and modifications to the Series C Certificate of Designation:

1. Article E shall read in its entirety as follows:

E. The Board of Directors has designated 400 shares of Series C Preferred Stock as "Series C-1 Preferred Stock" and 2,000 shares of "Series C-2 Preferred Stock," each a subseries of Series C Preferred Stock, which shall have the respective rights, privileges and preferences set forth herein.

2. Article F, Section 3(b) shall be amended to read in its entirety as follows:

(b) Conversion Price. Subject to anti-dilution adjustment as provided in **Section 3(d)**, upon an Optional Conversion pursuant to **Section 3(a)**, the conversion price (the "**Conversion Price**") of each share of Series C Preferred Stock shall be $0.75. Upon a conversion pursuant to **Section 3(a)**, all accrued and unpaid dividends on shares of Series C 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 Series C Preferred Stock (based on their stated value) 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 Series C 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.

3. Article F, Section 6, second paragraph (definition of "Liquidation") shall be amended to read in its entirety as follows: "**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, 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.

4. Article F, Section 6, fourth paragraph shall be amended to read in its entirety as follows:

The Liquidation Percentage of the Series C-1 Preferred Stock shall be equal to 130%, and the Liquidation Percentage of the Series C-2 Preferred Stock shall be equal to 125%.

5. The following sentence shall be added as the last sentence of Article F, Section 8:

With respect to shares of Series C-2 Preferred Stock, the dividend payments shall be made in either cash or at the option of the Company through the issuance of additional shares of Series C-2 Preferred Stock in such amount of shares of Series C-2 Preferred Stock equal to the quotient of (i) the dividend amount payment then due, divided by (ii) the Stated Value of one share of Series C-2 Preferred Stock.

IN WITNESS WHEREOF, this Amendment No. 1 to Certificate of Designation of Series C Preferred Stock was duly adopted by the Board in accordance with the Articles of Incorporation and Section 78.1955 of the NPCL and executed as of May 11, 2011.

BEACON ENTERPRISE SOLUTIONS GROUP, INC.,
a Nevada corporation

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

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Bruce Widener, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

/s/ Bruce Widener
Bruce Widener
Principal Executive Officer

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION

I, Michael Grendi, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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 statement made, in light of the circumstances under which statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2011

/s/ Michael Grendi
Michael Grendi
Principal Financial Officer

Exhibit 32.1

Beacon Enterprise Solutions Group, Inc.

CERTIFICATION OF PERIODIC REPORT
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
18 U.S.C. Section 1350

The undersigned executive officer of Beacon Enterprise Solutions Group, Inc. (the “Company”) certifies pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- the quarterly report on Form 10-Q of the Company for the quarter ended March 31, 2011, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2011

/s/ *Bruce Widener*
Bruce Widener
Principal Executive Officer

Exhibit 32.2

Beacon Enterprise Solutions Group, Inc.

CERTIFICATION OF PERIODIC REPORT
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
18 U.S.C. Section 1350

The undersigned executive officer of Beacon Enterprise Solutions Group, Inc. (the “Company”) certifies pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that:

- the quarterly report on Form 10-Q of the Company for the quarter ended March 31, 2011, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

- the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 16, 2011

/s/ *Michael Grendi*
Michael Grendi
Principal Financial Officer