

DISTRIBUTED ENERGY SYSTEMS CORP  
 Form 4  
 April 10, 2008

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 PERSEUS PARTNERS VII L P

2. Issuer Name and Ticker or Trading Symbol  
 DISTRIBUTED ENERGY SYSTEMS CORP [DESC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)  
 01/31/2008

Director  10% Owner  
 Officer (give title below)  Other (specify below)

C/O PERSEUS, L.L.C., 2099 PENNSYLVANIA AVE., N.W., 9TH FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

WASHINGTON, DC 20006

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Code	V	Amount	(D)	Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
Non-Qualified Stock Option (right to buy)	\$ 0.57	01/31/2008		A <sup>(1)(2)</sup>	1,400 <sub>(1)</sub>	01/31/2008 01/31/2018	Common Stock
Non-Qualified Stock Option (right to buy)	\$ 0.47	04/03/2008		A <sup>(2)(6)</sup>	1,400 <sub>(6)</sub>	04/03/2008 04/03/2018	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PERSEUS PARTNERS VII L P C/O PERSEUS, L.L.C. 2099 PENNSYLVANIA AVE., N.W., 9TH FLOOR WASHINGTON, DC 20006	X	X		
PEARL FRANK H C/O PERSEUS, L.L.C. 2099 PENNSYLVANIA AVE., N.W., 9TH FLOOR WASHINGTON, DC 20006			X	

## Signatures

/s/ Teresa Y. Bernstein (\*) Secretary and Treasurer 04/10/2008  
 \*\*Signature of Reporting Person Date

By: /s/ Teresa Y. Bernstein, Attorney-In-Fact for Frank H. Pearl 04/10/2008  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) On January 31, 2008, the Issuer granted to John C. Fox in his capacity as a director of the Issuer, non-qualified stock options to buy 1,400 shares of the Issuer's common stock with an exercise price of \$0.57 per share. These options vested at the time of the grant. The Issuer granted these stock options to Mr. Fox under the Issuer's 2008 Board of Director's Compensation program.
- (2)

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Mr. Fox was nominated as a director of the Issuer by Perseus Partners VII, L.P. ("Perseus VII"), pursuant to Perseus VII's rights under a Securities Purchase Agreement, dated May 10, 2007, between Perseus VII and the Issuer. As a result of this director representation, Perseus VII is deemed to be a director of the Issuer by deputization. All securities issued to Mr. Fox in his capacity as a director of the Issuer are held by him as a nominee of Perseus VII. Mr. Fox disclaims beneficial ownership of all such securities, except to the extent he may have any pecuniary interest therein.

- (3) In addition to the non-qualified stock options reported on this Form 4, Perseus VII holds directly for its own account, (a) six senior secured convertible promissory notes in an aggregate principal amount of \$17,666,210.39, which are convertible into 32,919,024 shares of the Issuer's common stock, as reported on Form 4's filed on August 28, 2007, October 2, 2007, January 2, 2008, March 17, 2008 and April 3, 2008, and (b) warrants granting it the right to purchase up to an aggregate amount of 42,944,165 shares of the common stock of the Issuer, as reported on a Form 3 filed on June 11, 2007 and a Form 4 filed on August 28, 2007...(continued onto next footnote)

- (4) (continued from previous footnote)...Also, Perseus VII holds indirectly 17,829 shares of restricted stock of the Issuer and non-qualified stock options to acquire 122,800 shares of the Issuer's common stock granted by the Issuer to individuals nominated by Perseus VII to serve as directors of the Issuer as reported on Form 4's filed on January 24, 2008 and February 12, 2008. Perseus VII is a Delaware limited partnership. Its general partner is Perseus Partners VII GP, L.P., a Delaware limited partnership. Perseus Partners VII GP, L.L.C., a Delaware limited liability company, is the general partner of Perseus Partners VII GP, L.P. The sole member of Perseus Partners VII GP, L.L.C. is Perseus, L.L.C., a Delaware limited liability company...(continued onto next footnote)

- (5) (continued from previous footnote)...Perseuspur, L.L.C., a Delaware limited liability company, is the managing member of Perseus, L.L.C. Frank H. Pearl, individually, owns 72.9% of Perseuspur, L.L.C. He also is the sole director and sole shareholder of Rappahannock Investment Company, a Delaware corporation, which in turn owns the remaining 27.1% of Perseuspur, L.L.C. By virtue of such control, Mr. Pearl may be deemed to have beneficial ownership of any shares or other securities that may be issued to Perseus VII and individuals nominated by Perseus VII who serve as directors of the Issuer.

- (6) On April 3, 2008, the Issuer granted to Mr. Fox in his capacity as a director of the Issuer, non-qualified stock options to buy 1,400 shares of the Issuer's common stock with an exercise price of \$0.47 per share. These options vested at the time of the grant. The Issuer granted these stock options to Mr. Fox under the Issuer's 2008 Board of Director's Compensation program.

### Remarks:

(\*) Ms. Bernstein is signing in her capacity as Secretary and Treasurer of Perseus Partners VII GP, L.L.C., which is the general

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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