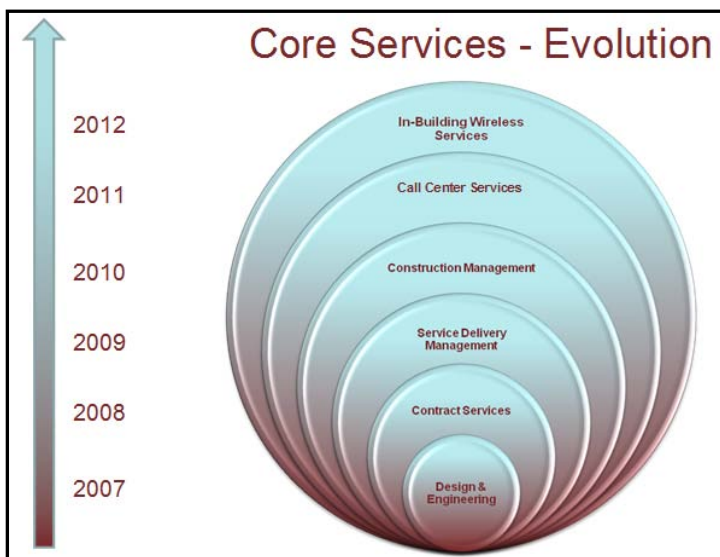


Executive Summary

Corporate Description: Beacon Enterprise Solutions Group is an emerging global leader in the design, implementation and management of high performance Information Technology Systems ("ITS") infrastructure solutions. Beacon offers fully integrated, turnkey IT infrastructure solutions capable of fully servicing the largest companies in the world as they increasingly outsource to reduce costs while optimizing critical IT design and infrastructure management. Beacon is headquartered in Louisville, Kentucky, with a regional headquarters in Dublin, Ireland, Prague, Czech Republic and personnel located throughout the United States and Europe.

Outlook for BEAC: BEAC continues its evolution from a project focused vendor to a relationship focused service partner providing agile and efficient management of information technology systems (ITS) infrastructure. Beacon serves as a single source for data center, smart buildings, outside plant, information technology systems and special project expertise. This integrated, standardized approach delivers consistent and predictable results for Beacon clients, with fewer points of failure in planning, design, construction and Day 2 management. Beacon is targeting organic and new business growth in several vertical markets – retail, Pharma, outside plant (OSP), Smart Buildings and healthcare, and the Company seems to have assembled a management team and operating strategy positioned to succeed in these markets.



Despite reporting 6% revenue growth, recent results for IT bellwether Cisco have disappointed the market, presumably driven by a decline in the Company’s overall margin performance. However, Cisco’s services segment grew at 18% year over year and the segment’s gross margin improved to 67%. On the 2/15/11 earnings call, BEAC President and COO Jerry Bowman indicated that January 2011 revenue was the highest monthly revenue at the start of a quarter that the Company has generated since inception. Additionally, Bowman indicated that because of the pace of discussions related to various sizeable business opportunities, the Company has high expectations for Q3 and Q4 results.

With a service and relationship focused ITS strategy, Beacon has delivered 38% year over year revenue growth, and the Company has indicated that it expects 2011 to be a break-through year. Based on economic and ITS sector trends as well as confidence in the management team, Murphy Analytics (“MA”) agrees there is reason to be optimistic about Beacon’s 2011. MA is affirming the \$4.20 price target derived in the 8/31/10 report.

BEAC Recent Price	\$0.59	<u>Please review the risk factors outlined later in this report and the important disclosures and disclaimers at the end of this report.</u>
Outstanding Share Estimate	37,376,396	
BEAC - Market Cap Estimate	\$22.1 million	
MA 12-Month Price Target for BEAC	\$4.20	

The most recent previous update on BEAC may be viewed at:
http://www.murphyanalytics.com/uploads/BEAC_8-31-10

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Recap of the BEAC Opportunity

BEAC Focus and Opportunity: Beacon’s business strategy is to provide integrated and customized solutions to the financial, operational and logistical issues that accompany the use of a la carte and locally sourced information technology systems (ITS) services by our clients, and is accomplished through the ubiquitous delivery of major project, outsourcing and managed services to national, multi-national and global companies. BEAC’s service business strategy may be summarized as follows:

- **Service/Product Set:** Beacon’s business strategy is to provide integrated and customized solutions to the financial, operational and logistical issues that accompany client use of a la carte and locally sourced information technology systems (ITS) services, and is accomplished through the ubiquitous delivery of major project, outsourcing and managed services to national, multi-national and global companies.
- **Customer Set:**
 - o US-based Fortune 1000 and Global 2000 companies who use English as their language of business, and because of acquisition, organic growth, down-sizing, consolidation or operational focus need to outsource, standardize or increase control over some or all of their ITS services.
 - o Global Integrators or other service-based companies who sell the same ITS services, but resort to a la carte and locally sourced services to deliver them.
- **Macro Structure:**
 - o Development is based along vertical market lines, with services customized and enhanced to meet regulatory and operational challenges, e.g. pharmaceutical clean rooms, outside plant aerial and buried infrastructure, retail’s geographical diversity and number of locations, smart building variety of systems with common infrastructure.
 - o Service organizations defined as either Technical Business Unit (TBU) which delivers project-based services, and Vertical Business Units (VBU) which deliver contract services and account management.

Beacon’s Operational Transformation	
2007 – 2010	2011 & Beyond
<ul style="list-style-type: none"> • <i>One call one right answer – all things to all people</i> • <i>Regional – Middle Market</i> • <i>Product-oriented Sales strategy</i> • <i>Acquisition-oriented growth</i> • <i>70/30 Model – We own the trucks and techs</i> • <i>95% Sales and 5% delivery model</i> • <i>Product-oriented business systems (Tiger Paw)</i> • <i>Branch office management model</i> <ul style="list-style-type: none"> – <i>36 US Locations</i> – <i>14 EMEA Locations</i> – <i>4 LATAM Locations</i> 	<ul style="list-style-type: none"> • <i>Focus on core business – 3 to 5 TBUs</i> • <i>Global professional services sales model</i> • <i>Focus on organic growth in core areas</i> • <i>Professional Services Model</i> <ul style="list-style-type: none"> • <i>99% employee or IC for professional services</i> • <i>100% subcontract for construction</i> • <i>5% Sales and 95% delivery model</i> • <i>Services-oriented business systems (NetSuite)</i> • <i>Centralized/Regional office model</i> <ul style="list-style-type: none"> • <i>Regional Offices by density</i> • <i>Virtual Offices for remote employees</i>

Why Clients Choose Beacon: Beacon's Global Services team provides and manages information technology services delivery and installation as well as ongoing reporting and management. BEAC differentiates itself by providing:

- **Single Point of Contact** – In an otherwise highly fragmented industry segment, Beacon offers a single source solution for regional, national and global Layer 1 management.
- **Standardization** – Consolidating network infrastructure management under the Beacon's control can significantly improve the client's ability to drive global enterprise standards.
- **Consistency and Predictability** – Utilizing Beacon's Global network of ITS design, engineering, project and construction management professionals will provide predictability and consistency across all of a client's regions and facilities.
- **Global Reach** – Beacon can provide technical support, direct field support, material handling and certified installations in virtually any location in the world.
- **Focus** – By outsourcing to Beacon, customers can focus their IT resources on their core business, which can greatly enhance efficiency and productivity throughout the enterprise.
- **Cost Savings** – By outsourcing to Beacon, customers can reduce their annual infrastructure expenditures by 30% or more. Other savings include contract administration, vendor management and accounting costs.

BEAC 2011 Sales Strategy Targeting Higher Net Sales and Higher Margins: By continuing the process of converting to a focus on relationships rather than projects, BEAC is working to increase account control, increase capabilities without cost and risk, achieve a higher win rate due to existing relationships, and gain access to larger clients and projects than would be attainable with a solo project strategy. By working with existing clients, professional services firms, channel partners and global integrators, BEAC expects to win new business from those existing clients as well as to benefit from cross referrals to new clients. The sales strategy for 2011 may be summarized as:

- **Expansion of existing customer base**
 - Business with new divisions
 - Business with new regions
 - Horizontal expansion of services
 - Electrical and mechanical
 - Drives increase in revenue per project
- **New clients in existing verticals**
 - Pharma, Retail
- **New clients in new verticals**
 - OSP, Smart Enterprise, Global Integrators
- **Partnerships with service companies**
 - IBM, SAIC, Utilipath, NCC, Fishel, River City
- **Partnerships with channel companies**
 - CommScope, Siemon, Panduit, SAIC (PON), OCC

Cisco Results and the Outlook for Beacon

Cisco Reports Margin Declines, Overall Revenue Growth, and Strong Service Revenue and Margin Performance: Announced 2/9/10, Cisco results appear to have been somewhat of a surprise to the market, presumably as a result of lower than expected gross and operating margins as well as net income performance. Commenting on the performance of the products segment, in which gross margin fell year over year from 65.6% to 62.4%, CEO John Chambers¹ states: *"We did experience in the quarter an overall mix shift toward the lower end products in the portfolio."* Cisco also reported that its Consumer segment revenues declined 15%, but that new products revenue in Data Centers grew 59%.

While product results weighed on overall performance, Cisco's service gross margin increased from 65.9% to 67.0%. While the service gross margin increase is not large in percentage terms, the direction of the change is important given Cisco's size and market share. Additionally, Cisco's quarterly service revenue increased 18.1% year over year, and 5.9% over the preceding quarter. Cisco quarterly earnings presentation² highlights the importance of the services segment: *"Services (are) becoming a key and integral aspect to both sales and delivery capabilities."*

In talking about what the Company sees in terms of future activity, Chambers cites the optimism of corporate executives for prospects both in the U.S. and abroad:

"When you talk to executives around the world and the enterprising commercial business, well, they feel good about the market. Their optimism is starting to increase and you're seeing that in terms of our order rates in many of the areas. And while there's sometimes that lag of a quarter or two before that hits full gear, most of the enterprise customer executives, and we talk to most all of them, are more optimistic by a fair amount in terms of GDP growth in this country and around the world than they were just three or four months ago."

Outlook for BEAC: Beacon CEO Bruce Widener's comments on the Q1 results address the impact of the Company's evolution to a relationship driven professional services provider:

"The first quarter 2011 results for Beacon will demonstrate that the company is on the right path to realizing our stated goals for 2011. We continue to evolve our business from project-based engagements to longer-term professional services agreements, which create a more consistent revenue stream. We are beginning to see the results of organizing the company around technical business units and focusing our sales efforts in vertical markets. We initiated several new long-term engagements in the quarter that will produce results throughout the remainder of the year. 2011 is shaping up to be a break-through year for Beacon."

As discussed in detail³ in the 8/31/10 report on BEAC, Murphy Analytics (MA) is estimating that \$12.4 million is a reasonable expectation for Beacon's annual operating expense. MA also expects that an operating margin of 45% is achievable for Beacon. As reference, the Company's gross margin for Q1 11 fell to 30%, but the gross margin for fiscal 2010 was 42%, and Cisco's gross margin for the most recent quarter was 62.4%.

Assuming a 45% gross margin is achievable for Beacon, the Company should reach breakeven from operations at approximately \$27.6 million in revenue (\$12.4 million / 0.45% = \$27.6 million). With annualized revenue of \$15.9 million based on the Q1 11 results, BEAC is over halfway towards a breakeven run rate for operating income, and the Company has just delivered 38% year over year revenue growth, supporting CEO Widener's optimism for 2011.

¹ <http://seekingalpha.com/article/251926-cisco-systems-ceo-discusses-f2q11-results-earnings-call-transcript?find=cisco>

² <http://investor.cisco.com/events.cfm>

³ http://www.murphyanalytics.com/uploads/BEAC_8-31-10

Review of BEAC Fiscal Q1 2011

Financial Condition as of 12/31/10 (Unaudited)	
Current Assets	\$5.5 million including \$4.2 million in accounts receivable and \$108,000 in cash and equivalents.
Current Liabilities	\$6.5 million including, compared to \$12.1 million as of 9/30/10.
Working Capital	A deficit of \$671,000 compared to a deficit of \$7.1 million as of 9/30/10 when current liabilities included \$8.6 million related to discontinued operations. Based on the progress made with the business plan, currently available cash, and the financing agreements described below, BEAC expects the Company has sufficient funds to operate the business and repay debt obligations through 1/1/12, although additional capital may be required to execute the business plan.
Line of Credit and Private Placement Financing	BEAC has a \$4 million line of credit with one of the Company's directors. As of 12/31/10, there was no outstanding balance on the line. The line bears interest at 7.73% with a facility fee of the greater of \$40,000 or 1% of the unused balance and for each month the facility is outstanding, the lender is awarded 15,000 5-year warrants with an exercise price of \$1.00. On 11/23/10, BEAC initiated a private placement of up to \$3 million of 12-month Senior Secured Notes. The notes bear interest at 9%. As of 12/31/10, BEAC has issued \$1.551 million in notes and issued 232,644 warrants with an exercise price of \$0.40.
Total Assets	\$11.6 million including \$5.7 million in goodwill and other intangible assets.
Total Liabilities	\$6.2 million.
Stockholders' Equity	\$5.2 million compared to a deficiency of \$2 million as of 9/30/10. Accumulated deficit as of 12/31/10 was \$33.5 million with additional paid in capital of \$37 million. Book value per share was approximately \$0.14 as of 12/31/10.
Operating Results for the Quarter Ended 12/31/10 (Unaudited)	
Net Sales	\$4 million, an increase of 38% over fiscal Q1 10. The largest customer accounted for approximately 61% of sales. Approximately 2/3 of revenue was generated in North America, with the balance in Europe.
Gross Profit	\$1.18 million compared to \$1.11 million for fiscal Q1 10, an increase of 5.5%. Cost of materials was 6.9% of sales compared to 16.8% for fiscal Q1 10. Cost of services was 63.5% of sales compared to 44.4% for fiscal Q1 10. Cost of services in North America was 55% compared to 83% in Europe.
Operating Expenses	\$2.6 million compared to \$2.1 million for fiscal Q1 10, an increase of 24.5%. BEAC employed 110 people as of 12/31/10.
Loss from Continuing Operations	\$1.6 million compared to \$1.2 million for fiscal Q1 10.
Net Income to Common	\$6.3 million, including \$7.9 million in net income of discontinued operations including gain on deconsolidation of \$7.9 million for the quarter. This gain is composed mainly of the elimination of the net liabilities of the discontinuation of the operations of Datacenter Contractors AG. Net income to common for fiscal Q1 10 was a loss of \$1.1 million.
Cash Flows	Net cash used for operating activities was \$556,000 for the quarter and net cash provided by financing activities was \$362,000 after \$1.4 million in proceeds from the issuance of senior secured notes payable and \$940,000 in payments of non-current line of credit to a related party.

BEAC Share Count Estimate: As of 2/11/11, there were 37,376,396 outstanding common shares. The following table presents BEAC options, warrants, and common stock equivalents. Combined with the total common stock equivalents noted below, the total potential share count for BEAC is approximately 53.8 million.

	Stock	Common	Total
	Options and	Stock	Common
	Warrants	Equivalents	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
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 Financings	285,500	166,667	452,167
Convertible Notes Payable Warrants	50,000	-	50,000
Senior Secured Notes Payable Warrants	232,664	-	232,664
Compensatory Warrants	300,000	-	300,000
Equity Financing Arrangements Warrants	791,662	-	791,662
Consulting Warrants	2,500,000	-	2,500,000
Employee Stock Options	4,193,648	-	4,193,648
Non-Employee Stock Options	250,000	-	250,000
	<u>14,891,267</u>	<u>1,496,448</u>	<u>16,387,715</u>

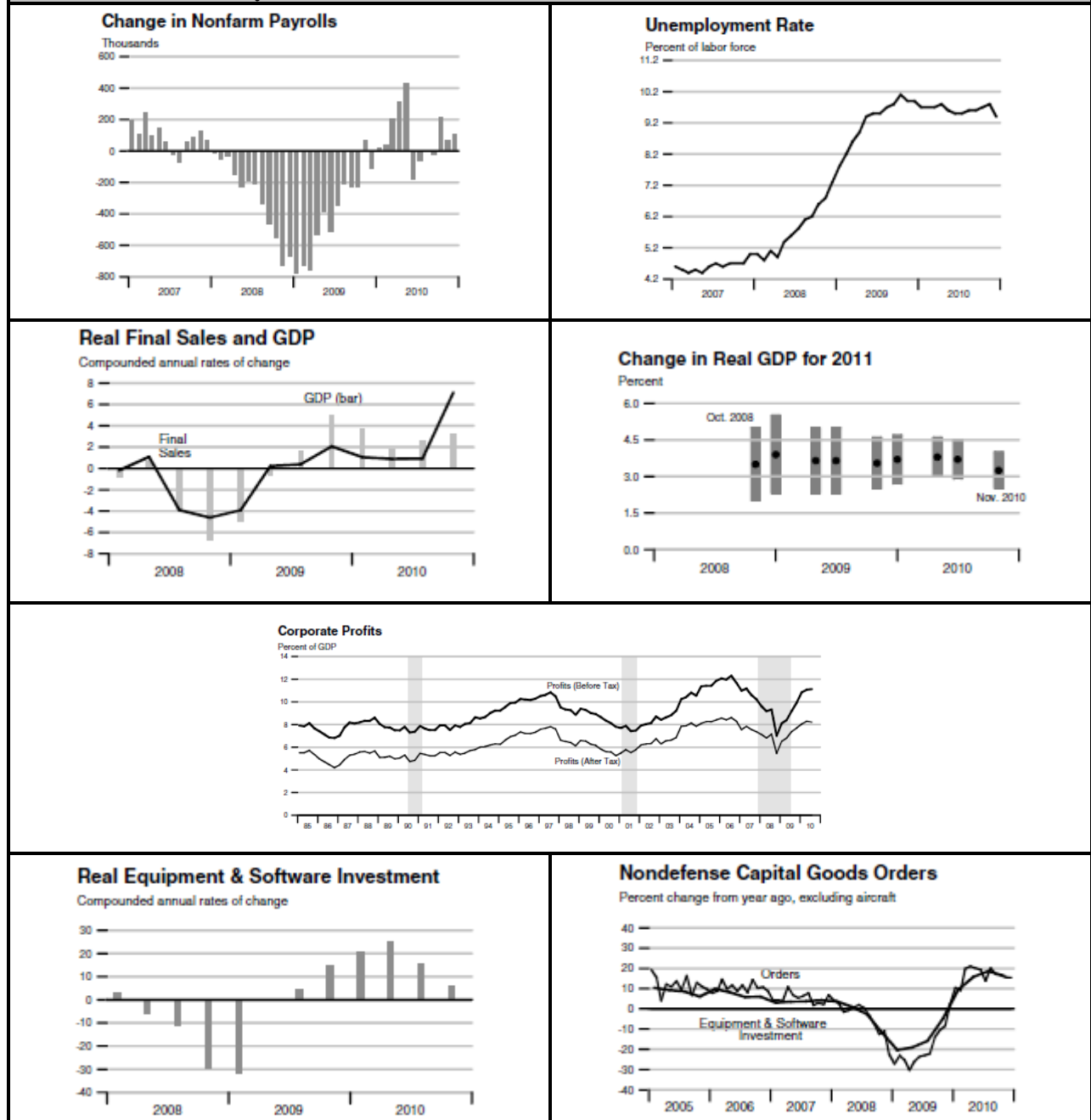
Review of BEAC Fiscal 2010

Financial Condition as of 9/30/10	
Current Assets	\$5.8 million including \$4.5 million in accounts receivable and \$246,000 in cash and equivalents.
Current Liabilities	\$12.9 million including \$8.6 million in current liabilities of discontinued operations and \$3 million in accounts payable.
Working Capital	A deficit of \$7.1 million including the \$8.6 million in current liabilities related to discontinued operations. The non-GAAP estimate for working capital is a surplus of \$1.5 million not ignoring discontinued operations. Working capital as of 9/30/09 was a deficit of \$1.5 million. During the year, accounts payable rose from \$2.1 million to \$2.97 million while accrued expenses fell from \$2.6 million to \$880k.
Total Assets	\$12.1 million including \$5.8 million in goodwill and other intangible assets.
Total Liabilities	\$14.1 million.
Stockholders' Equity	A deficiency of \$2 million, including \$8.6 million including in current liabilities of discontinued operations. Accumulated deficit as of 9/30/10 was \$39.7 million with additional paid in capital of \$37 million.
Operating Results for the Fiscal Year ended 9/30/10	
Net Sales	\$14 million for fiscal 2010 compared to \$10.1 million for fiscal 2009, an increase of 38%. Net sales from discontinued operations was \$17 million for fiscal 2010.
Gross Profit	\$5.9 million compared to \$2.8 million for fiscal 2009, an increase of 110%. Gross profit margin was 42% for 2010 compared to 28% for 2009. The improvement in margin was due largely to a decrease in cost of goods sold 43% of revenue in 2009 to 11% of revenue in 2010, more than offsetting an increase in cost of services from 29% in 2009 to 47% in 2010.
Operating Expenses	\$11.6 million for 2010 compared to \$8.6 million for 2009.
Other Expenses	\$4.6 million for 2010, including \$4.4 million in change in the fair value of warrants.
Loss from Continuing Operations	\$10.4 million for 2010 and \$6.8 million for 2009. Non-GAAP net loss before tax for fiscal 2010 was \$6 million ignoring the non-cash change in fair value of warrants.
Loss from Discontinued Operations	\$8.2 million for fiscal 2010 compared to net income of \$492,000 for 2009.
Net Loss to Common	\$18.8 million for fiscal 2010 compared to a net loss of \$7.1 million for fiscal 2009. The non-GAAP estimate for fiscal 2010 is net loss of \$6.3 million ignoring discontinued operation and warrant related expense.
Cash Flows	Net cash used for operating activities was \$4.8 million for 2010 funded primarily with \$5.3 million in cash from financing activities. Net cash used for operating activities was \$4.4 million in 2009. As noted in the notes to the financial statements, BEAC expects that it will require no additional financing before 10/1/11, although additional cash may be required to fully execute the business plan.

U.S. Macroeconomic Data and Indicators

Data from the February 2011 Federal Reserve “National Economic Trends”⁴ appears to show generally positive trends, albeit slow moving ones, for a range of economic indicators:

February 2011 “National Economic Trends” Tables from the Federal Reserve



⁴ <http://research.stlouisfed.org/publications/net/20110201/netpub.pdf>

Q4 10 Survey of Professional Forecasters – Predict Slowdown in Economic Growth:⁵ “The pace of recovery in output and employment in the U.S. economy looks a little slower now than it did three months ago, according to 43 forecasters surveyed by the Federal Reserve Bank of Philadelphia. The panel expects real GDP to grow at an annual rate of 2.2 percent this quarter, down from the previous estimate of 2.8 percent. On an annual-average over annual-average basis, the forecasters predict slower real GDP growth in 2010, 2011, and 2012. However, some of that downward revision will be compensated with stronger real GDP growth in 2013.”

	Real GDP (%)		Unemployment Rate (%)		Payrolls (000s/month)	
	Previous	New	Previous	New	Previous	New
<i>Quarterly data:</i>						
2010:Q4	2.8	2.2	9.6	9.6	114.1	86.6
2011:Q1	2.3	2.4	9.4	9.5	159.3	104.2
Q2	3.1	2.7	9.3	9.4	190.7	144.3
Q3	3.0	3.3	9.0	9.2	189.9	139.8
Q4	N.A.	2.9	N.A.	9.0	N.A.	170.6
<i>Annual data (projections are based on annual average levels):</i>						
2010	2.9	2.7	9.6	9.7	-45.2	-56.1
2011	2.7	2.5	9.2	9.3	143.8	105.5
2012	3.6	2.9	8.2	8.7	N.A.	N.A.
2013	2.6	3.0	7.3	7.9	N.A.	N.A.

CEO Confidence Jumps in Q4 10 According to the Vistage International CEO Confidence Survey⁶, Contradicting the More Subdued Outlook of the Professional Forecasters: According to the Vistage International Q4 2010 CEO Confidence Index, the nation’s largest and only comprehensive survey of U.S. small-and medium-sized business CEO’s:

“In Q4 2010, small business CEOs expressed a remarkable resurgence of optimism both in the overall economy and for their own companies...Of the 1,729 respondents, 77% expect increased revenues and 63% foresee higher profits in their own companies. Fifty-four percent expect to hire more employees in the coming year, which is the first time in three years that the majority of CEOs planned to expand the number of jobs.”



⁵ <http://www.philadelphiafed.org/research-and-data/real-time-center/survey-of-professional-forecasters/2010/survq410.cfm>

⁶ http://www.vistage.com/media/confidence-index/pdf/FlierConfIndex_Q410.pdf

ETF Comparables for BEAC

S&P North American Technology Sector Index Fund (IGM)⁷



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost.

Recent Top Holdings:

APPLE INC 8.69%
MICROSOFT CORP 7.65%
INTL BUSINESS MACHINES CORP 7.41%
GOOGLE INC-CL A 5.54%
ORACLE CORP 4.59%
CISCO SYSTEMS INC 4.38%
INTEL CORP 4.34%
HEWLETT-PACKARD CO 3.92%
QUALCOMM INC 3.26%
AMAZON.COM INC 2.33%

Recent Fund Characteristics:

Price / Earnings Ratio: 22.3x

Price / Book Ratio: 5.0x

Methodology: The iShares S&P North American Technology Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of U.S.-traded technology companies, as represented by the S&P North American Technology Sector Index™. The index includes companies in: the production of sophisticated computer-related devices, electronics networking services, producers of software and consultants for information technology.

S&P Global Technology Sector Index Fund (IXN)⁸



The performance quoted represents past performance and does not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost.

Recent Top Holdings:

APPLE INC 10.40%
MICROSOFT CORP 6.76%
INTL BUSINESS MACHINES CORP 6.59%
GOOGLE INC-CL A 4.91%
SAMSUNG ELECTR-GDR REGS 144A 4.13%
ORACLE CORP 4.09%
CISCO SYSTEMS INC 3.93%
INTEL CORP 3.82%
HEWLETT-PACKARD CO 3.40%
QUALCOMM INC 2.93%

Recent Fund Characteristics:

Price / Earnings Ratio: 20.2x

Price / Book Ratio: 4.3x

Methodology: The iShares S&P Global Technology Sector Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of companies that Standard & Poor's deems part of the information technology sector of the economy and important to global markets, as represented by the Standard & Poor's Global Information Technology Sector Index. The index is a subset of the Standard & Poor's Global 1200 Index.

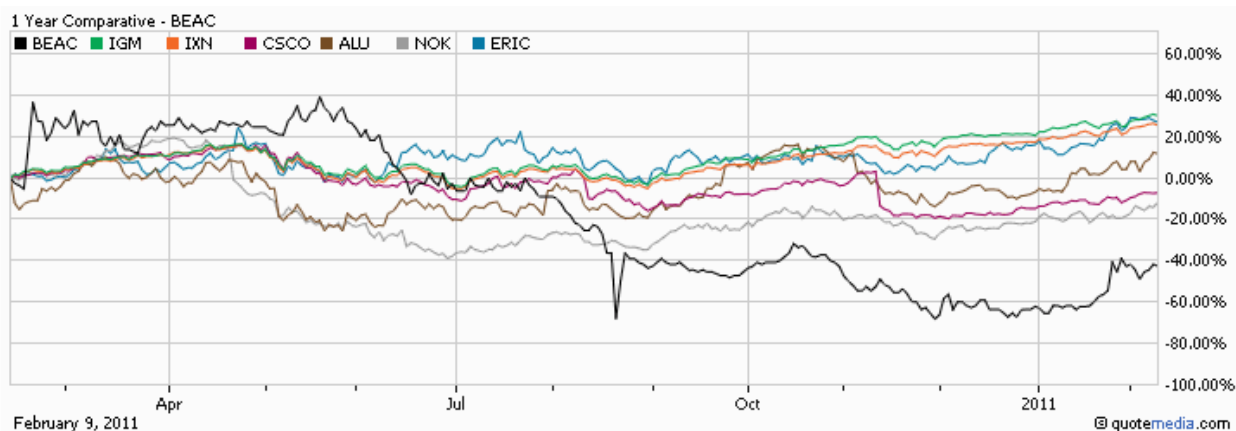
⁷ http://us.ishares.com/product_info/fund/overview/IGM.htm

⁸ http://us.ishares.com/product_info/fund/overview/IXN.htm

BEAC Risks

BEAC operations and share performance is subject to a number of risks and uncertainties, outlined in detail in Company filings with the SEC. These filings should be read in conjunction with this report. Risks factors identified by BEAC include:

- General economic and business conditions, such as the current global recession, that may affect demand for services and products and the ability of 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;
- Ability to successfully integrate the operations of acquired businesses and achieve expected synergies and operating efficiencies from the acquisitions, in each case within expected time-frames or at all;
- Changes in, or failure to comply with, existing governmental regulations; and
- Changes in estimates and judgments associated with critical accounting policies and estimates.

BEAC Historical Price Chart from quotemedia.com

BEAC: Beacon Enterprise Solutions Group

IGM: S&P North American Technology Sector Index Fund

IXN: S&P Global Technology Sector Index Fund

CSCO: Cisco Systems

ALU: Alcatel Lucent

NOK: Nokia

ERIC: LM Ericsson

MURPHY ANALYTICS DISCLOSURES AND DISCLAIMERS

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Overview of the OTC Bulletin Board⁹

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⁹ <http://www.otcbb.com/investorinformation/investorinfo.stm>